



شركة ميرك العربية السعودية
MEIRC Saudi Arabia

Principles of Accounting

Duration 5 Days

Who should attend?

This Accounting Principles - Accounting Adjustments course is designed for staff with responsibility for preparing financial reports will gain a good understanding of how to maximize management accounting information. Team leaders and those in a supervisory capacity will also gain useful insight into how to use financial reporting as an effective management control tool.

Course objective

- Key finance terms: assets, liabilities, capital, depreciation, capitalization, current ratio, and others
- Basic accounting principles
- Apply accounting conventions and guidelines
- Develop working rules regarding your corporate financial statements
- Use the balance sheet to examine assets and liabilities
- Analyze the income statement to assess revenues and expenses
- Content and format of the annual report
- Keep your plan on target with budgetary controls
- Use profit-planning tools, break-even analysis, and financial forecasting
- Cash flow: where cash comes from and how it's applied
- Analyze payback method, discounted cash flow, present value, and present value index in making profitable capital investment decisions

Course Outlines:-

1. Basic Accounting Concepts

- Importance of the accounting equation
- Significance of generally accepted accounting principles (GAAP)
- Accrual process
- Difference between accounting profit and cash flow

2. Understanding Financial Statements

- Purpose of and terminology associated with the following financial statements:

- Income statement or profit and loss statement (P&L)
- Balance sheet
- Statement of retained earnings
- Cash flow statement

- The accounting process, from recording business transactions to preparing financial statements
- How various business transactions affect the financial statements

3. Reviewing an Annual Report

- Components of an annual report
- Importance of notes in evaluating financial statements
- External auditor's role and the significance of the opinion letter

4. Evaluating a Company's Financial Statements

- Calculate the key financial ratios using the financial statements



- Use financial ratios to evaluate:
 - An organization's liquidity, leverage, and profitability
 - An organization's performance compared with budgeted goals
- Use the Dupont formula to evaluate management performance
- Use the concept of Cash Flow Return on Investment (CFROI) to determine if a segment of an organization is adding value to the business
- 5. Improving Profitability through Cost Analysis and Profit Planning**
 - Differentiate between fixed and variable costs
 - Help your organization improve profitability through the use of:
 - Break-even analysis
 - Contribution margin analysis
 - Direct costing in appropriate situations
 - Traditional cost accounting and its limitations
 - Relevance of activity-based costing in today's business environment
- 6. Capital Expenditure Analysis**
 - Distinguish between capital expenditure budgets and operating budgets
 - Function of the capital budget
 - Why cash has a time value
 - Recognize and apply different methods of evaluating capital expenditure and monitoring project performance
- 7. Budgeting More Effectively**
 - Role of budgeting and issues budgets can solve
 - The budgeting process
 - Types of budgeting systems in use today
 - Analyze budgets for different purposes
 - Recognize and apply different methods of evaluating and monitoring operating performance.