የኢትዮጵያ ልማት ባንክ
እና
የኢትዮጵያ የንግድና ዘርፍ ማኅበራት ምክር ቤት

የሂሳብ መግለጫ አዘገጃጀትና እና ትንተና

ኢትዮጵያ
ሚያዚያ 2014

ECCSA

Financial Statement Preparation and Analysis

የሂሳብ መግለጫ አዘገጃጀትና እና ትንተና

ECCSA



እንደምን

አደራችሁ?

እንኳን ደህና

መጣችሁ!!!

ECCSA

ከሥልጠናው ምን ይጠብቃሉ?

የሥልጠናው ዋና ኣላማ

ECCSA

የሥልጠናው ዋና ኣላማ ፡

1) የሂሳብ መግለጫ ኣዘገጃጀት (Financial Statements Preparation) እና ትንተናን (Financial Statements Analysis) በቂ እውቀት ማስጨበጥ ፤

2) ጥቃቅንና ኣነስተኛ ኢንተርፕራይዞች (SMEs) የተበደሩትን ብር በአግባቡ መጠቀም እንዲችሉ ፤ እንዲሁም እያንዳንዱ ገቢ እና ወጪ በሚመለከት ኣካውንቲንግ ጉልህ ሚና ይጫወታል፤

3) ጥቃቅንና ኣነስተኛ ኢንተርፕራይዞች (SMEs) ገበያ ላይ ተወዳዳሪ ሆነው እንዲዘልቁ ቁመናቸው በየጊዜው መመዘን ኣለባቸው ፤ ለዚህም የኣካውንቲንግ ሚና የሚናቅ ኣይደለም።

የሥልጠናው ንኡስ አለማዎች

ECCSA

በሥልጠናው ሲጠናቀቅ ሠልጣኙ:

1) የ አካውንቲንግ ኡደት /Accounting Cycle ይገነዘባል፤
2) የ ሂሳብ መግለጫ አይነቶችን / Types of Financial Statements ይለያል፤
3) የ የእያንዳንዱ የሂሳብ መግለጫዎች ኢለመንት / Financial Statements Elements ይለያል፤
4) የተለያዩ የሂሳብ መግለጫዎችን / Financial Statements ማዘጋጀት ይችላል፤
5) የሂሳብ መግለጫ መተንተኛ መንገዶችን / Financial Statements Analysis Techniques ይገነዘባል፤
6) የሂሳብ መግለጫ መተንተን / Financial Statements Analysis ይችላል፤

የሥልጠናው አካሄድ

1) የጊዜ አስተዳደር

(የሥልጠናው አስተባባሪ እና ሰዓት ተቆጣጣሪ)

2) የሥልጠና ደንቦችን ማውጣት

3) የአነቃቂ ቡድን

(Fun Groups & Energizers)



What is Finance ?

ECCSA

- **Finance as a resource :**
  - It refers to **monetary means** of financing assets of an entity.
- **Finance as a discipline:**
  - It is the art and science of **managing money**.
  - It is concerned with financial institutions, markets, instruments and processes involved in the transfer of money among various entities.
  - It can also be classified as **Personal Finance** and **Business Finance.**

What is Accounting?

ECCSA

- **Accounting :**
  - It is an information system.
  - It is a process/activity;
  - It is a means and not an end;
  - It deals with financial information and transactions.
  - Its outcome are financial/accounting reports;

የሂሳብ መዝገብ አያያዝ ማለት ምን ማለት ነው?
(What is Accounting?)

ECCSA

Accounting consists of three basic activities - it

- **የመለየት ሂደት (identifies),**
- **የምዝገባ ሂደት (records), and**
- **ሪፖርት የማዘጋጀት ሂደት (communicates)**

the economic events of an organization to **interested users**.

የሂሳብ መዝገብ አያያዝ ማለት ምን ማለት ነው?
(What is Accounting?)

ECCSA

Three Activities

The activities of the accounting process

Identification



Identify economic events (transactions)

Recording



Record, classify, and summarize

Communication



Prepare accounting reports



Analyze and interpret for users

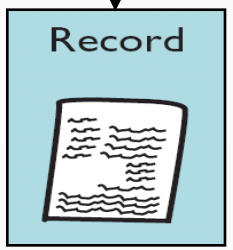
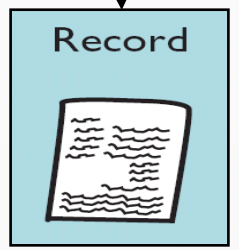
The accounting process includes the **bookkeeping** function.

ይሞክሩት!

የሚከተሉት ክስተቶች ይመዘገባሉ/አይመዘገቡም?

ECCSA

records?

Event	ኮምፒውተር ገዛ **(Purchase computer)**	**Discuss product design with customer.**	የቢሮ ኪራይ ከፈለ **(Pay rent)**
Criterion	Is the financial position (assets, liabilities, or equity) of the company changed?		
Record/ Don't Record			

የሂሳብ መረጃው ማን ይጠቀምበታል ብለው ያስባሉ?

ECCSA

Internal Users

- Human Resources
- Finance
- Management
- Marketing

External Users

- Taxing Authorities
- Labor Unions
- Customers
- Creditors
- Regulatory Agencies
- Investors

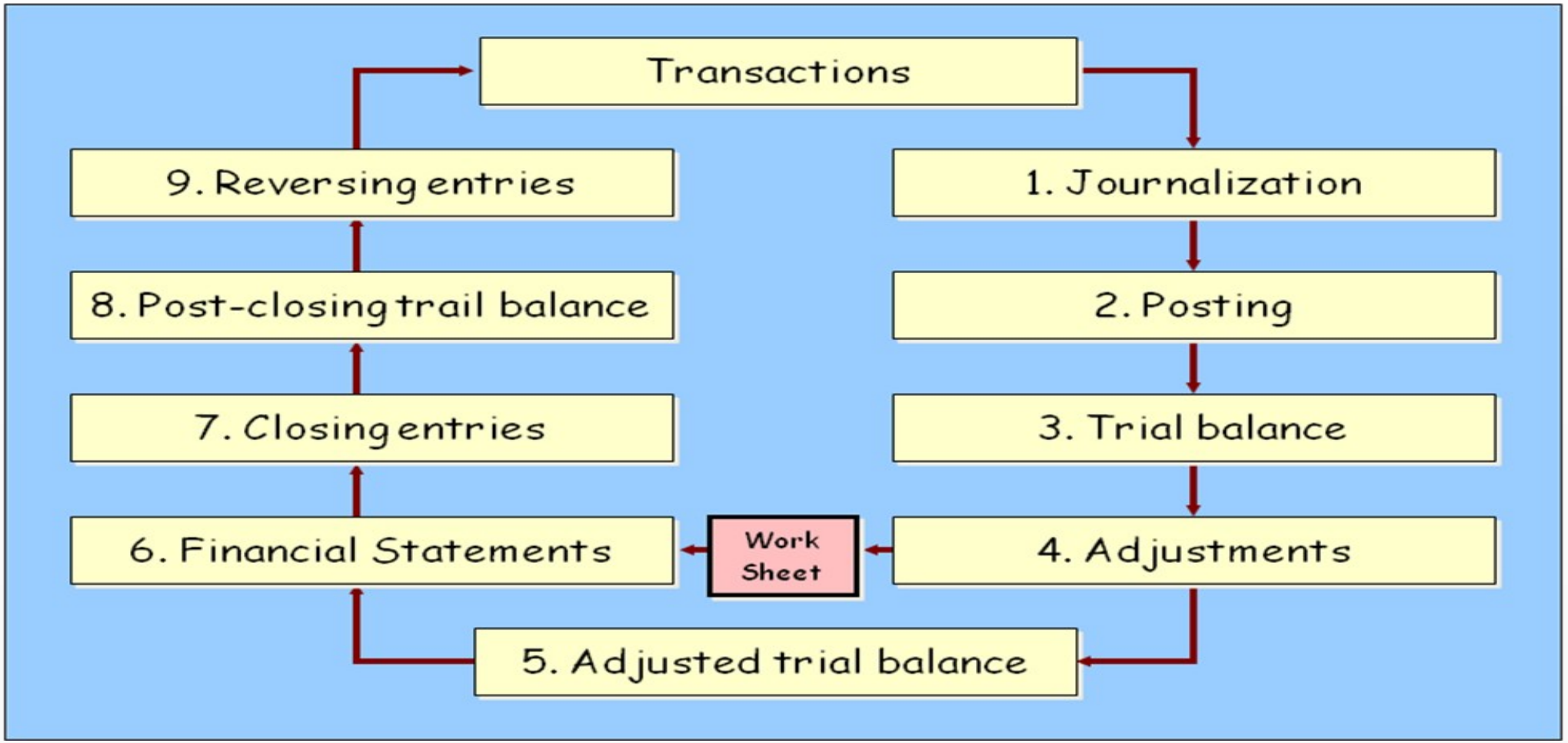
የሂሳብ መረጃው ማን ይጠቀምበታል ብለው ያስባሉ? ይሞክሩት!

ECCSA

Common Questions Asked	User
1. Can we afford to give our employees a **pay raise**?	**Human Resources**
2. Did the company earn a satisfactory **income?**	**Investors**
3. Should any **product lines be eliminated**?	**Management**
4. Is **cash** sufficient to **pay dividends** to shareholders?	**Finance**
5. What **price for our product** will maximize net income?	**Marketing**
6. Will the company be able to pay its **debts**?	**Creditors**

የሂሳብ መዝገብ አያያዝ ኡደት (Accounting Cycle)

ECCSA



የአካውንቲንግ ኡደት/ Accounting cycle

ECCSA

- **Accounting Cycle in Computerized System/data processing cycle consists of *four steps*:**
  1. **Data input**
  2. **Data storage**
  3. **Data processing**
  4. **Information Output**

ECCSA

የአካውንቲንግ ኡደት/ Accounting cycle ...

1 . Business Transactions (ግብ□□)

- **Transactions: Financial transactions □□□ □□□ □□ □□ □□ □□ □□ □□□□□ □□□ □□ □ □□□ □ □□□□ □ □□□ □□ s □□□ . .**

የአካውንቲንግ ኡደት/ Accounting cycle ..

ECCSA

Three Activities

Accounting process

Identification



Select economic events (transactions)

Recording



Record, classify, and summarize

Communication



Prepare accounting reports

The accounting process **includes** the bookkeeping function.



Analyze and interpret for users

ECCSA

የአካውንቲንግ ኡደት/ Accounting cycle ...

2 . Journal Entries (መመዝገብ)

- ምዝገባ: ብር ነክ እንቅስቃሴው በማስረጃ ሲደገፍ ቀጣይ ስራ ይሚሆነው መመዝገብ ነው። ይህም በ ደቢት እና በ ክረዲት መልክ መመዝገብ ይኖርበታል።

የአካውንቲንግ ኡደት/ Accounting cycle ...

ECCSA

- **Steps of Journalizing**

  <u>Step 1</u>: Record the *date*: Year, month and day.

  <u>Step 2</u>: Record the *Debit*: Debit account title and amount.

  <u>Step3</u>: Record the *Credit*: Credit account title & amount.

  <u>Step 4:</u> Write an *Explanation*.

