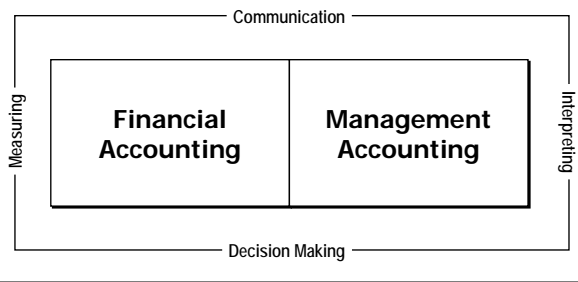


Basic Accounting Concepts

What Is Accounting?



What Accountants Do

Bookkeeping

Cost Accounting

Tax Accounting

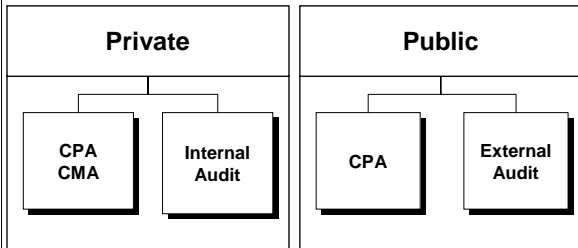
Financial Analysis

Ten Most Important Accounting Skills

- | | |
|--|--|
| <ul style="list-style-type: none"> • Analytical • Problem solving • Interpersonal • Listening • Communication | <ul style="list-style-type: none"> • Leadership • Decision making • Time management • Teamwork • Computer |
|--|--|

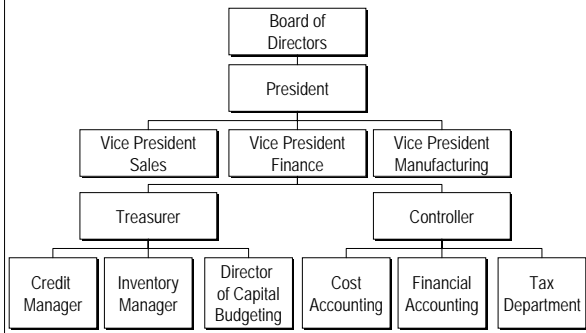
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Types of Accountants



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Typical Finance Department



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Accounting Rules

Generally Accepted Accounting Principles (GAAP)

Private Sector Participants
(TURMOB, FASB)

International Accounting Standards (IAS)

Standard Setters
(SPK, BDDK, SEC)

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Fundamental Accounting Concepts

Accounting Equation

Double-Entry Bookkeeping

Matching Principle



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Accounting Equation

Owner's Equity:

$$\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$$

Accounting Equation:

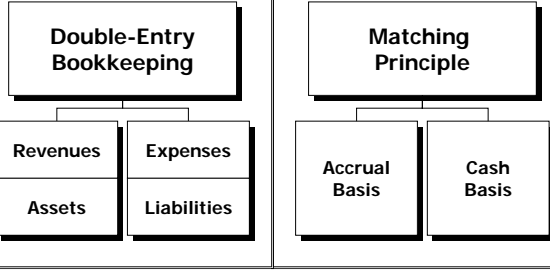
$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

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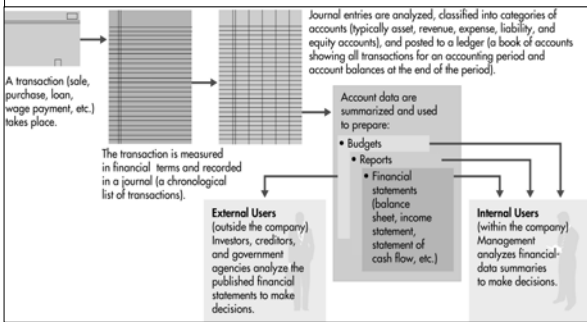
Chapter 16 - 9

Maintaining Balance



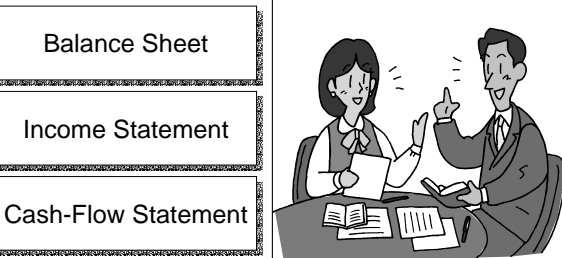
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How Are Financial Statements Used?



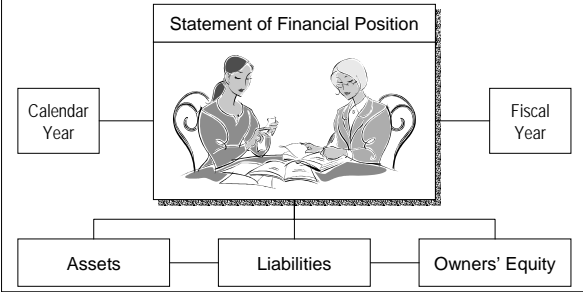
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Understanding Financial Statements



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The Balance Sheet

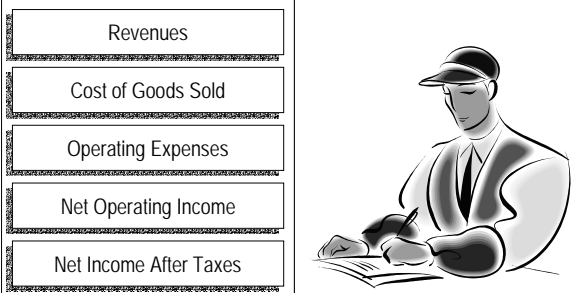


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The Income Statement

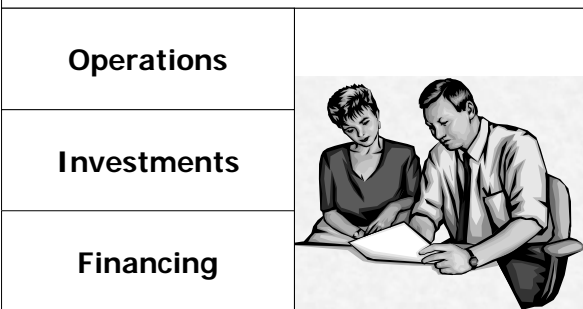


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Cash-Flow Statement



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Analyzing Financial Statements

Trend Analysis

Uncover Business Shifts

Consider Extraordinary Circumstances

Ratio Analysis

Consider More Than One Ratio

Check Specific Data

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Types of Financial Ratios

Profitability

Liquidity

Activity

Leverage

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Profitability Ratios



Return on Sales =

$$\frac{\text{Net Income}}{\text{Net Sales}}$$

Return on Equity =

$$\frac{\text{Net Income}}{\text{Total Owner's Equity}}$$

Earnings per Share =

$$\frac{\text{Net Income}}{\text{Average Shares Outstanding}}$$

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Liquidity Ratios



Working Capital =

Current Assets –
Current Liabilities

Current Ratio =

$\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Quick Ratio =

$\frac{\text{Current Assets} - \text{Liabilities}}{\text{Current Liabilities}}$

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Activity Ratios



Inventory Turnover =

$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$

Receivables Turnover =

$\frac{\text{Sales}}{\text{Average Accounts Receivable}}$

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Leverage Ratios



Debt to Equity =

$\frac{\text{Total Liabilities}}{\text{Total Equity}}$

Debt to Total Assets =

$\frac{\text{Total Liabilities}}{\text{Total Assets}}$

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