

FALL 2014
NSCI 610 – ENGI 610 – MANAGEMENT FOR SCIENCE AND ENGINEERING
MODULE 5 – INTRODUCTION TO CASH ACCOUNTING CONCEPTS AND
LIMITATIONS

Outline – October 30, 2014

1. Introduction

- **Questions for participants, desired information**
- **Discussion leader's disclaimer and background**

2. Basic financial statements

- **Balance sheet**
 - **Assets**
 - **Liabilities**
 - **Equity accounts**
- **Income statement/Statement of operations**
 - **Revenues**
 - **Expenses**
 - **Earnings per share**
 - **Format**
- **Statement of cash flows**
- **Statement of equity**
- **Notes to financial statements**
- **Other financial disclosures in publicly filed documents**

3. Types of accounting systems

- **Shoebox**
- **Checkbook**
- **Spreadsheet**
- **Computerized systems**
 - **Simple (Peachtree, Quickbooks)**
 - **Moderate to complex enterprise solutions**
 - **Beware the system conversion**
 - **80/20 Solution is usually the best**
- **Cash vs. accrual**

4. Double entry accounting systems

- **Each transaction is recorded in at least two accounts**
- **Debits and credits**
- **Result is a self-balancing sets of accounts**
- **T – accounts (short hand notation)**
- **Example: simple set of books for consultant**