Journalizing Transactions

ECCSA

- **September 1, 2012 : Stockholders invested $15,000 cash in the corporation in exchange for shares of stock.**
- **ent fo**

GENERAL JOURNAL J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
2012				
Sept. 1	Cash		15,000	
	Common Stock			15,000
	(Issued shares of stock for cash)			
1	Equipment		7,000	
	Cash			7,000
	(Purchased equipment for cash)			

የአካውንቲንግ ኡደት/ Accounting cycle

ECCSA

3. Posting (ወደ ዋና ሌጀር ማስተላለፍ)

- የተመዘገቡት የሂሳብ እንቅስቃሴዎች ወደ ዋናው ሌጀር ማስተላልፍ

የአካውንቲንግ ኡደት/ Accounting cycle

ECCSA

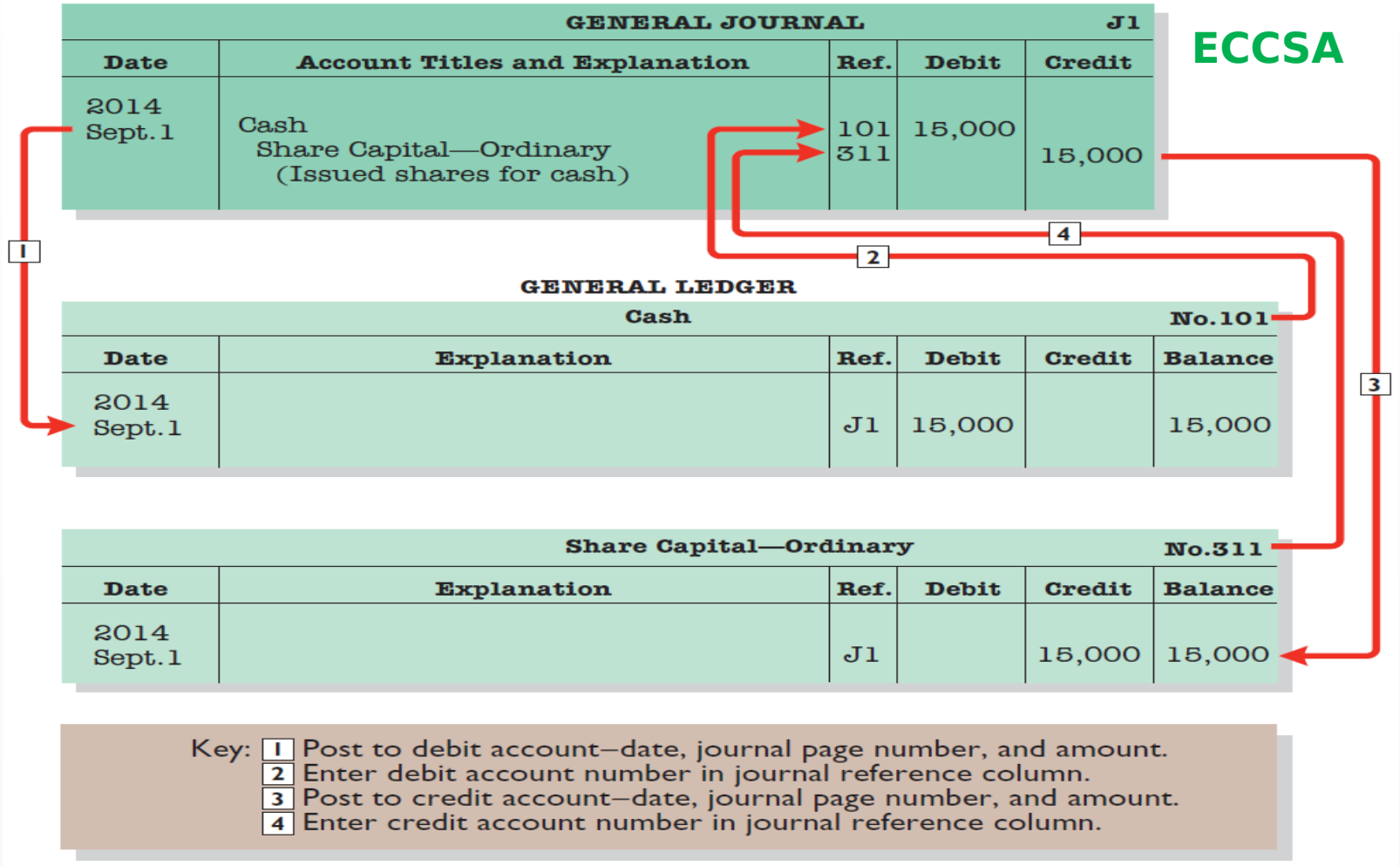
Steps of posting:

- **Step1: Post to *debit account*: Date, Journal Page number and amount.**
- **Step 2: Enter the *debit account number* in Journal Post reference column.**
- **Step 3: Post to *credit account*: Date, Journal Page number and amount.**
- **Step 4: Enter *credit account number* in Journal Post reference column**

የአካውንቲንግ ኡደት/ Accounting cycle ..

ECCSA

Posting – process of transferring amounts from the journal to the ledger accounts.



GENERAL JOURNAL J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
2014 Sept.1	Cash	101	15,000	
	Share Capital—Ordinary	311		15,000
	(Issued shares for cash)			

GENERAL LEDGER

Cash No.101

Date	Explanation	Ref.	Debit	Credit	Balance
2014 Sept.1		J1	15,000		15,000

Share Capital—Ordinary No.311

Date	Explanation	Ref.	Debit	Credit	Balance
2014 Sept.1		J1		15,000	15,000

Key: 1 Post to debit account–date, journal page number, and amount.
2 Enter debit account number in journal reference column.
3 Post to credit account–date, journal page number, and amount.
4 Enter credit account number in journal reference column.

4. Trial Balance (□□□□ □□□ □□□□□)

- ከዋናው ሌጀር ድምር ለያንዳንዱ የሂሳብ መደብ ማዘጋጀት እና ደቢት ባለንስ ከ ክረዲት ባለንስ እኩል መሆኑን ማረጋገጥ።

የአካውንቲንግ ኡደት/ Accounting cycle

ECCSA

PIONEER ADVERTISING AGENCY INC.
TRIAL BALANCE
OCTOBER 31, 2012

	Debit	Credit
Cash	$ 80,000	
Accounts Receivable	72,000	
Supplies	25,000	
Prepaid Insurance	6,000	
Equipment	50,000	
Notes Payable		$ 50,000
Accounts Payable		25,000
Unearned Service Revenue		12,000
Common Stock		100,000
Dividends	5,000	
Service Revenue		100,000
Salaries and Wages Expense	40,000	
Rent Expense	9,000	
	$287,000	$287,000

5. Worksheet

- የሚስተካከሉ እንቅስቃሴዎችን በቀላሉ ለማካተት እና የሂሳብ መግለጫውን በቀላሉ ለማዘጋጀት የሚረዳ ባለ አምድ ኮለምን ሰንጠረዥ ነው።

የአካውንቲንግ ኡደት/ Accounting cycle …

ECCSA

Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Statement of Financial Position	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	15,200				15,200				15,200	
Supplies	2,500			(a) 1,500	1,000				1,000	
Prepaid Insurance	600			(b) 50	550				550	
Equipment	5,000				5,000				5,000	
Notes Payable		5,000				5,000				5,000
Accounts Payable		2,500				2,500				2,500
Unearned Revenue		1,200	(d) 400			800				800
Share Capital-Ordinary		10,000				10,000				10,000
Dividends	500				500				500	
Service Revenue		10,000		(d) 400		10,600		10,600		
				(e) 200						
Salaries and Wages Exp.	4,000		(g) 1,200		5,200		5,200			
Rent Expense	900				900		900			
Totals	28,700	28,700								
Supplies Expense			(a) 1,500		1,500		1,500			
Insurance Expense			(b) 50		50		50			
Accumulated Depreciation				(c) 40		40				40
Depreciation Expense			(c) 40		40		40			
Accounts Receivable			(e) (f) 200		200				200	
Interest Expense			50		50		50			
Interest Payable				(f) (g) 50		50				50
Salaries and Wages Payable				1,200		1,200				1,200
Totals			3,440	3,440	30,190	30,190	7,740	10,600	22,450	19,590
Net Income							2,860			2,860
Totals							10,600	10,600	22,450	22,450

የአካውንቲንግ ኡደት/ Accounting cycle

...

ECCSA

6. Adjusting Entries (ማስተካከያ)

- በአመት መጨረሻ ማስተካከያ መደረግ አለበት

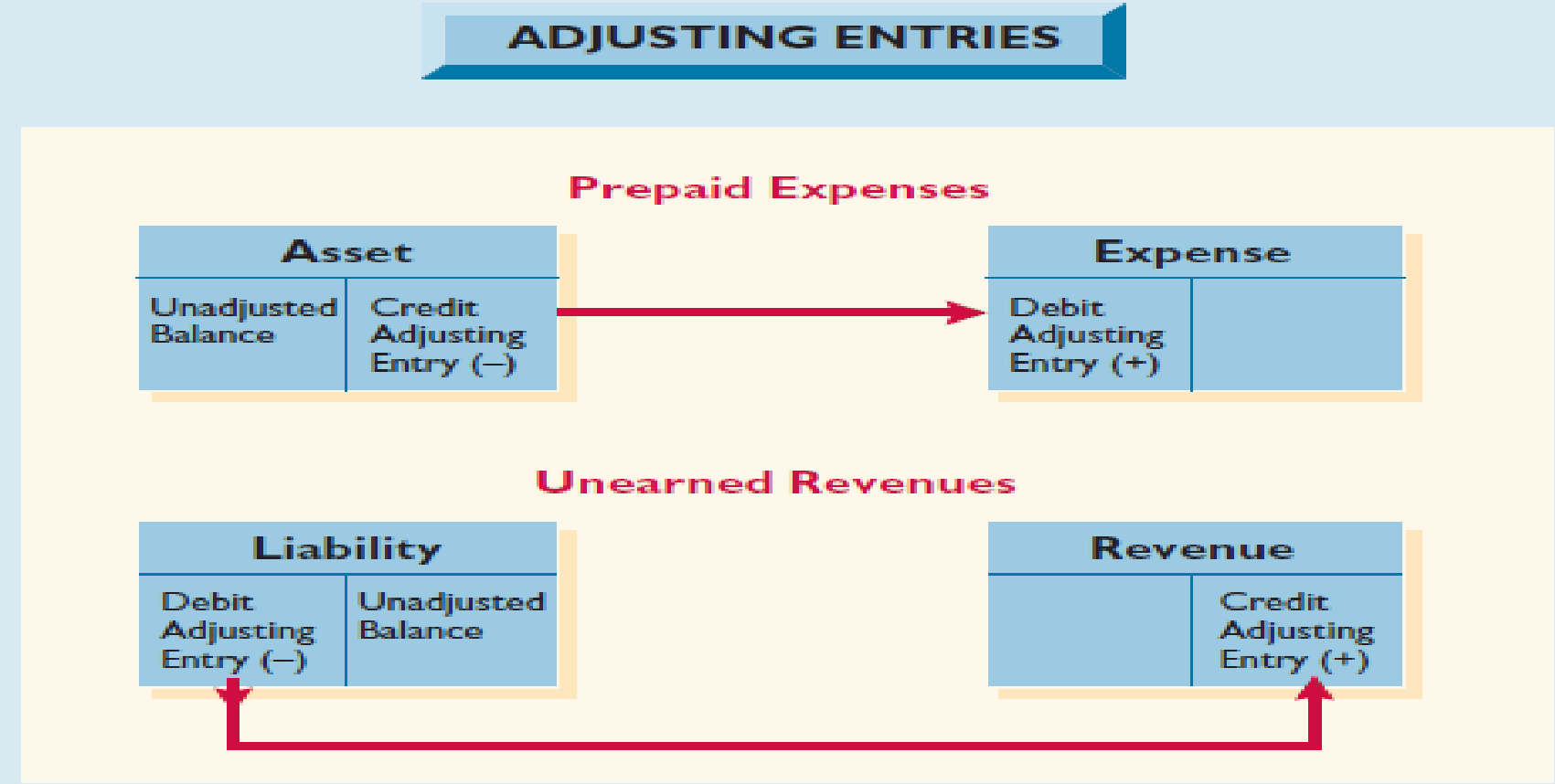
የኣካውንቲንግ ኡደት/ Accounting cycle

ECCSA

Deferrals	Accruals
1. **Prepaid Expenses.** Expenses paid in cash and recorded as assets **before** they are used or consumed.	3. **Accrued Revenues.** Revenues earned but **not yet received** in cash or recorded.
2. **Unearned Revenues.** Revenues received in cash and recorded as liabilities **before** they are earned.	4. **Accrued Expenses.** Expenses incurred but **not yet paid** in cash or recorded.

