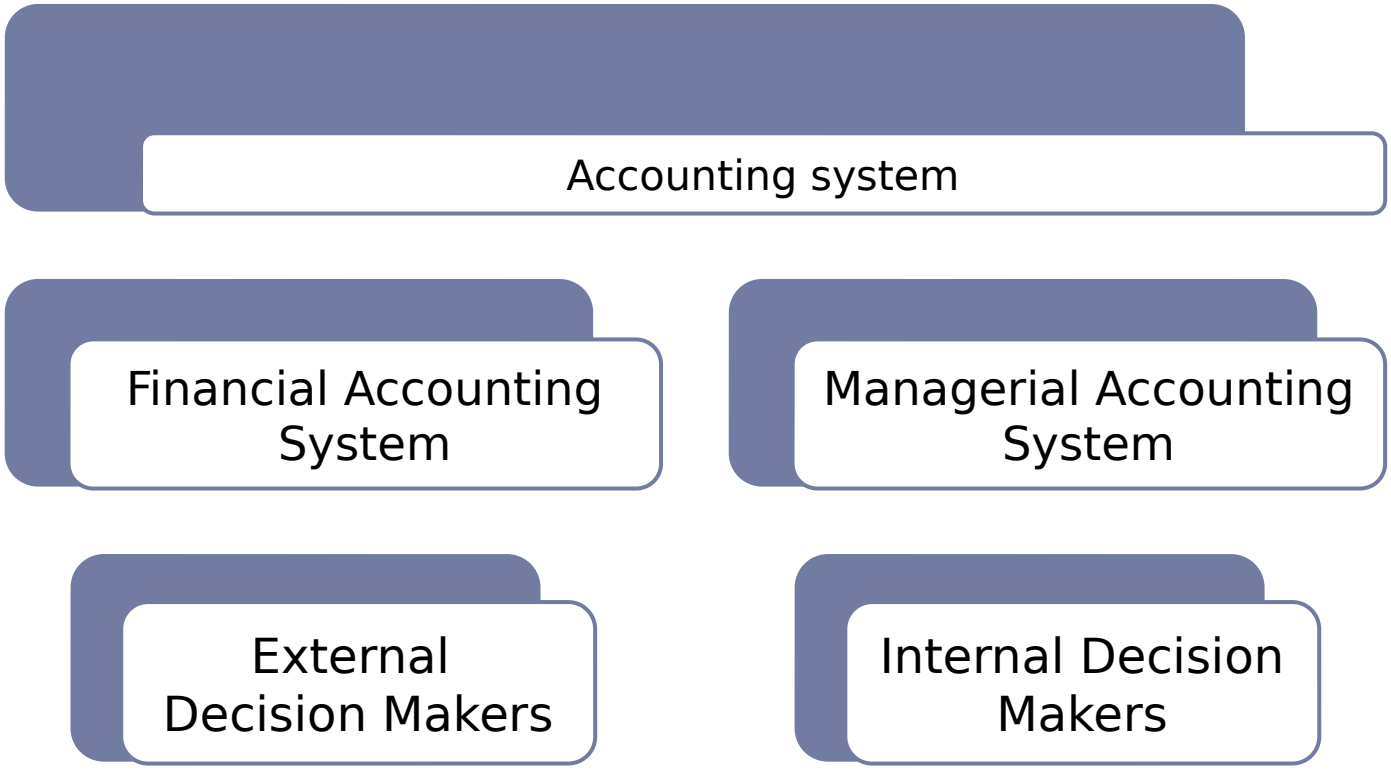
Financial Management in Construction

United Bank Financial Performance in 2011/12

Total Asset	**8.8b Br.**	**14.3%**	
Total Liabilities	7.7b Br.	13.2%	
Paid –up Capital	580.9m. Br.	11%	 
Income	813.6m. Br.	31.9%	
Expense	425.1m. Br.	38%	
Profit After Tax	297.9m. Br.	28.5%	
Earning Per	52.8m. Br.	.02%	


Accounting system
Financial Accounting System
Managerial Accounting System
External Decision Makers
Internal Decision Makers

Basic Financial Statements

1. Balance sheet
2. Income statement
3. Statement of cash flow
4. Statement of retained earnings



Balance Sheet

Owns	Owes
Assets	Liabilities & Equity
Current assets:	Current liabilities
Cash & Securities	Payables
Receivables	Short term Debt
Inventories	Long term liabilities
Fixed Assets	Shareholders’ equity
Tangible assets	
Intangible assets	



