

# Accounting Reference Desktop

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**Steven M. Bragg**



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*To the many adventures still to come with Melissa—  
and not all involving children*





## ABOUT THE AUTHOR

**Steven Bragg**, CPA, CMA, CIA, CPM, CPIM, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. Mr. Bragg resides in Englewood, Colorado. He has also written the following books:

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Advanced Accounting Systems

Controllership (*John Wiley & Sons*)

Cost Accounting (*John Wiley & Sons*)

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Sales and Operations for Your Small Business (*John Wiley & Sons*)

The Controller's Function (*John Wiley & Sons*)



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# PREFACE

The *Accounting Reference Manual* is designed to give the accountant the answers to all of the most important issues that arise during the typical business day. It provides a comprehensive overview of all aspects of the accounting function, including accounting rules and regulations, transactions, control points, and internal and external reports. It also itemizes a wide range of accounting management issues, such as best practices, budgeting, closing the books, control systems, cost accounting, financial analysis, management information systems, accounting for mergers and acquisitions, tax laws, and record keeping. In addition, it covers a number of financial management issues, such as the extension and management of customer credit, financing, cash management, and risk management. The appendices are also rich in detail, describing a sample chart of accounts, itemizing the most common journal entries, displaying interest rate tables, listing the most commonly used business ratios, and finishing with a dictionary of accounting terms. The *Accounting Reference Manual* is a true one-stop source of information for the accountant.

The answers to many of the everyday questions posed to the accountant can be answered with the information provided in this book. One can find within these pages the answers to such questions as:

- What FASB Standards should I be aware of?
- What are the key regulations promulgated by the SEC that apply to my business?
- How are extraordinary income items listed in the income statement?
- How is comprehensive income presented?
- How is the statement of cash flows formatted?
- What types of footnotes should be added to the financial statements?
- How do I convert foreign currency transactions for financial reporting purposes?
- How do I set up a perpetual inventory tracking system?
- How do I account for backflushing transactions?
- What types of inventory valuation methods are available?
- What are the rules related to the recognition of revenue?
- How do I account for stock buybacks, dividends, and convertible securities?
- What best practices are most useful to my business?

- How do I create a budget?
- What techniques can I use to close the books as fast as possible?
- What are the strengths and weaknesses of the various costing systems?
- How do I evaluate a capital project?
- What is my company's cost of capital?
- How do I set up a cash tracking, reporting, and forecasting system?
- What are the key risk management issues to be aware of, and how do I mitigate them?
- What are the current tax laws that address stock options?
- How do I account for a business combination under the purchase method?
- What ratios should I use to monitor corporate cash flows?
- What chart of accounts structure should I use to set up a general ledger?

These and hundreds of other questions are answered in the *Accounting Reference Desktop*. If you have any comments about this book, or would like to see additional chapters added in future editions, please contact the author at *brasto@aol.com*. Thank you!

Steven M. Bragg  
Englewood, Colorado  
October 2001

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# **Accounting Reference Desktop**

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# **Part One**

## **OVERVIEW OF ACCOUNTING AND ITS ROLE IN THE ORGANIZATION**