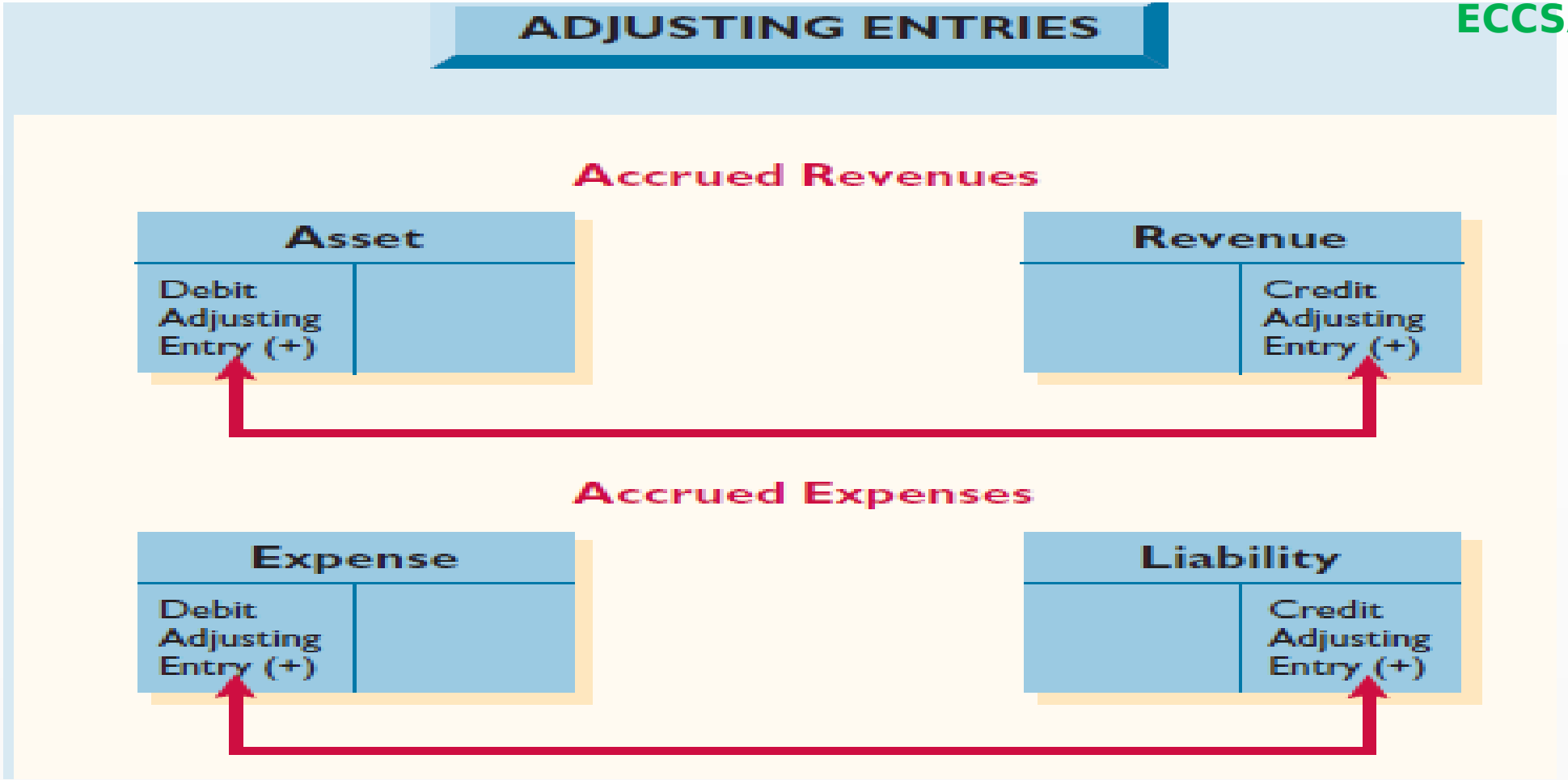
Adjusting Entries for Deferrals

ECCSA



Adjusting Entries for Accruals

ECCSA



7. Closing Entries (መዝጋት)

ECCSA

- ግዝያዊ አካውንቶች እንደ ገቢ፣ ወጪ በአመቱ መጨረሻ ይዘጋሉ። እነ ሃብት፣ እዳ እና የተጣራ ካፒታል የመዝጊያ ባለንሰቸው ዩዘው ወደ ቀጣይ አመት ዩዘዋወራሉ።

የአካውንቲንግ ኡደት/ Accounting cycle...

ECCSA

TEMPORARY These accounts are closed	PERMANENT These accounts are not closed
All revenue accounts	All asset accounts
All expense accounts	All liability accounts
Owner's drawing account	Owner's capital account

የኣካውንቲንግ ኡደት/ Accounting cycle...

ECCSA

GENERAL JOURNAL			J3
Date	**Account Titles and Explanation**	**Debit**	**Credit**
	Closing Entries		
	(1)		
Oct. 31	Service Revenue	106,000	
	Income Summary		106,000
	(To close revenue account)		
	(2)		
31	Income Summary	73,000	
	Supplies Expense		15,000
	Depreciation Expense		400
	Insurance Expense		500
	Salaries and Wages Expense		46,000
	Rent Expense		9,000
	Interest Expense		500
	Bad Debt Expense		1,600
	(To close expense accounts)		
	(3)		
31	Income Summary	33,000	
	Retained Earnings		33,000
	(To close net income to retained earnings)		
	(4)		
31	Retained Earnings	5,000	
	Dividends		5,000
	(To close dividends to retained earnings)		

የአካውንቲንግ ኡደት/ Accounting cycle

8. Financial Statements (የሂሳብ መግለጫዎች)

- ማስተካከያው ካስገባን በኋላ አመታዊ የሂሳብ መግለጫ ዱዘጋጃል። ባላንስ ሺት፤ ገቢ ና ወጪ፤ የካሽ ፍሎው መግለጫዎችን ያካትታል።

የሂሳብ መግለጫ አይነቶች/Financial Statements

ECCSA

1. Statement of Financial Performance or Income Statement (የገቢ ና ወጪ መግለጫ)
2. Statement of Owners' Equity or Capital Statement (የካፍታል/ የተጣራ ሃብት መግለጫ)
3. Statement of Financial Position or Balance Sheet (የሃብትና እዳ መግለጫ)
4. Statement of Cash Flow (የካሽ ፍሰት መግለጫ)

የሂሳብ መግለጫ አይነቶች/Financial Statements

ECCSA

Companies prepare **four** financial statements from the summarized accounting data:

- Income Statement
- Owner's Equity Statement
- Balance Sheet
- Statement of Cash Flows

የአካውንቲንግ ኡደት/ Accounting cycle ...

9. Post Closing Trial Balance

ECCSA

- It is a list of permanent accounts and their balances after closing entries have been journalized and posted.
- It consists only of asset, liability, and owners' equity accounts—the real accounts.
- It provides evidence that the company has properly journalized and posted the closing entries.

የኣካውንቲንግ ኡደት/ Accounting cycle ...

ECCSA

PIONEER ADVERTISING AGENCY INC.
POST-CLOSING TRIAL BALANCE
OCTOBER 31, 2012

Account	Debit	Credit
Cash	$ 80,000	
Accounts Receivable	74,000	
Allowance for Doubtful Accounts		$ 1,600
Supplies	10,000	
Prepaid Insurance	5,500	
Equipment	50,000	
Accumulated Depreciation—Equipment		400
Notes Payable		50,000
Accounts Payable		25,000
Unearned Service Revenue		8,000
Salaries and Wages Payable		6,000
Interest Payable		500
Common Stock		100,000
Retained Earnings		28,000
	$219,500	$219,500

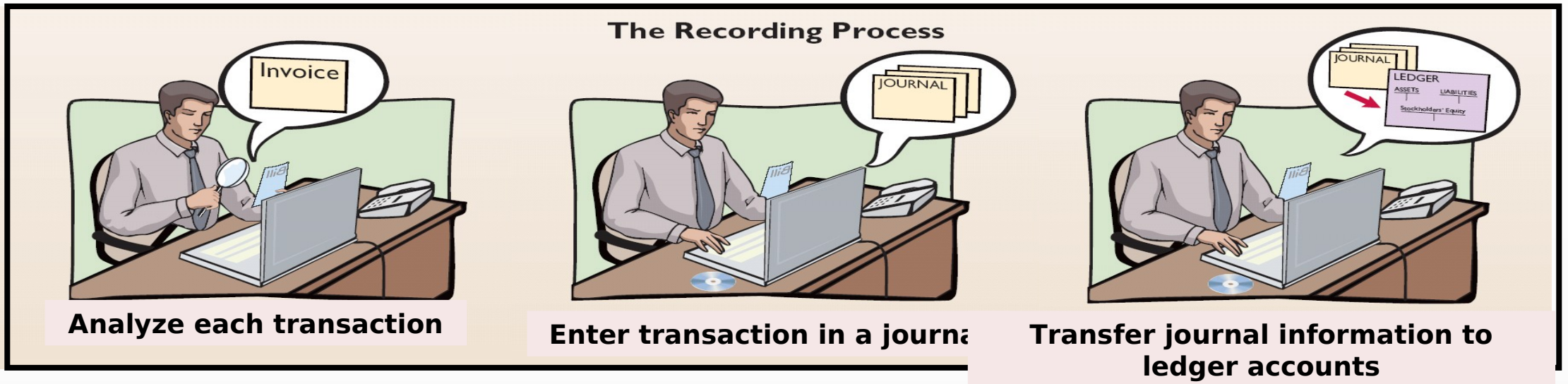
ECCSA

የሂሳብ መዝገብ አያያዝ የምዝገባ ሂደት እና የሂሳብ መግለጫ ዝግጅት

(Recording Process of the Transaction and Financial Statements Preparation)

የምዝገባ ሂደት ግብአቶች (Steps in the Recording Proce

ECCSA



Business documents, such as a :

- sales slip,
- a check,
- a bill, or
- a cash register tape, provide **evidence of the transaction.**

የሂሳብ መግለጫ ኢለመንቶች (Elements of FSs)

ECCSA

1) Assets (ሃብት) ;
2) Liabilities (እዳ);
3) Equity (የተጣራ ሃብት);
4) Revenue (ገቢ); እና
5) Expenses (ወጪ)

የሂሳብ መግለጫ ኢለመንቶች (Elements of Financial Statements)

ECCSA

Accounts and account numbers arranged in sequence in which they are presented in the financial statements.

Pioneer Advertising Agency Inc.
Chart of Accounts

Assets	
101	**Cash**
112	Accounts Receivable
126	**Supplies**
130	**Prepaid Insurance**
157	**Equipment**
158	Accumulated Depreciation—Equipment

Liabilities	
200	**Notes Payable**
201	**Accounts Payable**
209	**Unearned Service Revenue**
212	Salaries and Wages Payable
230	Interest Payable

Equity	
311	**Share Capital—Ordinary**
320	Retained Earnings
332	**Dividends**
350	Income Summary

Revenues	
400	**Service Revenue**

Expenses	
631	Supplies Expense
711	Depreciation Expense
722	Insurance Expense
726	**Salaries and Wages Expense**
729	**Rent Expense**
732	**Utilities Expense**
905	Interest Expense

የዴቢት/ክሬዲት ህጎች (Debit/Credit Rules)

Normal Balance **Debit**

Debit / Dr.	Credit / Cr.
↑	↓
Normal Balance	

Chapter 3-23

Normal Balance **Credit**

Equity

Debit / Dr.	Credit / Cr.
↓	↑
	Normal Balance

Chapter 3-25

Liabilities

Debit / Dr.	Credit / Cr.
↓	↑
	Normal Balance

Expense

Debit / Dr.	Credit / Cr.
↑	↓
Normal Balance	

Chapter 3-27

Revenue

Debit / Dr.	Credit / Cr.
↓	↑
	Normal Balance

Chapter 3-26

የዴቢት/ክሬዲት ህጎች (Debit/Credit Rules)

ECCSA

	Statement of Financial Position				Income Statement		
	Asset	=	Liability	+ Equity	Revenue	-	Expense
Debit	↑		↓	↓	↓		↑
Credit	↓		↑	↑	↑		↓

ECCSA

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

Follow these steps:

1. Determine what **type of account** is involved.
2. Determine **what items increased or decreased** and **by how much**.
3. Translate the increases and decreases into **debits and credits**.

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (1). Investment by Shareholders. ABC Co. decides to open a computer programming service which he names Softbyte. On September 1, 2014, they invest €15,000 cash in exchange for €15,000 of ordinary shares.

	Assets				= Liabilities +	Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (2). Purchase of Equipment for Cash. Softbyte purchases computer equipment for €7,000 cash.

