Questions for Thought and Discussion

- In what ways does civilization rest upon there being good accounting?
- What led to the invention of double-entry bookkeeping, and why was it invented in northern Italy in the thirteenth century?
- Why is an increase in cash a “debit”?
- In which different ways could buildings be valued in a balance sheet; what is the normal way; and why?
- What is a subsidiary, and why did Enron arrange for many of its companies to be treated as not subsidiaries?
- What is the “expectations gap” between what auditors think their job is and what the public thinks it is?
- What is implied by “giving a true and fair view”?
- In what ways does taxation rest on accounting, and accounting become influenced by tax?
- Why is accounting under German national rules different from accounting under US national rules?
- Why was the idea of audited published financial statements invented in the UK in the nineteenth century?
- Why is it a good idea for a company to record pension expenses in the current year even if the pension will be paid in twenty years time, and what problems does this practice cause?
- Is it a good idea for accountants to show some leased assets in a company’s balance sheet even though the company does not own the assets?
- In what different ways can costs be divided in order to help managers to make decisions?
- How can a company have a successful year but still go bust because it runs out of cash?
- In what ways is it useful to have international accounting standards?
- Why is it necessary to have rules for financial reporting?
- Would it be better if audits were conducted by government bodies rather than by accountancy firms?
- In what ways can budgeting be more successful if it takes account of the fact that managers are human?
- Is it always bad if a company exceeds its budget for material and labour costs?
- What other issues, apart from financial ones, might a company’s success be judged by?
N. Antill and K. Lee, Company Valuation under IFRS (Harriman House, 2008)
A. Bhimani et al., Introduction to Management Accounting (Pearson, 2012)