



PROGRAM MATERIALS

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Accounting For Non-Accountants: Debit, Credits and Financial Statements

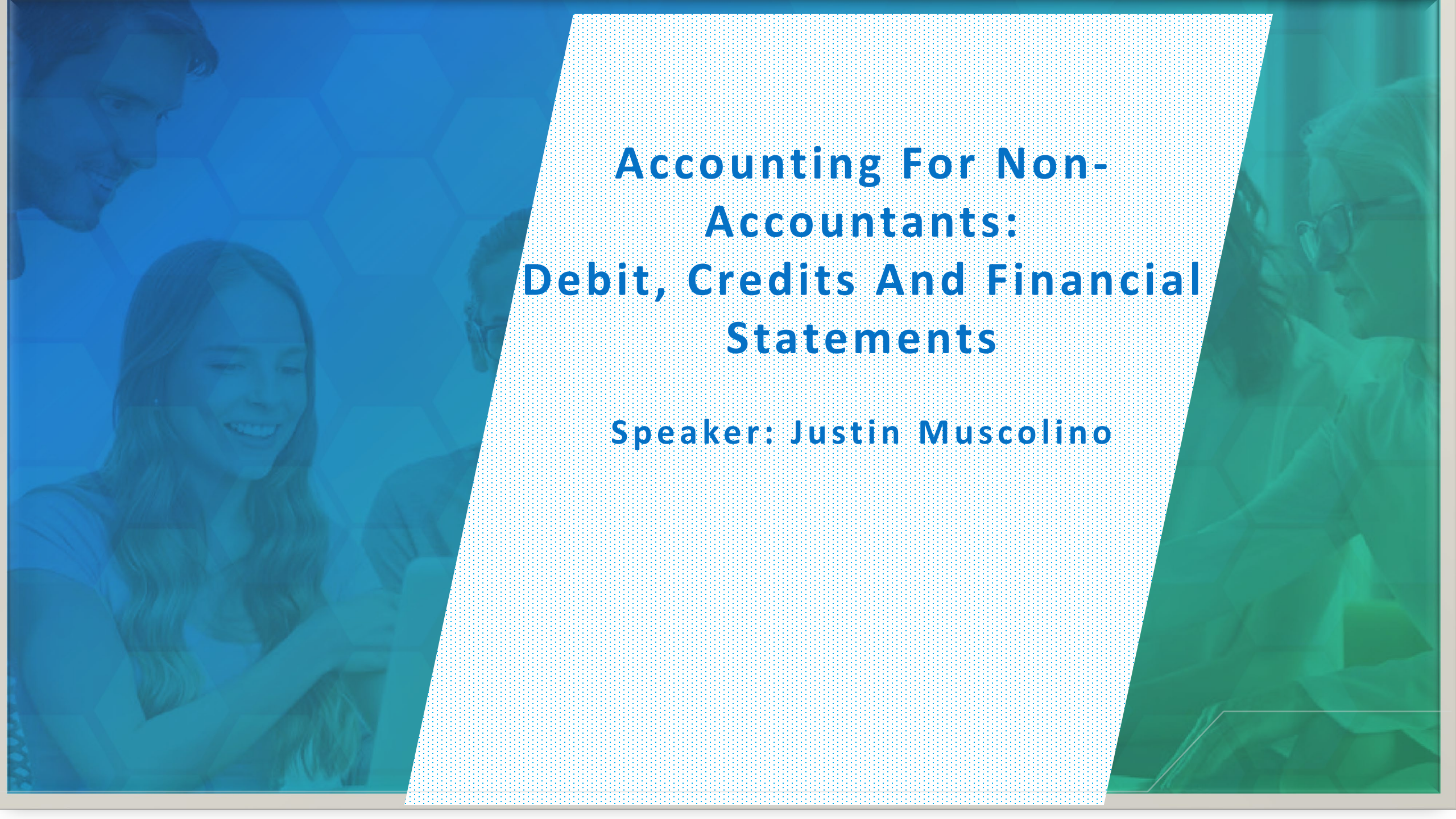
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Accounting For Non- Accountants: Debit, Credits And Financial Statements

Speaker: Justin Muscolino



Justin Muscolino


Justin brings over 20 years of wide-arranging experience in compliance training and regulations. He previously led the compliance training function for JPMorgan Chase Macquarie Group, UBS, Bank of China, and GRC Solutions. Justin also runs his own compliance training company focusing on US & International regulations providing real-life training.

Justin also worked for FINRA, a US regulator, where he created Examiner University to train examiners on how to perform their function. He also serves as an advisor for the Global Compliance Institute (GCI) and instructs at the Barret School of Business and various compliance training providers.



