Financing Your Organization - Discussion Questions*

Global Text Project

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Abstract

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Reviewer: Roger K Baer (CPA, LLC; and Former Partner, Arthur Andersen & Co., USA)

- Explain the difference between financial accounting and managerial accounting. Which one is most important to owner/managers of a start-up organization and why?
- List and give examples of the six basic types of accounts. What are the characteristics of each?
- Why is it important to have a chart of accounts that is tailored to particular types of organizations rather than one chart of accounts that applies to all types of organizations?
- Where can you find sample charts of accounts that apply to your type of organization?
- Explain the advantages of double-entry bookkeeping. Do you agree with Goethe's description of double-entry bookkeeping as Goethe as "one of the most beautiful discoveries of the human spirit"?
- Please discuss the advantages and disadvantages of using computer software packages for your accounting system.
- What sort of difficulty can you imagine the manager of an organization would be in if the organization did not routinely prepare cash flow forecasts and working capital analyses?
- Why is it important for managers to understand the concept of a break-even point?
- Please give examples of how information from a customer profitability report could be used?
- Why is it important for an organization to prepare and use a budget (or financial plan)?
- Please give examples of alternative scenarios an organization should prepare and how they might be used.

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