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (3). Purchase of Supplies on Credit. Softbyte purchases for €1,600 from Acme Supply Company computer paper and other supplies expected to last several months. The purchase is on account.

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (4). Services Provided for Cash. Softbyte receives €1,200 cash from customers for programming services it has provided.

	Assets				= Liabilities +	Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (5). Purchase of Advertising on Credit. Softbyte receives a bill for €250 from the Daily News for advertising but postpones payment until a later date.

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (6). Services Provided for Cash and Credit. Softbyte provides €3,500 of programming services for customers. The company receives cash of €1,500 from customers, and it bills the balance of €2,000 on account.

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)					+250			−€250		Adver. Expense
(6)										
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (7). Payment of Expenses. Softbyte pays the following expenses in cash for September: store rent €600, salaries and wages of employees €900, and utilities €200.

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)					+250			−€250		Adver. Expense
(6)	+1,500	+€2,000					+3,500			Service Revenue
(7)										
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት(8). Payment of Accounts Payable. Softbyte pays its €250 Daily News bill in cash.

	Assets				= Liabilities +	Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)					+250			−€250		Adver. Expense
(6)	+1,500	+€2,000					+3,500			Service Revenue
(7)	−1,700							−600		Rent Expense
								−900		Sal./Wages Exp.
								−200		Utilities Expense
(8)										
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (9). Receipt of Cash on Account. Softbyte receives €600 in cash from customers who had been billed for services [in Transaction (6)].

	Assets				= Liabilities +	Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)					+250			−€250		Adver. Expense
(6)	+1,500	+€2,000					+3,500			Service Revenue
(7)	−1,700							−600		Rent Expense
								−900		Sal./Wages Exp.
								−200		Utilities Expense
(8)	−250				−250					
(9)										
(10)										

የንግድ ግብይት ትንታኔና የሂሳብ መግለጫ ዝግጅት
(Transaction Analysis)

ECCSA

ግብይት (10). Dividends. The corporation pays a dividend of €1,300 in cash.

Illustration 1-10

	Assets				= Liabilities	+ Equity				
Trans-action	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Share Capital	+ Retained Earnings Rev.	− Exp.	− Div.	
(1)	+€15,000					+ €15,000				Issued Shares
(2)	−7,000			+€7,000						
(3)			+€1,600		+€1,600					
(4)	+1,200						+€1,200			Service Revenue
(5)					+250			−€250		Adver. Expense
(6)	+1,500	+€2,000					+3,500			Service Revenue
(7)	−1,700							−600		Rent Expense
								−900		Sal./Wages Exp.
								−200		Utilities Expense
(8)	−250				−250					
(9)	+600	−600								
(10)										

የኣካውንቲንግ ኡደት/ Accounting cycle ...

ECCSA

- **Steps of Journalizing**

  Step 1: Record the *date*: Year, month and day.

  Step 2: Record the *Debit*: Debit account title and amount.

  Step3: Record the *Credit*: Credit account title & amount.

  Step 4: Write an *Explanation*.

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process

ECCSA

Journalizing - Entering transaction data in the journal.

ምሳሌ: On September 1, shareholders' invested $ 15,000 cash in the corporation in exchange for share of stock, and Softbyte purchased computer equipment for $ 7

General Journal

Date	Account Title	Ref.	Debit	Credit
Sept. 1	Cash		15,000	
	Share capital-ordinary			15,000
	Equipment		7,000	
	Cash			7,000

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

የነጠላና ውህድ ግብይት ምሳሌዎች (Simple and Compound Entries)

ምሰሌ : On July 1, ABC Company purchases a delivery truck costing $420,000. It pays $240,000 cash now and agrees to pay the remaining $180,000 on account.

General Journal

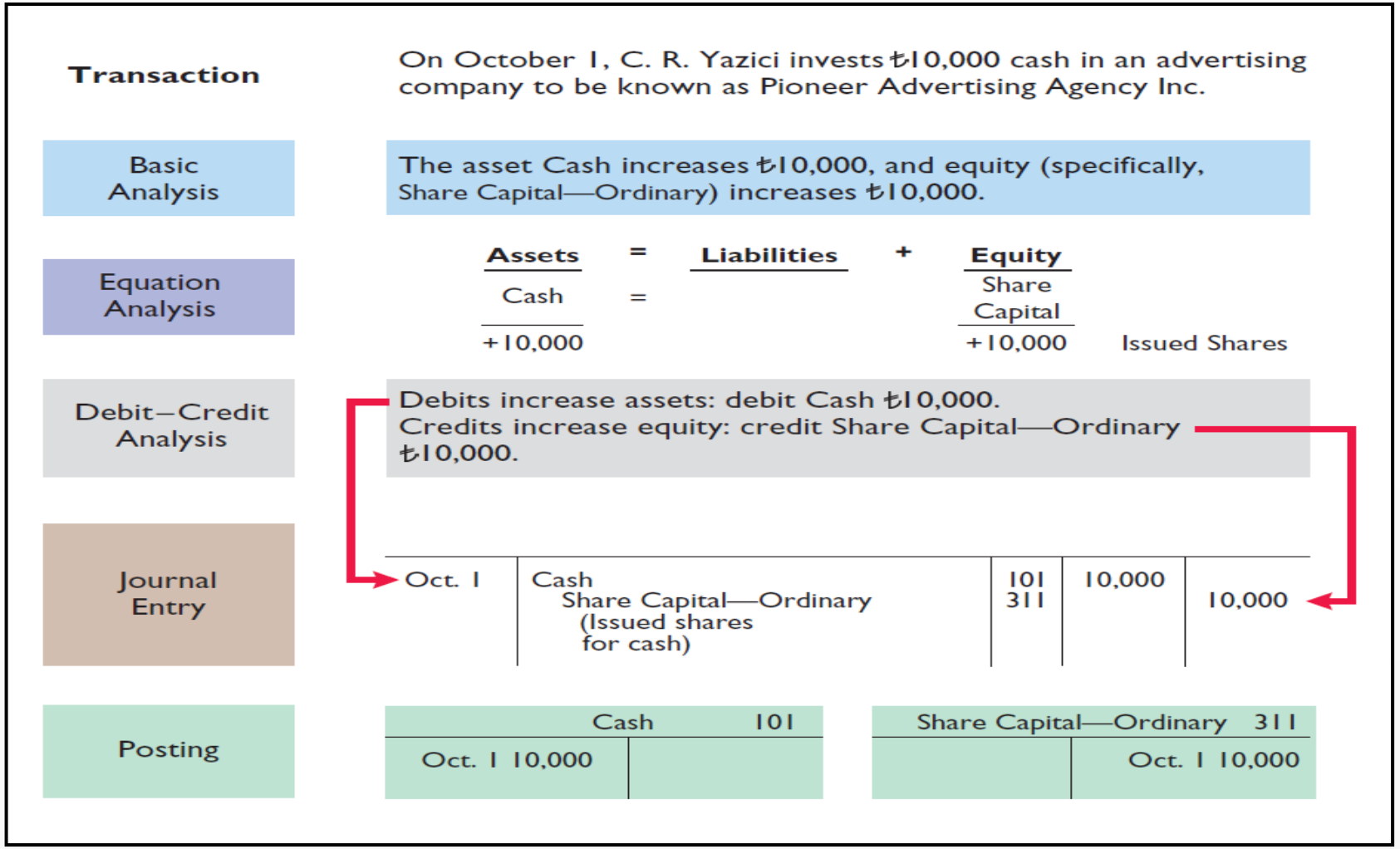
Date	Account Title	Ref.	Debit	Credit
July 1	Equipment		420,000	
	Cash			240,000
	Accounts payable			180,000

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

ECCSA

Follow these steps:

1. Determine what **type of account** is involved.
2. Determine **what items increased or decreased** and **by how much**.
3. Translate the increases and decreases into **debits and credits**.



የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process

ECCSA

Transaction

On October 1, Pioneer purchases office equipment costing ₺5,000 by signing a 3-month, 12%, ₺5,000 note payable.

Basic Analysis

The asset Equipment increases ₺5,000, and the liability Notes Payable increases ₺5,000.

Equation Analysis

Assets	=	Liabilities	+	Equity
Equipment	=	Notes Payable		
+5,000		+5,000		

Debit–Credit Analysis

Debits increase assets: debit Equipment ₺5,000.
Credits increase liabilities: credit Notes Payable ₺5,000.

Journal Entry

Oct. 1	Equipment	157	5,000	
	Notes Payable	200		5,000
	(Issued 3-month, 12% note for office equipment)			

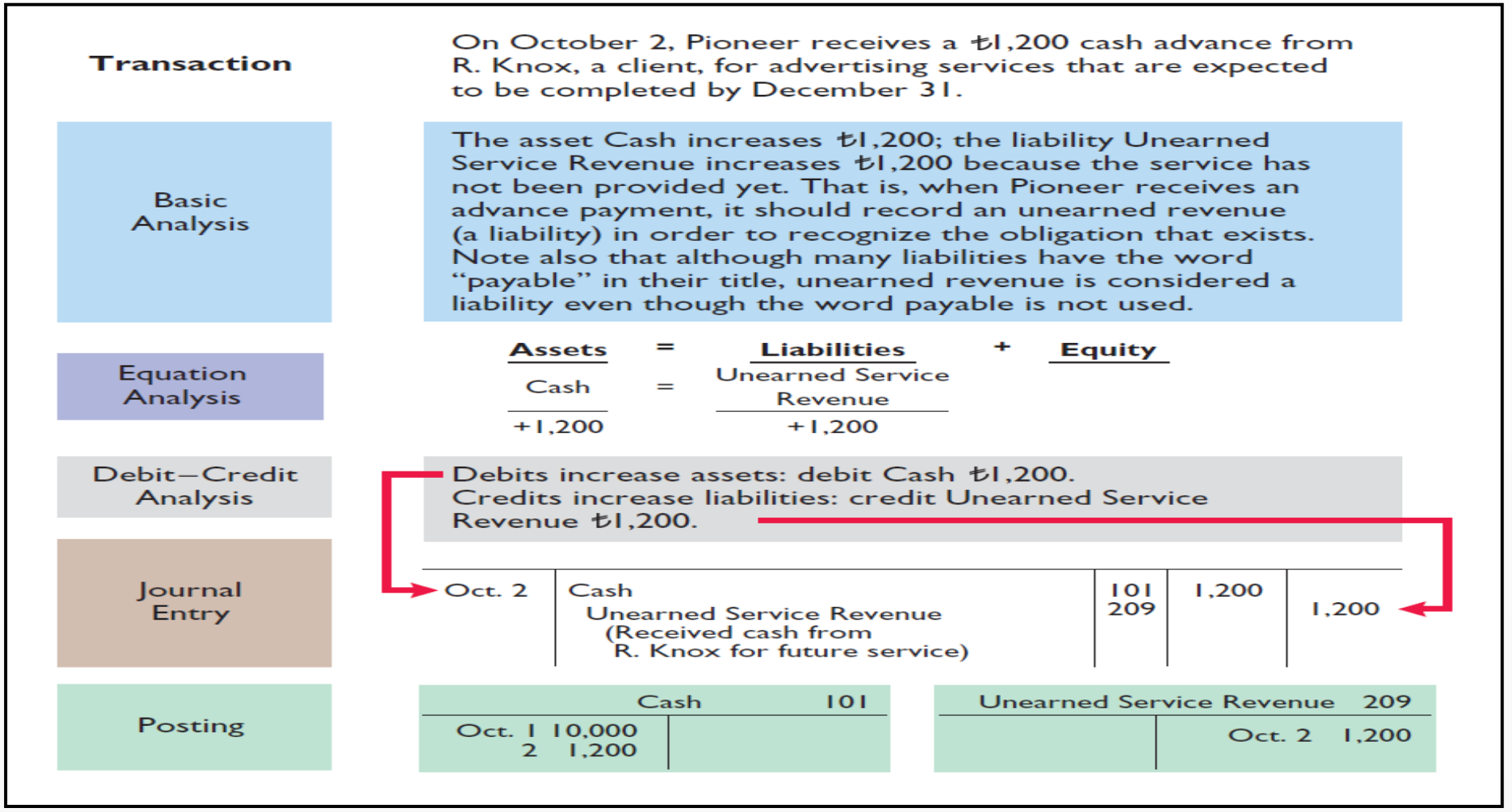
Posting

Equipment		157
Oct. 1 5,000		

Notes Payable		200
	Oct. 1	5,000

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

ECCSA



የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

ECCSA

Transaction — On October 3, Pioneer pays office rent for October in cash, ฿900.

