

Can you do another draft of this? There's still a couple sentences people might understand...





Warm up your Brain



Working capital is defined as:

- A)** the amount of money an enterprise has "working," or earning interest, in an account at the bank
- B)** the figure determined by subtracting current liabilities from current assets
- C)** the increase in accumulated depreciation from one year to the next

Working capital can be a measure of an enterprise's ability to pay its bills.

- A)** TRUE
 - B)** FALSE
-

Depreciation is:

- A)** a tax deduction item, for which there is no logical reason
- B)** the difference between what an item originally cost and its value today on the used equipment market
- C)** the allocation of the cost of a piece of equipment over the useful life of that equipment
- D)** accountants' mumbo jumbo that ensures their job security

If an asset which cost \$12,000 has a salvage value of \$2,000 and a five-year useful life, the annual straight-line depreciation would be \$2,000.

- A)** TRUE
 - B)** FALSE
-

Multiple Choice Quiz

1

Reports prepared on the accrual basis reflect:

- A)** income earned and expenses incurred
 - B)** cash receipts and cash disbursements
 - C)** income earned and cash disbursements
 - D)** cash receipts and expenses incurred
-

2

The matching principle requires that expenses be deducted from related revenue in the period in which the revenue occurs.

- A)** True
 - B)** False
-

Accounting

Jargon

Accruals

Accrual Basis

Cash Basis

- **Examples**
- **Disadvantages and Advantages**

Why Small Organisation Fail?

82% is due to Poor cash flow management skills/poor understanding of cash flow



10 cashflow related terms

1. Cash
2. Current asset
3. Current liability
4. Long-term asset
5. long-term liability
6. Net working capital
7. Accounts receivable
8. Accounts receivable aging
9. Slow-moving stock
10. Current ratio

Current ratio

- The current ratio is a financial ratio that investors and analysts use to examine the liquidity of a company and its ability to pay short-term liabilities with its short-term assets

$$\text{Current Ratio} = \text{Current Assets} \div \text{Current Liabilities}$$

ABS Trust's Current ratio is...

$$\text{Current Ratio} = \text{Current Assets} \div \text{Current Liabilities}$$

Current Assets:

Cash and cash equivalents	\$8,468,000
Short-term investments	\$114,313,000
Net receivables	\$14,343,000
Inventory	\$1,961,000
Other current assets	\$5,864,000
Total current assets	\$144,949,000

Current Liabilities:

Accounts payable	\$6,580,000
Short-term debt	\$25,065,000
Other current liabilities	\$39,142,000
Total current liabilities	\$70,787,000

Answer

$$\text{current ratio} = \$144,949,000 \div \$70,787,000 = 2.05$$

Another 10 most used

1. Depreciation and Fixed assets
2. Balance sheet /Profit and Loss/ Equity /Cashflow/Asset schedule
3. Trial balance
4. General ledger (GL)
5. Debit (DR) and Credit (CR)
6. Fixed expenses
7. Variable expenses
8. Accrued expense
9. Insolvency
10. Present value



