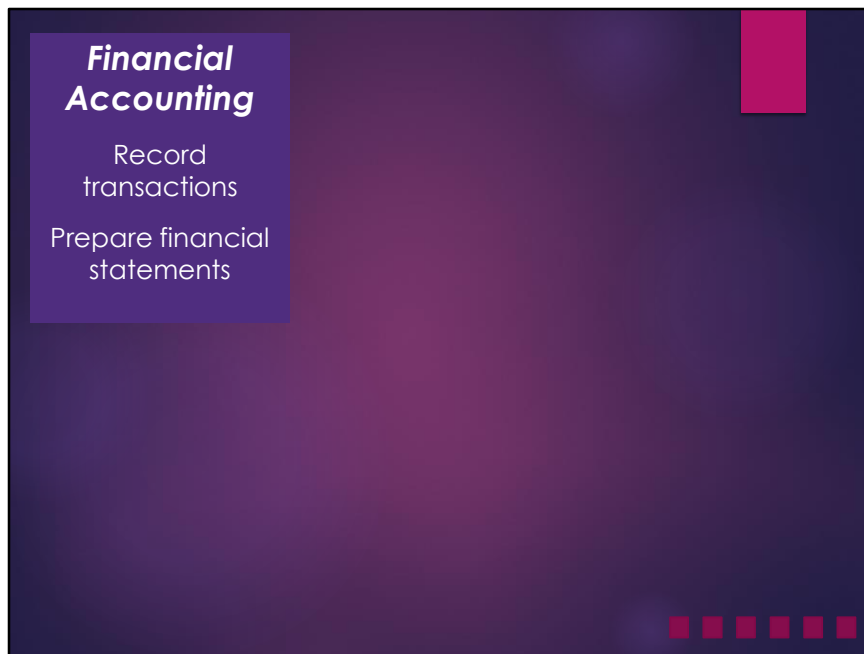




Careers in Accounting

THAT HELP POPPIE'S COPIES





Much of what you did in this activity is financial accounting. Financial accountants take transactions that have already happened and record them in a way that allows them to produce the financial statements: the income statement and the balance sheet (which are just two of the 4 financial statements).

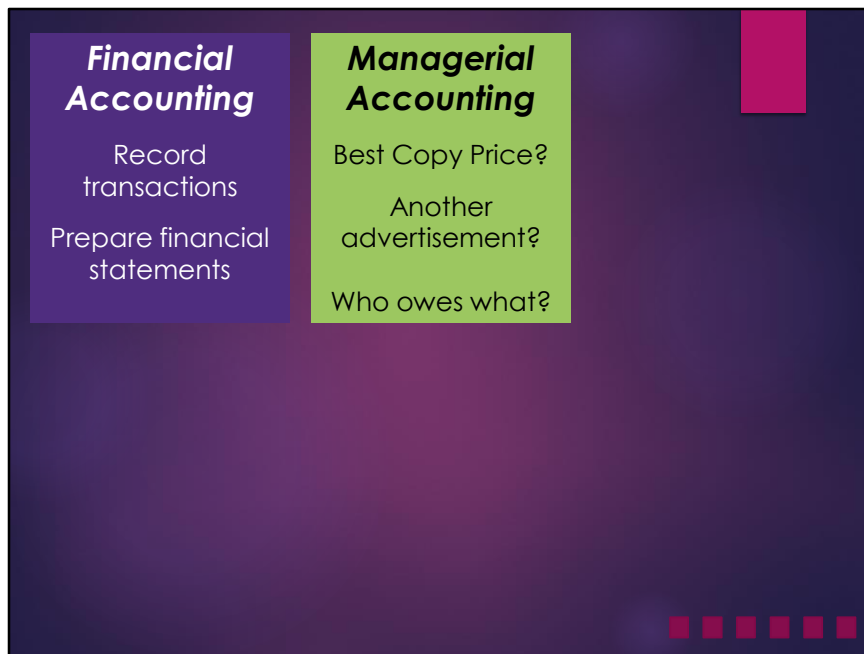
Why are financial statements important?

They tell the company management and owners

- > if the company was profitable (income statement)
- > how much they have in assets and liabilities (balance sheet)
- > what their ownership in the company is worth (bal. sheet & stmt of equity)
- > how much of cash is from/used for profit activities versus other activities like borrowing and owners investing

Financial statements tell those outside the company if the company is healthy.

- > Lenders decide if they can loan money to the company.
- > Creditors (like the electric company) know if they can let the company take some time to pay their bills versus paying in advance.
- > Potential investors decide if they want to invest money (pay to be an owner and try to grow their investment).

