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CHARTERED ACCOUNTANTS

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The role of acumen in Financial reporting

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Majority of companies in Zimbabwe are preparing financial statements with some moving towards the preparation of integrated reports. In a complex and volatile environment, financial reports produced should be relevant to the decisions that various stakeholders take. Outstanding and relevant financial reports can only be produced if accountants have the key skills i.e., the technical skills, acumens and professional (soft) skills.

The typical primary role of every accountant is to prepare meaningful reports (financial statements, integrated reports, management accounts) to stakeholders, interpret and evaluate such information for impactful decision-making.

Meaningful financial and non-financial information has integrity, is relevant and accurate for impactful decision-making.

In order to produce meaningful financial statements and various reports to stakeholders, accountants should be equipped with various acumens. Acumen is defined as “the ability to judge well; keen discernment, insight” (Collins dictionary, 2008). Acumens are essential skills that influence how accountants work, think, are living in the world and the tools that they use in the workplace.

The Institute of Chartered Accountants of Zimbabwe (ICAZ), one of the Professional Accountancy Organisations (PAOs) in Zimbabwe, is unrolling a new competency framework called the *Future Fit Accountant Framework*. This will enable Chartered Accountants (CAs) to gain all the acumens highlighted in this article. CAs are professionals who complete a rigorous qualification process (i.e., completing the required education, training, professional assessments and registering as a member of ICAZ in order to use the CA(Z) designation).

The following acumens, as detailed in the upcoming ICAZ *Future Fit Accountant Framework*, allow accountants to function competently in their various roles:

- Decision-making acumen,
- Business acumen,
- Relational acumen and
- Digital acumen

Decision making acumen

The business world thirsts for professionals who have the ability to make quick and effective decisions by selecting a course of action from numerous alternatives in order to arrive at an optimal solution for a given problem in a particular situation. Financial reporting goes beyond just knowing the numbers and the financial metrics, it should be accompanied with a critical thinking capability. This acumen is what pushes accountants to put on their thinking caps and collect and analyse financial information that is critical for solving complex problems in business, thereby, helping them to make effective decisions. Gone are the days of preparing financial reports as a tick off exercise or doing boilerplate financial reports.

Business acumen

Business acumen is the ability to make quick, correct and/or focused strategic decisions and good judgements in a business or business division. Effective financial reports will need an accountant who is able to visualise the whole picture of the organisation. An accountant should be able to interrogate the following as part of preparing or analysing financial reports:

- What is the business model of the organisation?
- What is the role of an accountant in the preparation of financial reports?
- What crucial information should be collected to form financial reports?

Accountants with a strong business acumen will facilitate the provision of valuable financial reports to stakeholders that are relevant in the volatile environment. Accountants who understand their organisations and the surrounding environment will be able to evaluate the effect of local and global influences (including stakeholder relationships and the move towards sustainability) on measures of business success and value creation.

Relational acumen

An effective accountant has an appreciation of all the key stakeholders and prepares financial information that can be conveyed to stakeholders in a variety of situations in a focused way meant to deliver relevant information that will enable the nurturing of the relationships. Financial reports produced will show the understanding of the various stakeholders by being:

- Communicated using clear and concise messaging, in a professional manner, appropriate to the audience and situation.
- Presented appropriately to improve the stakeholders' processing and digesting of that information.

Digital acumen

This is the ability to keep abreast of the rapid changes in the area of information technology is a need so as to stay highly competent. We are now in the Fourth Industrial Revolution (4IR) in which technological skills and knowledge play a pivotal role in the production of financial reports. Automation and digitization are a

must to an accountant and level of appreciation of these will determine the following:

- The length of time taken to produce financial reports.
- The use of the right tools to produce reports that are relevant and can be understood by stakeholders.
- Pace of adapting to technological updates.

Strong digital acumen will enable accountants to be able to produce meaningful financial reports that tell and show the story of an entity.

Development of acumens requires time, commitment, and persistence. It has to be an important part of an accountant's regular work and personal development. A lifelong learning attitude is a key factor in the development of decision making, business, digital and relational acumens.

If you have any questions on the acumens kindly contact Training and Advisory Services Chartered Accountants (TAS) at marketing@tas.co.zw or +263 8688007098.