

محاضرة (6)

❖ 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 (الخصوم (المطلوبات)**. 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.

◆ **Assets** (الأصول (الموجودات)

Assets are items with money value that are owned by a business. Some examples are: cash, accounts receivable (selling goods or services on credit), equipment (office, store, delivery, etc.), and supplies (office, store, delivery, etc.).

◆ **Fixed Assets** الأصول الثابتة

Fixed assets are acquired by the firm its productive operations and not for resale. Fixed Assets include land, building, fixtures, and equipment. Sometimes called long-term assets, long-lived assets, or plant and equipment.

◆ **Current Assets** الأصول المتداولة

FASB was defined the current assets as follows: they are economic benefits owned by a firm which are reasonably expected to be converted into cash or used up during the entity's normal operating cycle or one year, whichever is longer.

Current assets constitute cash, items expected to be realized in cash, sold or consumed during operating cycle of the business or one year, whichever is longer.

Current assets are defined "Cash and other assets that are expected to be converted into cash or consumed in the production of goods or rendering of services in the normal course of business". Items are included under current assets on the basis of whether they are expected to be realized within one year or within the normal operating cycle of the enterprise, whichever is the longer.

The classification of current assets, one typically finds the following:

◆ **Inventories** المخزون

Inventories include those items of tangible property that are:

- (1) Held for sale in the ordinary course of business,
- (2) Used in process of production for such sale.

The cost of inventory includes all expenditures that were incurred directly or indirectly to bring an item to its existing condition and location.

◆ **Accounts Receivables** الحسابات المدينة

Accounts Receivables encompass (يشمل) monetary claims against debtors of the firm. The term of accounts receivable is commonly used to refer to (تحويل) receivables from trade customers that are not supported by written notes (أوراق مكتوبة).

◆ **Marketable Securities** الأسهم القابلة للتسويق

Marketable Securities represent temporary investments made to secure (ضمان) a return on funds. To be considered a temporary investment, a security must not only be marketable, but management must plan to dispose it if the management needs to obtain cash.

◆ **Cash** النقد

Cash is the most liquid asset owned by a firm. Cash Includes coin and currency on hand, bank deposits (if subject to immediate withdrawal, (e.g. checking accounts), negotiable paper (i.e., transferable by endorsement(تظهير), in including bank checks, money orders, bank drafts, etc.).

◆ **Owner's Equity** حقوق الملكية

Owner's Equity is sum of funds owned by the proprietors of firm for financing its activities .The difference between total of Assets and Liabilities is Owner's Equity. They can also be called capital, or net worth.

Owner's Equity = Total of Assets - Liabilities

◆ **Liabilities** الخصوم (المطلوبات)

Liabilities are debts owed by the business. Paying cash is often not possible or convenient, because the firms purchase goods and services on credit. The name of the account used is Accounts Payable. Another type of liability is Notes Payable. This is a formal written promise (موعد مكتوب) to pay a specific amount of money at a definite future date.

• **Chart of Accounts** خريطة الحسابات

Accounts in the Ledger are normally arranged in the following order: Assets, Liabilities, Owner's equity, revenues and expenses and for quick and easy reference, each account is numbered according to the accounting system applied. A complete listing of these numbers along with the respective account titles is known as a chart of accounts. The chart of accounts is shown in the following chart.

Chart of Accounts

Current Assets	Liabilities
<ul style="list-style-type: none">▪ Cash▪ Accounts receivable▪ Inventory	<ul style="list-style-type: none">▪ Creditors▪ Accounts Payable▪ Loan Short-Term▪ Loan Long-Term
Fixed Assets	Owner's Equity
<ul style="list-style-type: none">▪ Land▪ Building	<ul style="list-style-type: none">▪ Capital▪ Retained Earnings

<ul style="list-style-type: none"> ▪ Office Equipment ▪ Furniture 	<ul style="list-style-type: none"> ▪ Reserves
Expenses	Revenues
<ul style="list-style-type: none"> ▪ Salaries ▪ Electricity ▪ Supplies ▪ Advertisement ▪ Telephone ▪ Rent ▪ Insurance ▪ Depreciation 	<ul style="list-style-type: none"> ▪ Sales ▪ Fees Earned ▪ Interest Received ▪ Discount Received ▪ Commission Received