Agenda

- Understand basic accounting concepts
- Learn about Debits & Credits
- Understanding the Double-Entry System
- Distinguish between General Ledger and other documents
- Cash Flow Statement Basics
- Build confidence in interpreting financial information



Introduction to Accounting Basics

- Fear of accounting comes from misunderstanding core concepts
- Reading financial statements confidently
- Understanding the debits, credits, and transaction flows
- Ask smart financial questions when reading the data



Why Accounting Matters to You

- Every department affects financial results and budgets
- Accounting knowledge helps avoid costly mistakes
- Enables better communication with finance teams
- Empowers you to contribute to budget discussions
- Helps identify errors and financial opportunities




The Basic Accounting Equation

- $\text{Assets} = \text{Liabilities} + \text{Equity}$ explained simply
- Assets: what your company owns and controls
- Liabilities: what your company owes to others
- Equity: owner's stake or net worth
- Equation keeps financial statements balanced always



Introduction to Debits and Credits

- Debits and credits are bookkeeping fundamentals
- Debits increase assets and expenses accounts
- Credits increase liabilities, equity, and revenue accounts
- Both must always balance in double-entry accounting
- Understanding them helps track every financial transaction



Understanding the Double-Entry System

- Every transaction affects two accounts simultaneously
- Debits equal credits to keep balance intact
- Ensures accuracy and completeness in accounting records
- Helps detect mistakes or fraudulent entries quickly
- Forms the backbone of reliable financial reporting



Recording Basic Transactions

- Transactions are recorded as journal entries
- Each entry includes date, accounts, debit and credit
- Journals feed into the general ledger accounts
- Proper recording keeps financial data accurate
- Practice helps build confidence in bookkeeping



What is a General Ledger?

- Ledger contains all account summaries for transactions
- Groups transactions by account type (assets, liabilities, etc.)
- Helps prepare trial balances and financial statements
- Tracks financial activity over a specific period
- Essential tool for accountants and managers alike



Trial Balance Overview

- Trial balance lists all ledger accounts and balances
- Debits and credits must total equally
- Used to verify bookkeeping accuracy before statements
- Helps spot errors in transaction recordings
- Step before preparing financial statements




The Income Statement Basics

- Shows company's revenue and expenses over time
- Calculates net profit or loss for the period
- Revenue inflows minus expenses equal net income
- Helps assess operational performance and profitability
- Useful for making informed business decisions



The Balance Sheet Basics

- Snapshot of company's financial position at a date
- Lists assets, liabilities, and equity accounts
- Shows what the company owns and owes
- Ensures assets equal liabilities plus equity
- Helps evaluate financial health and stability



The Cash Flow Statement Basics

- Tracks cash inflows and outflows in business
- Divided into operating, investing, and financing activities
- Shows liquidity and cash management effectiveness
- Explains why profits don't always equal cash available
- Critical for understanding cash position and needs



Relationship Between Financial Statements

- Income statement impacts equity in balance sheet
- Balance sheet changes reflect in cash flow statement
- All statements together show overall financial picture
- Understanding links improves business analysis skills
- Helps answer complex financial questions confidently




Common Accounting Terms Explained

- Assets, liabilities, equity, revenue, expenses defined
- Depreciation: spreading asset cost over time
- Accruals: recording revenues and expenses when earned
- Journal entries: records of financial transactions
- Ledger: collection of all account balances

A blurred background image showing a financial chart with a line graph and bar charts in shades of blue and green.


How to Ask Smart Financial Questions

- Clarify unclear terms in reports or budgets
- Question unusual fluctuations or unexpected results
- Understand impacts of decisions on financials
- Request explanations for large or recurring expenses
- Use knowledge to support better department budgeting



Practical Example: Recording a Sale

- Customer buys product for \$100 cash
- Debit cash account for \$100 increase
- Credit sales revenue for \$100 increase
- Entry keeps accounts balanced and accurate
- Shows how transactions flow through accounting system



Practical Example: Paying a Supplier

- Pay \$50 for office supplies by check
- Debit office supplies expense account \$50 Credit cash account for \$50 decrease
- Reflects expense incurred and cash spent
- Helps track spending against budget effectively



How Errors Affect Financial Statements

- Misplaced debit or credit causes imbalance
- Incorrect entries distort profit or loss figures
- Can lead to wrong budget decisions
- Regular reviews catch and correct mistakes
- Accuracy ensures reliable financial information



Tips for Working with Finance Teams

- Communicate clearly using basic accounting terms
- Don't hesitate to ask for clarifications
- Share operational insights to explain variances
- Request regular financial updates for your area
- Build collaborative relationships for better results



Overcoming Fear of Accounting

- Accounting is learnable for all professionals
- Practice simplifies complex concepts over time
- Don't fear mistakes; they help you learn
- Use resources like this training session
- Gain confidence to engage in financial conversations



Summary

- Understand basics: equation, debits, credits, statements
- Practice recording transactions and reading reports
- Ask questions and communicate confidently with finance
- Use accounting knowledge to improve your role
- Keep learning to strengthen financial skills

THANK YOU!

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