Basic Analysis — Rent Expense increases ฿900 because the payment pertains only to the current month; the asset Cash decreases ฿900.

Equation Analysis

Assets	=	Liabilities	+	Equity
Cash	=			Expenses
−900				−900 Rent Expense

Debit–Credit Analysis — Debits increase expenses: debit Rent Expense ฿900.
Credits decrease assets: credit Cash ฿900.

Journal Entry

Oct. 3	Rent Expense	729	900	
	Cash	101		900
	(Paid October rent)			

Posting

Cash 101

Oct. 1	10,000	Oct. 3	900
2	1,200		

Rent Expense 729

Oct. 3	900		

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process

ECCSA

Transaction

On October 4, Pioneer pays ฿600 for a one-year insurance policy that will expire next year on September 30.

Basic Analysis

The asset Prepaid Insurance increases ฿600 because the payment extends to more than the current month; the asset Cash decreases ฿600. Payments of expenses that will benefit more than one accounting period are prepaid expenses or prepayments. When a company makes a payment, it debits an asset account in order to show the service or benefit that will be received in the future.

Equation Analysis

Assets			=	Liabilities	+	Equity
Cash	+	Prepaid Insurance				
−600		+600				

Debit–Credit Analysis

Debits increase assets: debit Prepaid Insurance ฿600.
Credits decrease assets: credit Cash ฿600.

Journal Entry

Oct. 4	Prepaid Insurance	130	600	
	Cash	101		600
	(Paid one-year policy; effective date October 1)			

Posting

Cash 101

Oct. 1	10,000	Oct. 3	900
2	1,200	4	600

Prepaid Insurance 130

Oct. 4	600		

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process

ECCSA

Transaction — On October 5, Pioneer purchases an estimated 3-month supply of advertising materials on account from Aero Supply for ቱ2,500.

Basic Analysis — The asset Supplies increases ቱ2,500; the liability Accounts Payable increases ቱ2,500.

Equation Analysis

Assets	=	Liabilities	+	Equity
Supplies	=	Accounts Payable		
+2,500		+2,500		

Debit – Credit Analysis — Debits increase assets: debit Supplies ቱ2,500.
Credits increase liabilities: credit Accounts Payable ቱ2,500.

Journal Entry

Oct. 5	Supplies	126	2,500	
	Accounts Payable	201		2,500
	(Purchased supplies on account from Aero Supply)			

Posting

Supplies 126		Accounts Payable 201	
Oct. 5 2,500			Oct. 5 2,500

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process)

ECCSA

Event	On October 9, Pioneer hires four employees to begin work on October 15. Each employee is to receive a weekly salary of ₺500 for a 5-day work week, payable every 2 weeks—first payment made on October 26.
Basic Analysis	A business transaction has not occurred. There is only an agreement between the employer and the employees to enter into a business transaction beginning on October 15. Thus, a debit–credit analysis is not needed because there is no accounting entry. (See transaction of October 26 for first entry.)

የምዝገባ ሂደት ምሳሌዎች (Steps in the Recording Process

ECCSA

Transaction — On October 20, Pioneer's board of directors declares and pays a ₺500 cash dividend to shareholders.

Basic Analysis — The Dividends account increases ₺500; the asset Cash decreases ₺500.

Equation Analysis

Assets	=	Liabilities	+	Equity
Cash	=			Dividends
−500				−500

Debit–Credit Analysis — Debits increase dividends: debit Dividends ₺500.
Credits decrease assets: credit Cash ₺500.

Journal Entry

Oct. 20	Dividends	332	500	
	Cash	101		500
	(Declared and paid a cash dividend)			

Posting

Cash 101

Oct. 1	10,000		Oct. 3		900
2	1,200		4		600
			20		500

Dividends 332

Oct. 20	500		

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ECCSA

Transaction

On October 26, Pioneer owes employee salaries of ฿4,000 and pays them in cash. (See October 9 transaction.)

Basic Analysis

Salaries and Wages Expense increases ฿4,000; the asset Cash decreases ฿4,000.

Equation Analysis

Assets	=	Liabilities	+	Equity
Cash	=			Expenses
−4,000				−4,000 Salaries and Wages Expense

Debit–Credit Analysis

Debits increase expenses: debit Salaries and Wages Expense ฿4,000.
Credits decrease assets: credit Cash ฿4,000.

Journal Entry

Oct. 26	Salaries and Wages Expense	726	4,000	
	Cash	101		4,000
	(Paid salaries to date)			

Posting

Cash 101

Oct. 1	10,000	Oct. 3	900
2	1,200	4	600
		20	500
		26	4,000

Salaries and Wages Expense 726

Oct. 26	4,000		

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ECCSA

Transaction

On October 31, Pioneer receives ₺10,000 in cash from Copa Company for advertising services provided in October.

Basic Analysis

The asset Cash increases ₺10,000; the revenue account Service Revenue increases ₺10,000.

Equation Analysis

Assets	=	Liabilities	+	Equity	
Cash	=			Revenues	
+10,000				+10,000	Service Revenue

Debit–Credit Analysis

Debits increase assets: debit Cash ₺10,000.
Credits increase revenues: credit Service Revenue ₺10,000.

Journal Entry

Oct. 31	Cash	101	10,000	
	Service Revenue	400		10,000
	(Received cash for services provided)			

Posting

Cash				101
Oct. 1	10,000	Oct. 3		900
2	1,200	4		600
31	10,000	20		500
		26		4,000

Service Revenue			400
		Oct. 31	10,000

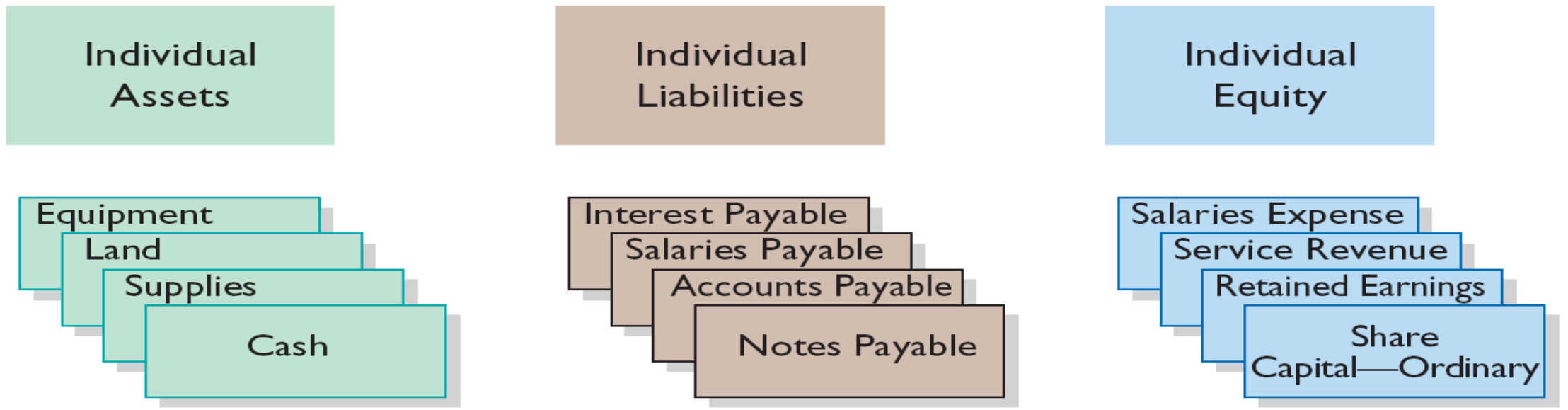
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ECCSA

የሂሳብ ቋት (The Ledger)

- **General Ledger** contains the **entire group of accounts** maintained by a company.



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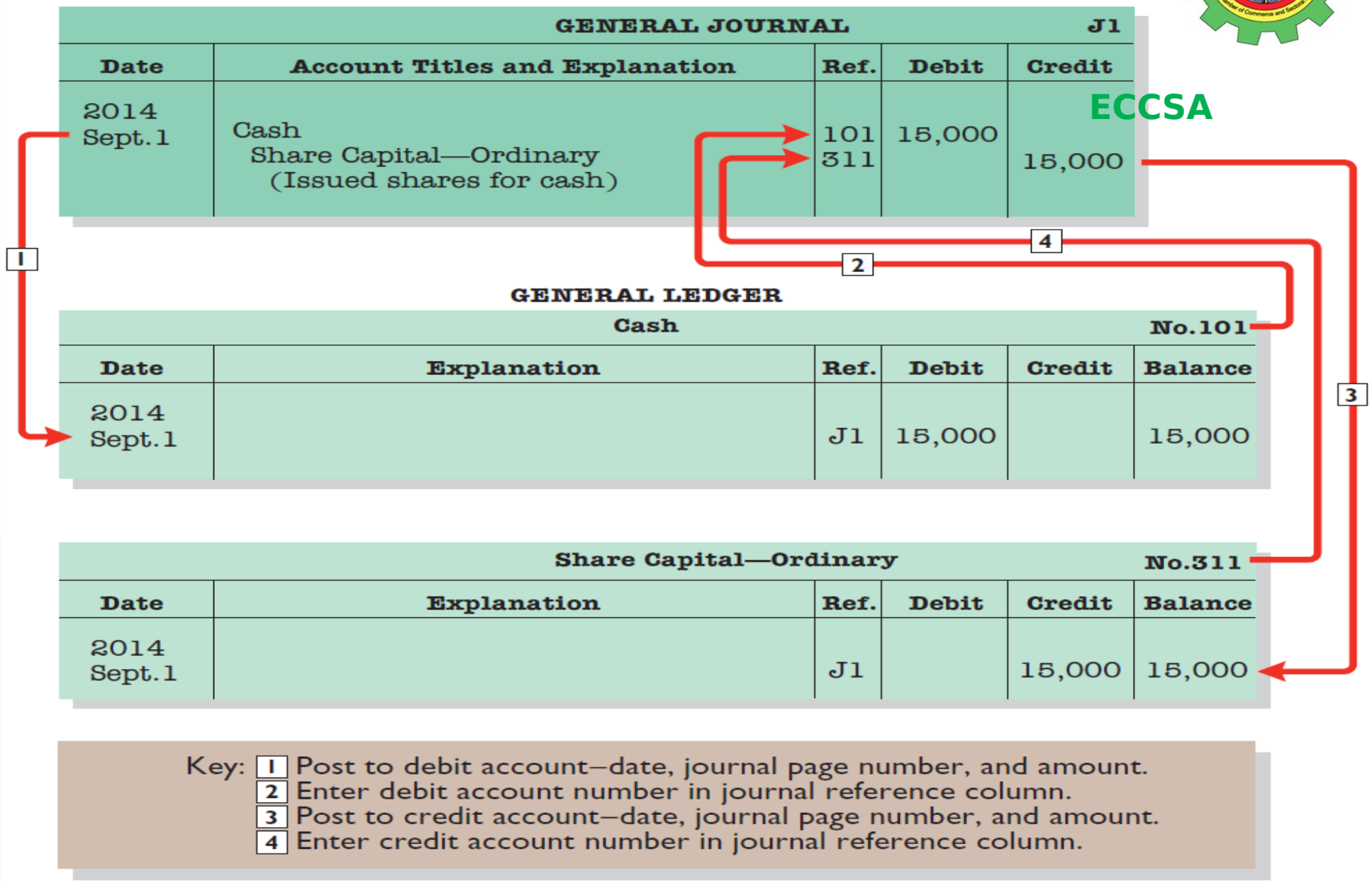
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ባለአራት ኮለምን አካውንት (Standard Form of Account)

Cash					No. 101
Date	**Explanation**	**Ref.**	**Debit**	**Credit**	**Balance**
2014					
June 1			25,000		25,000
2				8,000	17,000
3			4,200		21,200
9			7,500		28,700
17				11,700	17,000
20				250	16,750
30				7,300	9,450

Steps

Posting – process of transferring amounts from the journal to the ledger accounts.



