

Financial Statements Reflect Business Activities

انعكاس القوائم المالية أنشطة الأعمال

□ Advantages of Analysis of Financial Statements مزايا تحليل القوائم المالية

- **Knowing the Exact Position** معرفة المركز الحقيقي
- **Decision-making** صناعة القرار
- **Forecasting** التنبؤ
- **Making Financial Decisions on the Basis of Financial Statements** صناعة القرارات المالية على أساس القوائم المالية

□ Disadvantages of Analysis of Financial Statements عيوب تحليل القوائم المالية

- **Completely Ignore Current Costs** إهمال كامل للتكاليف الجارية
- **Financial Statements are Essentially Interim Reports** القوائم المالية بالأساس تقارير مرحلية
- **Financial Analysis is Only a Means Not an End** القوائم المالية وسيلة وليست غاية
- **Completely Ignores Non-monetary Facts** إهمال الحقائق غير النقدية بالكامل

Additional Information معلومات إضافية

□ Elements of Financial Statements عناصر القوائم المالية

The elements of financial statements are the general groupings of line items contained within the statements. These elements are as follows:

- **Assets** (الأصول) الموجودات. These are items of economic benefit that are expected to yield benefits in future periods. Examples are accounts receivable, inventory, and fixed assets.

- **Liabilities (المطلوبات (الخصوم).** These are legally binding obligations payable to another entity or individual. Examples are accounts payable, taxes payable, and wages payable.
- **Equity (حق الملكية)**. This is the amount invested in a business by its owners, plus any remaining retained earnings.
- **Revenue (الإيراد).** This is an increase in assets or decrease in liabilities caused by the provision of services or products to customers. It is a quantification of the gross activity generated by a business. Examples are product sales and service sales.
- **Expense (المصروف).** This is the reduction in value of an asset as it is used to generate revenue. Examples are interest expense, compensation expense, and utilities expense.

The elements of, assets, liabilities, and equity are included in the balance sheet. Revenues and expenses are included in the income statement. Changes in these elements are noted in the statement of cash

flows.

Business Activities: الأنشطة التجارية

Business activities are defined as any activity that a company undertakes for the primary purpose of making a profit. It is a general term that includes all economic activities that a company undertakes during business.

Business activities include:-

Operating activities - Sale of goods and services - Investment activities - Acquisition and sale of productive assets. - Financing activities - Issuance and retirement / payment of liabilities and equity.

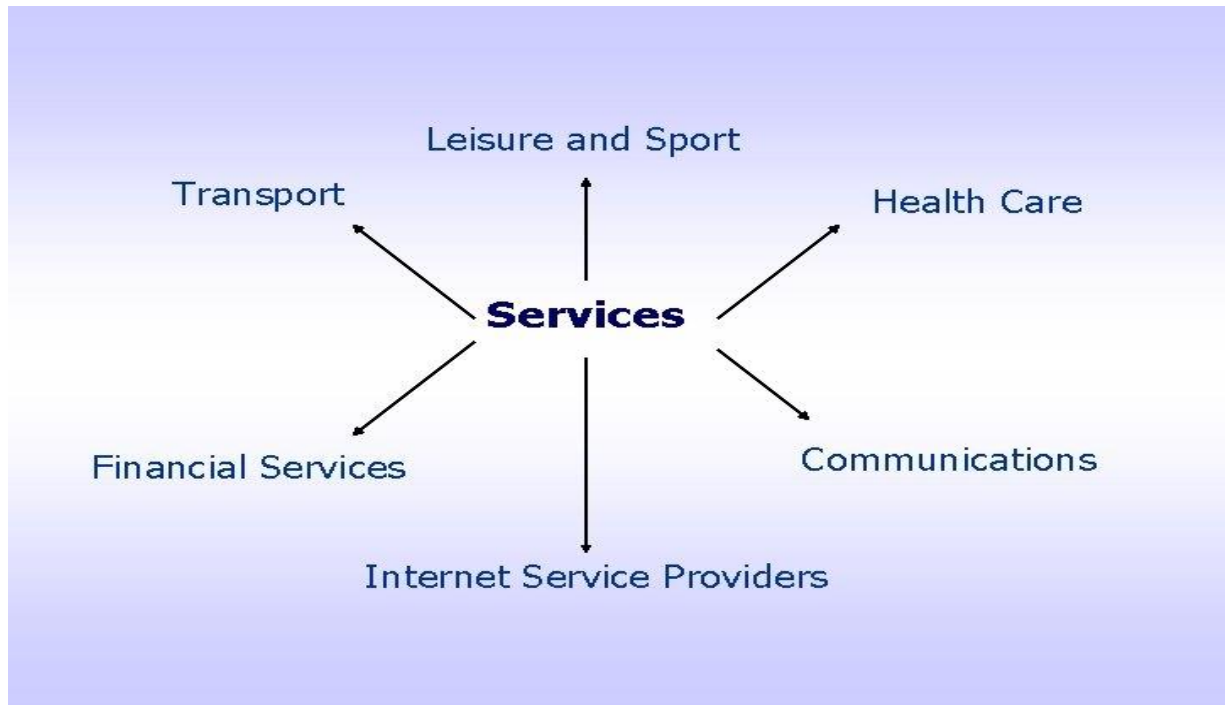


Manufacturing

Producing (making) goods which are then sold, called capital goods or consumer goods.

Capital goods: goods sold and used by a business

Consumer goods: goods sold to and used by individuals for their personal use.



INDUSTRIAL SECTORS

PRIMARY SECTOR includes those businesses involved with growing or extracting materials from natural resources, i.e. farming, mining and forestry.



SECONDARY SECTOR includes businesses involved in manufacturing and construction, perhaps using the products of the primary sector.

TERTIARY SECTOR includes businesses involved in providing services, I.e. shops, mobile phone service provider and a hairdresser.



Industrial Sector (Supply Chain)