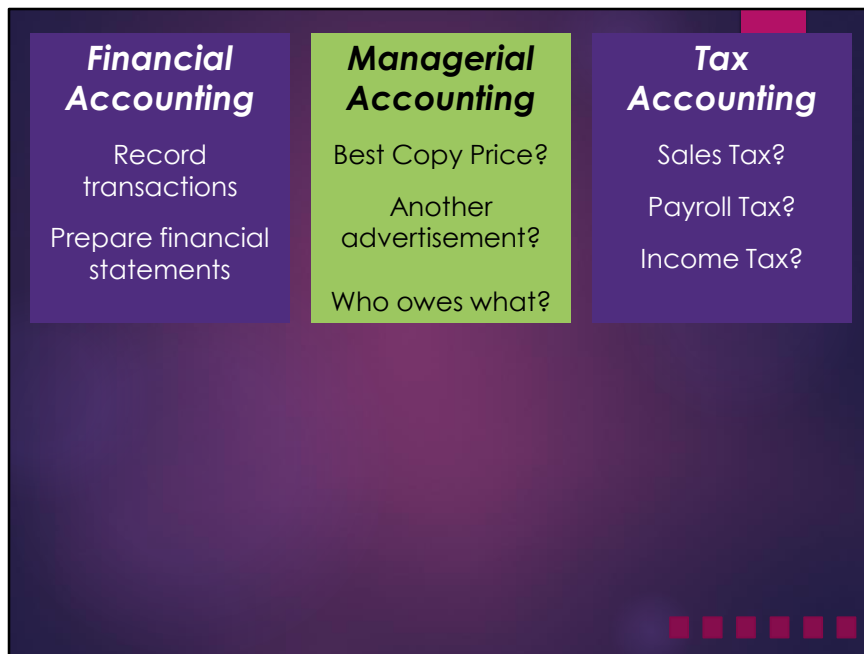


Financial accountants look at the past and report on what already happened.

Managerial accountants look to the future:

- >What can I do to be more profitable?
- >What do I owe and when do I have to pay for it?
- >Do I want to expand or grow the business?
- >If so, do I need extra cash to do that and where can I get it?

Managerial accountants are decision makers that try to move the business forward.



Should Poppie's Copies be collecting sales tax?

What is sales tax? It is extra that the customers pay to the business, but the business sends it straight to the State Government.

Should Poppie's Copies be withholding payroll taxes?

What is payroll taxes? It is income tax on the individual worker.

Remember when Poppie got paid? Her salary probably should have had personal income taxes taken out. That money is send to the government.

Does Poppie's Copies owe income tax on their profits?

This is income tax on the business itself.

The answer to all of these questions is YES! Poppie's Copies could use someone who understands taxes, which is a Tax Accountant.



Auditors are independent and tell you if everything was done correctly.

Not every company needs an audit, but sometimes lenders or investors demand an audit.

What is Poppie's Uncle thinks Poppie is misusing his money. He could ask for an audit to see if her financial statements are accurate.



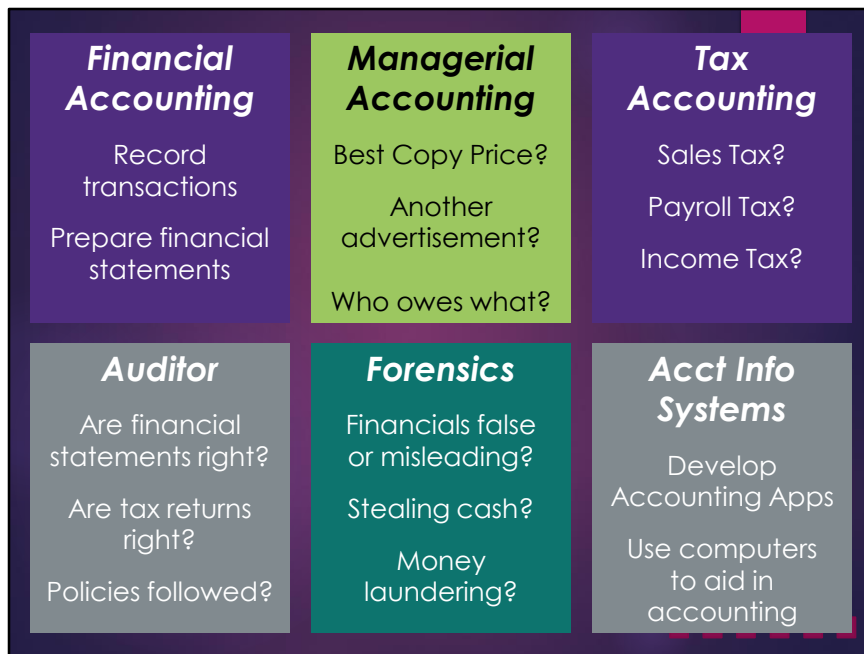
Forensic accountants come around when someone thinks that there are lies being told using accounting. It happens too often, but usually in larger business with multiple owners and employees. One person will think another is stealing or lying.

How could Poppie lie using accounting.

She could take \$100 and say it was spent on supplies or a phone bill.

A forensic accountant is an expert at uncovering the truth about sources and uses of money.

Money laundering is a term refers to hiding the true source or use of money. The term began because people who run laundromats, a cash business, used to pretend money from illegal activities were earnings of the laundromat.



Accounting Information Systems is where accounting and computers meet.

Experts in this area program and run computer systems that help do accounting work.

Because of these accountants, we don't actually tear paper in to pieces and put them into envelopes!