GENERAL JOURNAL — J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
2014 Sept. 1	Cash	101	15,000	
	Share Capital—Ordinary	311		15,000
	(Issued shares for cash)			

GENERAL LEDGER

Cash — No. 101

Date	Explanation	Ref.	Debit	Credit	Balance
2014 Sept. 1		J1	15,000		15,000

Share Capital—Ordinary — No. 311

Date	Explanation	Ref.	Debit	Credit	Balance
2014 Sept. 1		J1		15,000	15,000

Key:
1 Post to debit account—date, journal page number, and amount.
2 Enter debit account number in journal reference column.
3 Post to credit account—date, journal page number, and amount.
4 Enter credit account number in journal reference column.

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ECCSA

General Ledger

Cash — No. 101

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 1		J1	10,000		10,000
2		J1	1,200		11,200
3		J1		900	10,300
4		J1		600	9,700
20		J1		500	9,200
26		J1		4,000	5,200
31		J1	10,000		15,200

Supplies — No. 126

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 5		J1	2,500		2,500

Prepaid Insurance — No. 130

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 4		J1	600		600

Equipment — No. 157

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 1		J1	5,000		5,000

Notes Payable — No. 200

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 1		J1		5,000	5,000

Accounts Payable — No. 201

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 5		J1		2,500	2,500

Unearned Service Revenue — No. 209

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 2		J1		1,200	1,200

Share Capital—Ordinary — No. 311

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 1		J1		10,000	10,000

Dividends — No. 332

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 20		J1	500		500

Service Revenue — No. 400

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 31		J1		10,000	10,000

Salaries and Wages Expense — No. 726

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 26		J1	4,000		4,000

Rent Expense — No. 729

Date	Explanation	Ref.	Debit	Credit	Balance
2014					
Oct. 3		J1	900		900

ትሪያል ባላንስ (Trial Balance)

ECCSA

Pioneer Advertising Agency Inc.
Trial Balance
October 31, 2014

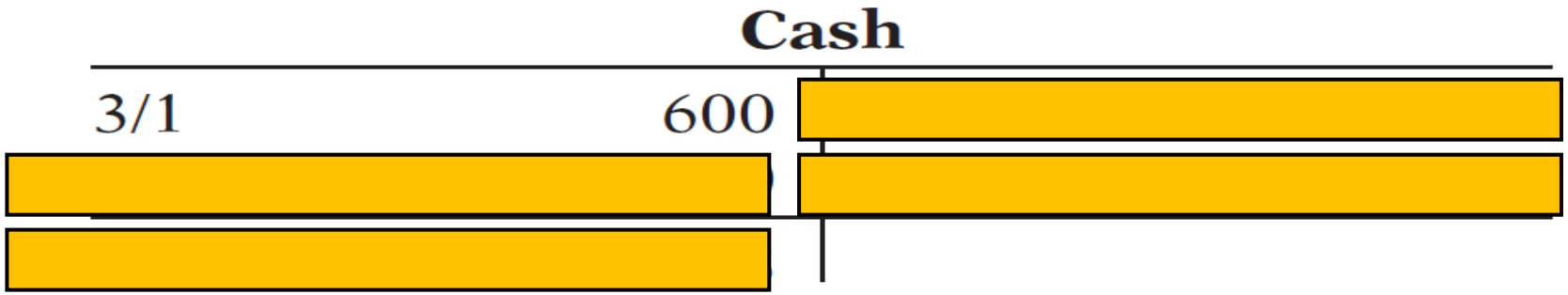
	Debit	Credit
Cash	₺ 15,200	
Supplies	2,500	
Prepaid Insurance	600	
Equipment	5,000	
Notes Payable		₺ 5,000
Accounts Payable		2,500
Unearned Service Revenue		1,200
Share Capital—Ordinary		10,000
Dividends	500	
Service Revenue		10,000
Salaries and Wages Expense	4,000	
Rent Expense	900	
	₺28,700	₺28,700

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ECCSA

ABC Company recorded the following transactions in a general journal during the month of March. Post these entries to the Cash account.

Mar. 4	Cash	2,280	
	Service Revenue		2,280
Mar. 15	Salaries and Wages Expense	400	
	Cash		400
Mar. 19	Utilities Expense	92	
	Cash		92



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Financial Statements

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Financial statements:

- **They provide information about the financial position, financial performance and cash flows of an entity that is useful to users in making economic decisions.**
- **They are the summary of the accounting process which provides useful information to both internal and external parties.**

የሂሳብ መግለጫ አይነቶች/Financial Statements

ECCSA

1. የሃብትና እዳ መግለጫ (Statement of Financial Position or Balance Sheet)
2. የገቢ ና ወጪ መግለጫ (Statement of Financial Performance or Income Statement)
3. የካፒታል/ የተጣራ ሃብት መግለጫ (Statement of Owners' Equity or Capital Statement)
4. የጥሬ ገንዘብ ፍሰት መግለጫ (Statement of Cash Flow)

የሂሳብ መግለጫ አይነቶች/Financial Statements

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- **International Accounting Standards 1 (IAS 1) covers the guidelines for the presentation, structure and content of financial statements.**
- **The main components are:**

1) **Statement of financial position**
2) **Statement of profit or loss and other comprehensive income**
3) **Statement of changes in equity**
4) **Statement of cash flows**
5) **Notes to the financial statements**

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ECCSA

Income S

Barone's Repair Shop
Income Statement
For the Month Ended May 31, 2008

Revenues:	
Service revenue	$ 5,850
Expenses:	
Salary expense	2,000
Rent expense	400
Advertising expense	250
Total expenses	2,650
Net income	$ 3,200

- Reports the **revenues and expenses** for a specific period of time.
- **Net income** – revenues exceed expenses.
- **Net loss** – expenses exceed revenues.

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ECCSA

Income Statement

Barone's Repair Shop
Income Statement
For the Month Ended May 31, 2008

Revenues:	
Service revenue	$ 5,850
Expenses:	
Salary expense	2,000
Rent expense	400
Advertising expense	250
Total expenses	2,650
Net income	**$ 3,200**

Owner's Equity Statement

Barone's Repair Shop
Owner's Equity Statement
For the Month Ended May 31, 2008

Barone's, Capital May 1	**$ -**
Add: Investment	10,000
Net income	**3,200**
	13,200
Less: Drawings	1,000
Barone's, Capital May 31	$12,200

Net income is needed to determine the ending balance in owner's equity.

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Owner's Equity Statement

- Statement indicates the **reasons why owner's equity** has increased or decreased during the period.

Barone's Repair Shop
Owner's Equity Statement
For the Month Ended May 31, 2008

Barone's, Capital May 1	**$ -**
Add: Investment	10,000
Net income	3,200
	13,200
Less: Drawings	1,000
Barone's, Capital May 31	$ 12,200

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ECCSA

Balance Sheet

Barone's Repair Shop
Balance Sheet
May 31, 2008

Assets	
Cash	$ 6,820
Accounts receivable	630
Equipment	5,000
Total assets	$12,450
Liabilities	
Accounts payable	$ 250
Owner's Equity	
Barone's, capital	**12,200**
Total liab. & equity	$12,450

Owners' Equity Statement

Barone's Repair Shop
Owner's Equity Statement
For the Month Ended May 31, 2008

Barone's, Capital May 1	**$ -**
Add: Investment	10,000
Net income	3,200
	13,200
Less: Drawings	1,000
Barone's, Capital May 31	**$ 12,200**

The ending balance in owner's equity is needed in preparing the balance sheet

የሂሳብ መግለጫ ሓይነቶች/Financial Statement

Balance Sheet

ECCSA

Barone's Repair Shop Balance Sheet May 31, 2008	
Assets	
Cash	$ 6,820
Accounts receivable	630
Equipment	5,000
Total assets	$12,450
Liabilities	
Accounts payable	$ 250
Owner's Equity	
Barone's, capital	12,200
Total liab. & equity	$12,450

- Reports the **assets, liabilities, and owner's equity** at a specific date.
- Assets listed at the top, followed by liabilities and owner's equity.
- Total assets must equal total liabilities and owner's equity.

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ECCSA

Balance Sheet

Barone's Repair Shop
Balance Sheet
May 31, 2008

Assets	
Cash	**$ 6,820**
Accounts receivable	630
Equipment	5,000
Total assets	$ 12,450
Liabilities	
Accounts payable	$ 250
Owner's Equity	
Barone's, capital	12,200
Total liab. & equity	$ 12,450

Statement of Cash Flows

Barone's Repair Shop
Statement of Cash Flows
For the Month Ended May 31, 2008

Cash flow from operating activities	
Cash receipts from revenues	$ 5,220
Cash paid for expenses	(2,400)
Cash provided by operations	2,820
Cash flow from investing activitites	
Purchase of equipment	(5,000)
Cash flow from financing activities	
Investment by owners	10,000
Drawings by owners	(1,000)
Cash provided by financing	9,000
Net increase in cash	6,820
Cash balance, May 1	-
Cash balance, May 31	**$ 6,820**

የሂሳብ መግለጫ ሓይነቶች/Financial Statements

- Information for a specific period of time.
- Answers the following:

1. Where did **cash come from**?
2. What was cash **used for**?
3. What was the **change** in the cash balance?

Statement of Cash Flows

ECCSA

Barone's Repair Shop
Statement of Cash Flows
For the Month Ended May 31, 2008

Cash flow from operating activities	
Cash receipts from customers	$5,220
Cash paid for expenses	(2,400)
Cash provided by operations	2,820
Cash flow from investing activities	
Purchase of equipment	(5,000)
Cash flow from financing activities	
Investment by owners	10,000
Drawings by owners	(1,000)
Cash provided by financing	9,000
Net increase in cash	6,820
Cash balance, May 1	-
Cash balance, May 31	$6,820

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የሂሳብ መግለጫ ትንተና ማካሄድ

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1) የአግድም ትንተና (Horizontal Analysis)
2) የወደታች ትንተና (Vertical Analysis)
3) Common-Size Analysis
4) Trend Percentages
5) Ratio Analysis (ፊሾ)

1) የ አግድም ትንተና (Horizontal Analysis)

ECCSA

የተለያዩ የሂሳብ መግለጫዎችን በመጠቀም ከግዜ ወደ ግዜ ያለዉን ለዉጥ ማየት



1)የአግድም ትንተና (ምሳሌ)...

ECCSA

በተሰጠው **የሁለት ዓመት ዳታ** መሰረት

የድርጅቱ የአግድም ትንተና ከውን



ECCSA

ABC CORPORATION
Comparative Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash	$ 12,000	$ 23,500
Accounts receivable, net	60,000	40,000
Inventory	80,000	100,000
Prepaid expenses	3,000	1,200
Total current assets	155,000	164,700
Property and equipment:		
Land	40,000	40,000
Buildings and equipment, net	120,000	85,000
Total property and equipment	160,000	125,000
Total assets	$ 303,000	$ 23,500

1)የአግድም ትንተና (ምሳሌ)....

ECCSA

- የብር መጠን ለውጥ ለማስላት 2020 ከ 2019 አንጻር ለማስላት፡

ለውጥ → የዘንድሮ የብር መጠን (2020) − የአምና የብር መጠን (2019)

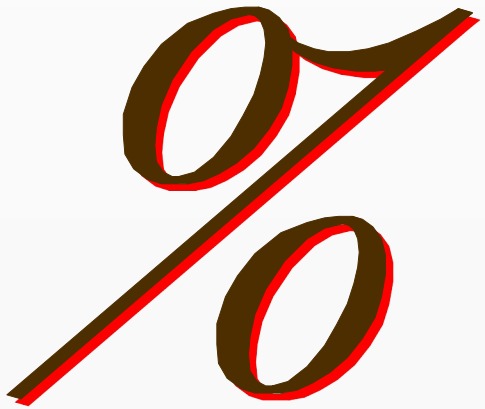


1)የአግድም ትንተና (ምሳሌ)...

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ለውጡን በመቶኛ ለማስላት

መቶኛ ለውጥ = (የብር ለውጥ / የአምና የብር መጠን) × 100%



1)የአግድም ትንተና (ምሳሌ)...

