Chapter 2 Financial Statements

- It is a report that presents financial information of a business that is prepared in a systematic and systematic manner at the end of the accounting period.

Definition of financial statements

- Means Statement of Financial Position, Statement of Comprehensive Income and Loss, Statement of Changes in Ownership, Statement of Cash Flow. Notes to the Financial Statements

Purpose of the financial statements

- 1. To provide information on the reporting of financial position. Operating Results and Cash Flow Statement
- 2. To be used for economic decision-making.
- 3. To show the management results of the management team.
- 4. To provide information on assets, liabilities, equity, income, expenses,
- 5. To know the profit and loss.
- 6. To allocate capital
- 7. To analyze the data.

Elements of financial statements

- It is divided into 2 types:
- 1. Elements directly related to the measurement of financial position
- 2. Elements directly related to performance measurement

1. Elements directly related to the measurement of financial position

- 1. Assets
- 2. Liabilities
- 3. Owner's Equity)

2. Elements directly related to performance measurement

- 1. Revenue
- 2. Expense

Components of financial statements

- 1. Statement of Financial Position
- 2. Comprehensive Income Statement
- 3. Statement showing changes in ownership
- 4. Cash Flow Statement
- 5. Notes to the Financial Statements
- 6. Statement of financial position at the beginning of the period for which the comparison is made.

Current Assets

- 1. Cash
- 2. Bank Deposits
- 3. Cash equivalents
- 4. Short-term investments
- 5. Trade receivables
- 6. Receipt Bill
- 7. Inventory

- 8. Office Materials
- 9. Other receivables
- 10. Accrued Income
- 11. Upfront costs
- 12. Other Current Assets

Non Current Assets

- **1. Long-term investment**
- **2. Long-term loans**
- **3. Land**
- **4. Buildings and Structures**
- **5. Office Supplies**
- **6. Decoration and installation**
- **7. Equipment**
- **8. Vehicles**

- 9. Investment Real Estate
- 10. Intangible Assets
- 11. Deferred Expenses
- 12. Other non-current assets

Current liabilities

- 1. Bank overdraft
- 2. Trade payables
- 3. Bill of payment
- 4. Short-term bank loans
- 5. Other short-term loans
- 6. Long-term loans that are due within one year

- 7. Unpaid income tax
- 8. Short-term debt estimation
- 9. Accrued expenses
- 10. Advance Income
- 11. Other current liabilities

Non current liabilities

- 1. Long-term bills
- 2. Long-term loans
- 3. Mortgage loans
- 4. Long-term loans without a mortgage
- 5. Deferred income tax liabilities
- 6. Estimate long-term debt without a mortgage
- 7. Debentures
- 8. Other non-current liabilities

Individual Proprietorship

- 1. Capital Account
- 2. Personal Withdrawal Account
- 3. Net Profit (Loss) Account

Partnership

- 1. Fixed capital method
- 2. The method of capital change

1. Fixed capital method

- 1. Capital Account
- 2. Capital Flow Account

2. The method of capital change

Limited Company Affairs

- 1. Share capital
- 2. Excess share value
- 3. Capital surplus
- 4. Retained earnings

Format of Financial Statement

- 1. Account Format
- 2. Report Format

The financial statement

- 1. Paper header
- 2. Sort by account type

Composition of the comprehensive income statement

- 1. Revenue
- 2. Cost

income

- 1. Operating Income
- 2. Non-Operating Income

expenditure

- 1. Expenses according to the nature of expenses
- 2. Functional Expenses

The income statement classifies expenses according to the function of expenses.

- 1. Income statement classified as a single expense
- 2. Income statement classifies expenses in several stages.

Relationship between Income Statement and Statement of Financial Position

- Income Statement Profits increase equity, and losses cause equity to decrease. In the Statement of Financial Position