Basic accounting equation

Assets = Liabilities + stockholders’ Equity



1 Name of entity
Title of
2 statement
3 Specfic date
4 Unit of measure

The Balance Sheet reports the financial position of an entity at a particular point in

Addis- Matador Corp.
Balance sheet
At December 31,2006
(In thousands of dollars)

Assets		
Cash		$ 4,895.00
Account receivable		5,714.00
Inventories		8,517.00
Plant & equipment		7,154.00
Land		981.00
Total assets		$ 27,261.00
Liabilities & Stockholders' Equity		
Liabilities		
Accounts payable	$ 7,156.00	
Notes payable	9,000.00	
Total liabilities		$ 16,156.00
stockholders' Equity		
Contributed capital	$ 2,000.00	

Addis- Matador Corp.
Balance sheet
At December 31,2006
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Cash		$ 4,895.00
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Notes payable	9,000.00	
Total liabilities		$ 16,156.00
stockholders' Equi		
Contributed capital	$ 2,000.00	
Retained Earnings	9,105.00	
Total Stockholders' Equity		11,105.00
Total liabilities and stockholders' Equity		$ 27,261.00

Assets are economic resources owned by the business as a result of past transaction.

Assets are listed by their degree of conversion into cash.

cash	**amount of cash in the companies bank accounts**
account receivable	**amount owned by customers by prior sales**
inventories	**parts and completed and unsold products**
plant & equipment	**factories and production machineries**

Liabilities are Debts or Obligations Of the Business that result from past transaction

Addis- Matador Corp.
Balance sheet
At December 31,2006
(In thousands of dollars)

Assets		
Cash		$ 4,895.00
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stockholders' Equity		
Contributed capital	$ 2,000.00	
Retained Earnings	9,105.00	
Total Stockholders' Equity		11,105.00
Total liabilities and stockholders' Equity		$ 27,261.00

Accounts payable	**Accounts owed to suppliers for prior purchases**
Notes payable	**Amounts owed on written debt contracts**

Equity is the amount of financing provided by owners of the business and earnings

Addis- Matador Corp.
Balance sheet
At December 31,2006
(In thousands of dollars)

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Cash		$ 4,895.00
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Liabilities		
Accounts payable	$ 7,156.00	
Notes payable	9,000.00	
Total liabilities		$ 16,156.00
Stockholders' Equity		
Contributed capital	$ 2,000.00	

Contributed capital	**Amount invested in the business by the Stockholders**
Retained Earnings	**Past earnings not distributed to stock holders**

Addis- Matador Corp.

Income Statement

For the year ended December 31,2006

(In thousands of dollars)

Revenues		
Sales revenues		$ 37,436.00
Expenses		
Cost of goods sold	$26,980.00	
Selling, general & administrative	3,624.00	
Research & Development	1,982.00	
interest expense	450.00	
Total expense		33,036.00
		$

1 Name of entity

2 Title of statement

3 Specific period (unlike the balance sheet, this statement covers a specific period of time)

4 Unit of measure

Addis- Matador Corp.

Income Statement

For the year ended December 31,2006

(In thousands of dollars)

Revenues		
Sales revenues		$ 37,436.00
Expenses		
Cost of goods sold	$26,980.00	
Selling, general & administrative	3,624.00	
Research & Development	1,982.00	
interest expense	450.00	
Total expense		33,036.00
Pre tax income		$ 4,400.00

The Income Statement Reports the revenue less expense of the

- Revenue are earnings from the sale of goods or services to customers
- Revenue is recognized in the period in which goods and services are sold, not necessarily the period in which cash is received.

When will the revenue from this transaction be recognized?

$1000 sales made on	cash from sale collected on
May 25th	June 10th
May 2006	June 2006



When will the revenue from this transaction be recognized?

$1000 Revenue recognized in May 25th	June 10th
May 2006	June 2006



- An Expense is recognized in the period in which goods and services are used, not necessarily the period in which cash is paid.
- Expenses are the dollar amount of resources used up by the entity to earn revenues during that period.



When will the expense for this transaction be recognized?

paid $ 75 cash for news paper Ad. May 11th	Ad. Appears on June 10th
May 2006	June 2006



When will the expense for this transaction be recognized?



What do we do if expenses exceeds revenue?