ABC CORPORATION
Comparative Balance Sheets
December 31,2020 and 2019

	2020	2019	Increase (Decrease) Amount	Increase (Decrease) %
Assets				
Current assets:				
Cash	$ 12,000	$ 23,500	$ (11,500)	
Accounts receivable, net	60,000	40,000		
Inventory	80,000	100,000		
Prepaid expenses	3,000	1,200		
Total current assets	155,000	164,700		
Property and equipment:				
Land	40,000	40,000		
Buildings and equipment, net	120,000	85,000		
Total property and equipment	160,000	125,000		
Total assets	$ 315,000	$ 289,700		

$12,000 – $23,500 = $(11,500)

1)የአግድም ትንተና (ምሳሌ)...

			Increase (Decrease)	
	2020	2019	Amount	%
Assets				
Current assets:				
Cash	$ 12,000	$ 23,500	$ (11,500)	(48.9)
Accounts receivable, net	60,000	40,000		
Inventory	80,000	100,000		
Prepaid expenses	3,000	1,200		
Total current assets				
Property and equipment:				
Land	40,000	40,000		
Buildings and equipment, net	120,000	85,000		
Total property and equipment	160,000	125,000		
Total assets	$ 315,000	$ 289,700		

($11,500 ÷ $23,500) × 100% = 48.9%

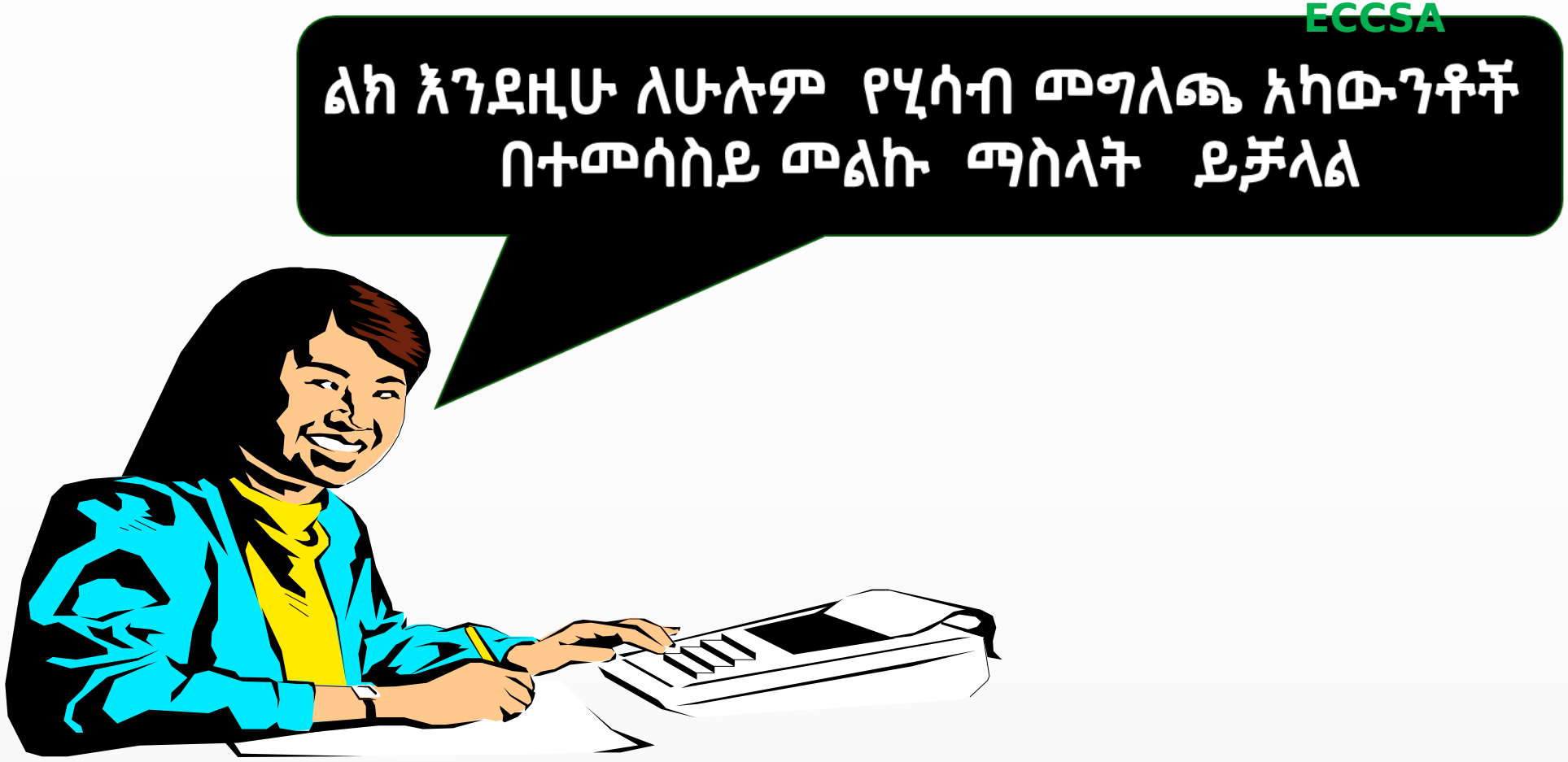
1)የአግድም ትንተና (ምሳሌ)...

ECCSA

ABC CORPORATION Comparative Balance Sheets December 31, 2020 and 2019				
			Increase (Decrease)	
	2020	2019	Amount	%
Assets				
Current assets:				
Cash	$ 12,000	$ 23,500	$ (11,500)	(48.9)
Accounts receivable, net	60,000	40,000	20,000	50.0
Inventory	80,000	100,000	(20,000)	(20.0)
Prepaid expenses	3,000	1,200	1,800	150.0
Total current assets	155,000	164,700	(9,700)	(5.9)
Property and equipment:				
Land	40,000	40,000	-	0.0
Buildings and equipment, net	120,000	85,000	35,000	41.2
Total property and equipment	160,000	125,000	35,000	28.0
Total assets	$ 315,000	$ 289,700	$ 25,300	8.7

1)የአግድም ትንተና (ምሳሌ)...

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1)የአግድም ትንተና (ምሳሌ)...

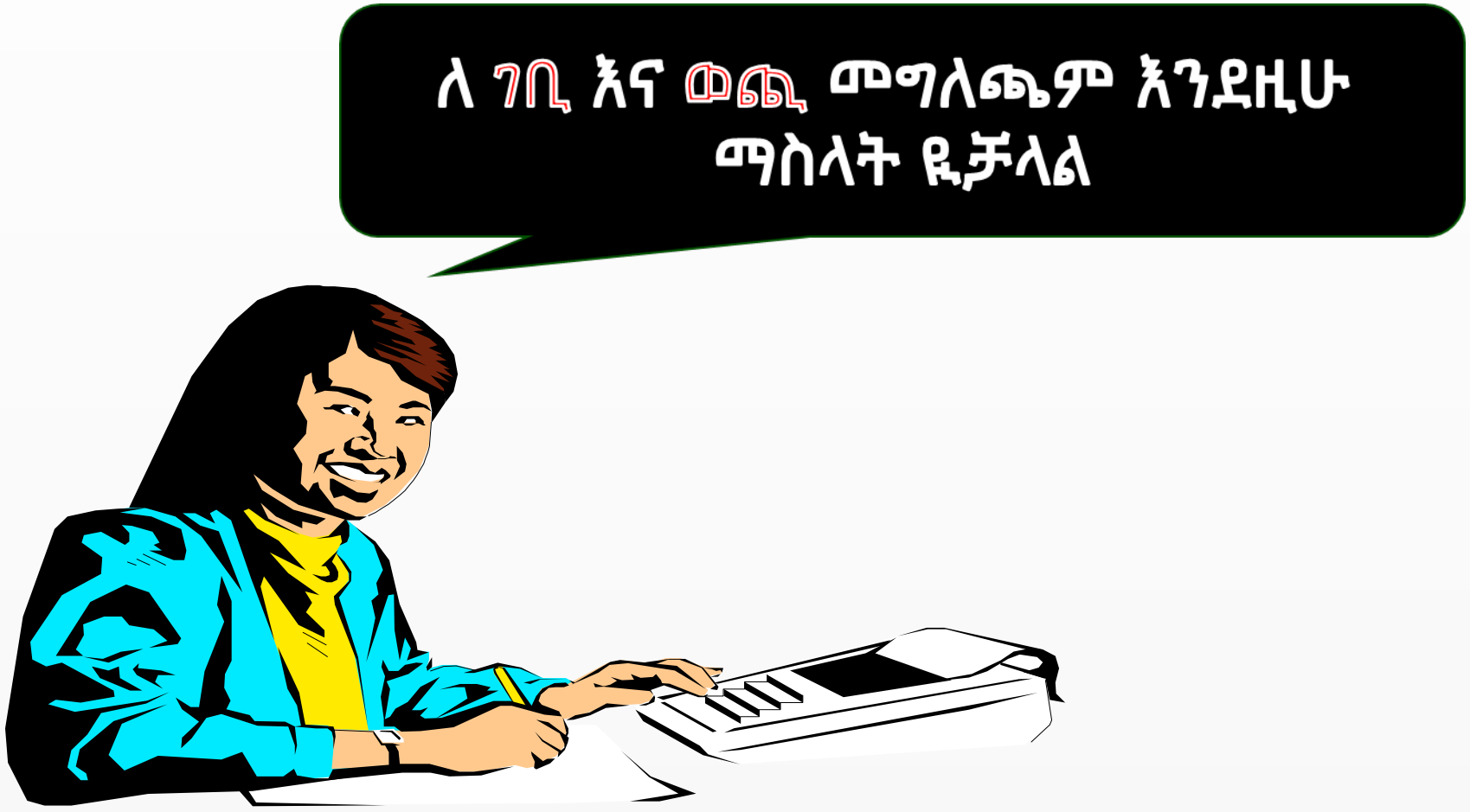
ECCSA

ABC CORPORATION
Comparative Balance Sheets
December 31, 2020 and 2019

			Increase (Decrease)	
	2020	2019	Amount	%
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 67,000	$ 44,000	$ 23,000	52.3
Notes payable	3,000	6,000	(3,000)	(50.0)
Total current liabilities	70,000	50,000	20,000	40.0
Long-term liabilities:				
Bonds payable, 8%	75,000	80,000	(5,000)	(6.3)
Total liabilities	145,000	130,000	15,000	11.5
Stockholders' equity:				
Preferred stock	20,000	20,000	-	0.0
Common stock	60,000	60,000	-	0.0
Additional paid-in capital	10,000	10,000	-	0.0
Total paid-in capital	90,000	90,000	-	0.0
Retained earnings	80,000	69,700	10,300	14.8
Total stockholders' equity	170,000	159,700	10,300	6.4
Total liabilities and stockholders' equity	$ 315,000	$ 289,700	$ 25,300	8.7

1)የአግድም ትንተና (ምሳሌ)...

ECCSA



1)የአግድም ትንተና (ምሳሌ)...

ABC CORPORATION
Comparative Income Statements
For the Years Ended December 31, 2020 and 2019

			Increase (Decrease)	
	20120	2019	Amount	%
Net sales	$ 520,000	$ 480,000	$ 40,000	8.3
Cost of goods sold	360,000	315,000	45,000	14.3
Gross margin	160,000	165,000	(5,000)	(3.0)
Operating expenses	128,600	126,000	2,600	2.1
Net operating income	31,400	39,000	(7,600)	(19.5)
Interest expense	6,400	7,000	(600)	(8.6)
Net income before taxes	25,000	32,000	(7,000)	(21.9)
Less income taxes (30%)	7,500	9,600	(2,100)	(21.9)
Net income	$ 17,500	$ 22,400	$ (4,900)	(21.9)

1)የአግድም ትንተና (ምሳሌ)...

ABC CORPORATION
Comparative Income Statements
For the Years Ended December 31, 2020 and 2019

			Increase (Decrease)	
	2020	2019	Amount	%
Net sales	$ 520,000	$ 480,000	$ 40,000	8.3
Cost of goods sold	360,000	315,000	45,000	14.3
Gross margin	160,000	165,000	(5,000)	(3.0)
Operating expenses	128,600	126,000	2,600	2.1
Net operating income	31,400	39,000	(7,600)	(19.5)
Int			(600)	(8.6)
Net income before taxes	25,000	32,000	(7,000)	(21.9)
Less income taxes (30%)	7,500	9,600	(2,100)	(21.9)
Net income	$ 17,500	$ 22,400	$ (4,900)	(21.9)

Sales increased by 8.3% while net income decreased by 21.9%.

1) የአግድም ትንተና (ምሳሌ)...

ABC CORPORATION
Comparative Income Statements
For the Years Ended December 31, 2020 and 2019

			Increase (Decrease)	
	2020	2019	Amount	%
Net sales	$ 520,000	$ 480,000	$ 40,000	8.3
Cost of goods sold	360,000	315,000	45,000	14.3
			(5,000)	(3.0)
			2,600	2.1
			(7,600)	(19.5)
			(600)	(8.6)
Net income before taxes	25,000	32,000	(7,000)	(21.9)
Less income taxes (30%)	7,500	9,600	(2,100)	(21.9)
Net income	$ 17,500	$ 22,400	$ (4,900)	(21.9)

There were increases in both cost of goods sold (14.3%) and operating expenses (2.1%). These increased costs more than offset the increase in sales, yielding an overall decrease in net income.

2) ወደታች ትንተና (Vertical Analysis).

ECCSA



የአንድ የሂሳብ መግለጫ ኢለመንቶችን እርስ በራስ በማወዳደር ያሉበትን ሁኔታ ማሰስ፣

ለምሳሌ፣ የአመቱ የተጣራ ትርፍ ከ አጠቃላይ ሽያጭ አንጻር

2) ወደታች ትንተና (Vertical Analysis) ምሳሌ.

ECCSA

Sample Company
Balance Sheet (Assets)
At December 31, 2020 and 2019

	2020	2019	%of Total Assets 2020	2019
Cash	$ 82,000	$ 30,000	17%	8%
Accts. Rec.	120,000	100,000	25%	26%
Inventory	87,000	82,000	18%	21%
L				%
E				%
A				%
Total	$ 483,000	$ 387,000	100%	100%

$82,000 ÷ $483,000 = 17% rounded
$30,000 ÷ $387,000 = 8% rounded

2) ወደታች ትንተና (Vertical Analysis) ምሳለ

ECCSA

Sample Company
Balance Sheet (Assets)
At December 31, 2020 and 2019

	2020	2019	%of Total Assets 2020	2019
Cash	$ 82,000	$ 30,000	17%	8%
Accts. Rec.	120,000	100,000	25%	26%
Inventory	87,000	82,000	18%	21%
Land	101,000	90,000	21%	23%
Equipment	110,000	100,000	23%	26%
Accum. Depr.	(17,000)	(15,000)	-4%	-4%
Total	$ 483,000	$ 387,000	100%	100%

2) ወደታች ትንተና (Vertical Analysis) ምሳሌ.

ECCSA

Sample Company
Balance Sheet (Liabilities & Stockholders' Equity)
At December 31, 2020 and 2019

	2020	2019	%of Total Assets 2020	%of Total Assets 2019
Acts. Payable	$ 76,000	$ 60,000	16%	16%
Wages Payable	33,000	17,000	7%	4%
N		00	10%	13%
C		00	35%	41%
Retained Earnings	154,000	100,000	32%	26%
Total	$ 483,000	$ 387,000	100%	100%

$76,000 ÷ $483,000 = 16% rounded

3) Trend Percentages (በመቶኛ) መግለጽ..

ECCSA

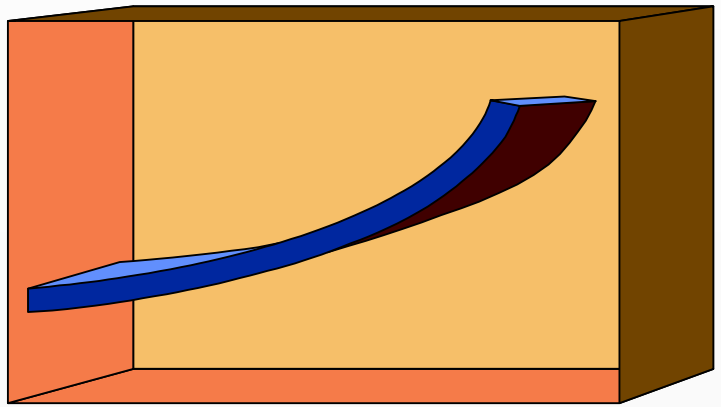
ሁሉም የሂሳብ መግለጫ ኢለመንቶች በመቶኛ ማየትና
ያሉበትን ሁኔታ መገምገም



4) Trend Percentages..

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የብዙ አመታት የሂሳብ መግለጫ ኢለመንቶችን ከግዜ ወ ደ ጊዜ ያሉበን ሁኔታ ለማየት በስዕል መልክ ለመግለጽ ይረዳል



3) Trend Percentages (ምሳሌ).

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Wheeler, Inc.

Operating Data

	2020	2019	2018	2017	2016
ገቢ.	$ 2,405	$ 2,244	$ 2,112	$ 1,991	$ 1,820
ወ ጪ.	2,033	1,966	1,870	1,803	1,701
የ ተ ጣ ራ ት ር ፍ	$ 372	$ 278	$ 242	$ 188	$ 119

3) Trend Percentages (ምሳሌ)...

2016 ዳታ ቤዝ መሰደን ትሬንዱን ማየት እንችላለን ECCSA

Wheeler, Inc.
Operating Data

	2020	2019	2018	2017	2016
ገቢ	132%	123%	116%	109%	100%
ወ ፈጨ	120%	116%	110%	106%	100%
ይ አተ ጣ ራ ትር	313%	234%	203%	158%	100%

$1,991 - $1,820 = $171

$171 ÷ $1,820 = 9% rounded

5) ሬሾ ትንተና (Ratio Analysis)

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የሂሳብ መግለጫዎቹ የተለያዩ አካውንቶች ግንኙነትን ለማየት ይረዳል።

ለምሳሌ፡

የእዳ መጠን ከ አጠቃላይ ሃብት አንጻር ሬሾው ምን ይመስላል የሚለውን ያሳየናል።

4) ሬሾ (Ratios)...

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ሬሾ በተለያየ መልኩ ሊገለጽ ይችላል:

1. Ratio (current ratio of 2:1)
2. % (profit margin of 2%)
3. $ (EPS of $2.25)

4) ሬሾ ትንተና (Ratio Analysis)...

Major Types of Financial Ratios

ECCSA

1) Liquidity Ratios

የድርጅቱ የ አጭር ጊዜ ብድር የመክፈል ብቃትን ይመዝናል

2) Debt Management Ratios

- የድርጅቱ የረጅም ጊዜ ብድር የመክፈል ብቃትን ይመዝናል

3) Profitability Tests

የድርጅቱ ገቢ ከሌሎች የስቴትመንቱ አካውንቶች አንጻር ይመዝናል (Relate income to other variables)

1) Liquidity Ratios ….

Ratio	Formula	2014	2015
Current Ratio	Current Assets / Current Liabilities	= 15,000 / 9600 = 1.56:1	= 19,000 / 10,000 = 1.9:1

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a) Current Ratio:

- It measures the ability of the firm to meet **short-term obligations** from its current assets.
- It is a measure of a firm's **short-term solvency**.
- Generally, the Current ratio greater than or equal the standard is desirable. Thus it must be 1 or more.

1) Liquidity Ratios…

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Ratio	Formula	2014	2015
Quick Ratio	Current assets - Inventories / Current liabilities	= 15,000 - 6000 / 9600 = 0.94:1	= 19,000 - 8000 / 10,000 = 1.1:1

b) Quick/Acid Test Ratio :

- It measures an entity's ability to pay its current liabilities by using its **most liquid assets** excluding least liquid inventories.
- Generally, Quick ratio greater than or equal to the standard is desirable. Thus its quick ratio must be 1 or more.

2)Debt Management Ratios

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Ratio	Formula	2014	2015
Debt ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	$= \frac{24{,}000}{50{,}000}$ $= 0.48$	$= \frac{25{,}000}{60{,}000}$ $= 0.42$

a) Debt (D/A) Ratio :

- It measures the extent to which the firm is using borrowed money.
- Generally, creditors would like a lower debt ratio.

3) Profitability Ratios

Ratio	Formula	2014	2015
Gross Profit Margin	Gross Profit / Net Sales	= 10,000 / 15,000 = 0.67	= 12,000 / 18,000 = 0.67

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a)Gross Profit Margin :

- It reflects management's effectiveness in
  - Pricing Policy,
  - Generating Sales, and
  - Production Efficiency.
- Generally, gross profit margin ratio greater than or equal to the standard is desirable.

3) Profitability Ratios

Ratio	Formula	2014	2015
Net Profit Margin	Net Income / Net Sales	= 3294 / 15,000 = 21.96%	= 4320 / 18,000 = 24%

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b) Net Profit Margin :

- It indicates management's efficiency in
  - manufacturing,
  - administering,
  - selling,
  - financing,
  - pricing and
  - tax management.
- Generally, net profit margin ratio greater than or equal to the standard is desirable.

3) Profitability Ratios

Ratio	Formula	2014	2015
ROI (ROA)	Net Income / Total Assets	= 3294 / 50,000 = 6.6%	= 4320 / 60,000 = 7.2%

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c)Return on Investment (ROI):

- It is also called **Return on Assets (ROA)**
- It measures the **amount of profit generated on investments** in assets.
- Generally, a higher ROA is desirable.

3) Profitability Ratios

Ratio	Formula	2014	2015 ECCSA
Return on equity (ROE)	= Net Income / Stockholders' equity	= 3294 / 26,000 = 12.7%	= 4320 / 35,000 = 12.3%
	Or Alternatively, ROE = ROA / 1 – D/A	= 0.066 / 1 – 0.48 = 12.7%	= 0.066 / 1 – 0.48 = 12.7%

d)Return of Equity (ROE) :

- It is also called the Return on Stockholders' Equity/ Return on Net Worth.
- It measures the return earned by stockholders' on their investment and serves as an indicator of management performance.
- Generally, a higher ROE is desirable

3) Profitability Ratios

Ratio	Formula	2014	2015
EPS	= Earnings Available to common stock / No. of common stock outstanding = Net Income -Preferred stock dividend / No. of common shares outstanding	= 3294 - 0 / 3000 = 1.098	= 4320- 0 / 4400 = 0.98

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e) Earnings per Share (EPS):

- It simply shows the profitability of the firm on a per share basis during the reporting period.
- Generally, higher EPS is desirable.

3) Profitability Ratios

Ratio	Formula	2014	2015
DPS	= Cash Dividends on Common stock No of Common shares outstanding	= 400 3000 = 0.13	= 600 4400 = 0.14

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f) Dividend per Share (DPS) :

- It represents the Birr amount of cash dividends a corporation paid on each share of its common stock outstanding during the reporting period.
- Generally, higher DPS is desirable.

3) Profitability Ratios

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Ratio	Formula	2014	2015
Pay Out Ratio	Dividend Per Share / Earnings Per Share	= 0.13/1.098 = 0.12	= 0.14/0.98 = 0.14

g) Payout (P/O) Ratio :

- It shows the percentage of earnings paid to stockholders.
- That is, the payout ratio expresses the cash dividend paid per share as a percentage of EPS.
- Generally, higher P/O is desirable.

ለፊገማታ

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ECCSA

- የአንድ ቢዝነስ ህልውና የጀርባ አጥንት ፋይናንስ ነው።
- ይህ ፋይናንስ በቀጣይነት ለማግኘት አግባብነት ያለው አካውንቲንግ ሲስተም መዘርጋት ግዴታ ነው።
- ይህ ሲሆን ቢዝነሱ ትርፋና ኪሳራዉን በአግባቡ እየመዘገበ እንዲሁም ያለበትን ፖዚሽን በአግባቡ መመዝገብ እና አስፈላጊውን እርምት በግዜ እንዲወስድ ይረዳዋል።
- ከዚህም በተጨማሪ እዳዉን ለመክፈልም በቂ አቅም ይኖረዋል።
- አበዳሪዎችም በቀጣይነት ፋይናንስ ለማድረግ ዝግጁ ይሆናሉ።

የሥልጠናዉ መጨረሻ

አመሰግናለሁ!

