





INTERMEDIATE ACCOUNTING 1 Summary

تلخيص المحاسبة المتوسطة 1

ACCT_335

انتر 1

ضياء الدين صبح

- ✓ التلخيص شامل لشرح الكتاب + الدكتور (التلخيص كافي وبزيادة بإذن الله) 
- ✓ التلخيص خاص "تم نشره للاستفادة" ، ليس لي أي علاقة في كيفية دراستك
- ✓ للتلخيص و علامتك (يعني إذا ما درست ما تحط الحق ع ضياء  ) 

النسخة الإلكترونية متوفرة فقط في BZU_HUB

CHAPTER 1

Financial Accounting and Accounting Standards

معايير المحاسبة والمحاسبة
المالية

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FINANCIAL REPORTING ENVIRONMENT

بيئة إعداد التقارير المالية

Essential characteristics of accounting are:

الخصائص الأساسية للمحاسبة هي

(1) the **identification, measurement, and communication** of financial information about

تحديد وقياس وإبلاغ المعلومات المالية حول

(2) economic entities to

الكيانات الاقتصادية لـ

(3) **interested parties.**

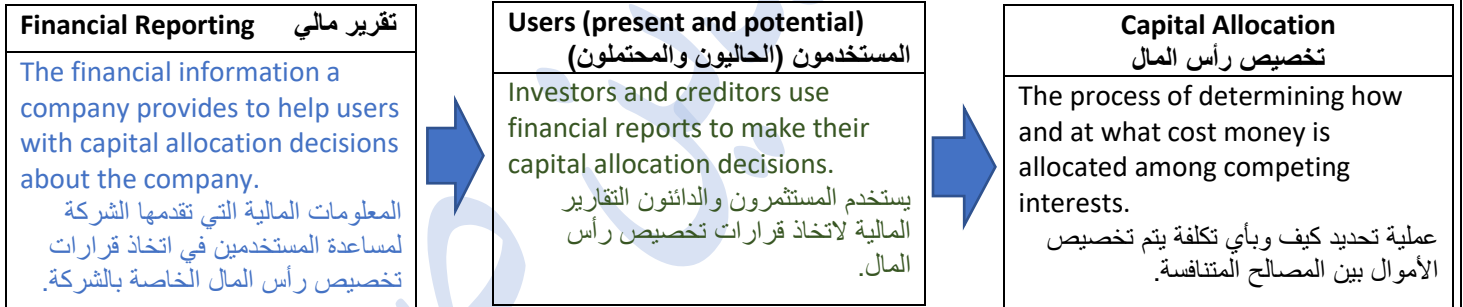
الأطراف المهتمة

Economic Entity الكيان الاقتصادي	Financial Statements القوائم المالية	Additional Information معلومات إضافية
Financial Information المعلومات المالية	1. Balance Sheet الميزانية العمومية	President's letter رسالة الرئيس
Accounting? المحاسبة؟	2. Income Statement بيان الدخل	Prospectuses (دليل الإصدار) النشرات
Identifies and Measures and Communicates	3. Statement of Cash Flows بيان التدفقات النقدية	Reports filed with governmental agencies رفع التقارير للجهات الحكومية
التحديد (التعريف) وقياس (التسجيل) ويتواصل (التواصل)	4. Statement of Owners' or Stockholders' Equity بيان حقوق الملكية أو المساهمين	News releases النشرات الإخبارية
	Note Disclosures الإفصاح عن البيانات	Forecasts التنبؤ / التوقع
	GAAP المبادئ المحاسبية المقبولة عالمياً	Environmental impact statements بيانات التأثير البيئي
		Etc. الخ

Accounting and Capital Allocation المحاسبة وتخصيص رأس المال

Resources are **limited**. Efficient use of resources often determines whether a business thrives.

الموارد محدودة. غالباً ما يحدد الاستخدام الفعال للموارد ما إذا كانت الشركة تزدهر أم لا.



Objectives of Financial Reporting أهداف التقارير المالية

Provide financial information about the reporting entity that is **useful** to

توفير معلومات مالية حول الكيان الذي يعد التقرير مفيداً لـ

- ◆ present and potential equity investors, مستثمرو الأسهم الحاليين والمحتملون
- ◆ lenders المقرضين
- ◆ other creditors دائنون آخرون

in making decisions in their capacity as capital providers. في اتخاذ القرارات بصفتهم مقدمي رأس المال

☒ **General-Purpose Financial Statements** البيانات المالية ذات الأغراض العامة

✚ Provide financial reporting information to a wide variety of users.

توفير معلومات التقارير المالية لمجموعة واسعة من المستخدمين.

✚ Provide the most useful information possible at the least cost.

قدم أكثر المعلومات المفيدة الممكنة بأقل تكلفة

☒ **Equity Investors and Creditors** مستثمرو الأسهم والدائنون

✚ Investors are the primary user group. المستثمرون هم مجموعة المستخدمين الأساسية

☒ **Entity Perspective** منظور الكيان

✚ Companies viewed as separate and distinct from their owners.

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تعتبر الشركات منفصلة ومتميزة عن أصحابها.

☒ Decision-Usefulness فائدة / منفعة القرار

Investors are interested in assessing the company's

يهتم المستثمرون بتقييم الشركة

1. ability to generate net cash inflows

القدرة على توليد صافي التدفقات النقدية

2. management's ability to protect and enhance the capital providers' investments.

قدرة الإدارة على حماية وتعزيز استثمارات مقدمي رأس المال

UNDERLYING CONCEPTS Preparing financial statements according to accepted accounting standards contributes to the comparability of accounting information

المفاهيم الأساسية يساهم إعداد البيانات المالية وفقاً لمعايير المحاسبة المقبولة في إمكانية مقارنة المعلومات المحاسبية

The Need to Develop Standards الحاجة إلى تطوير المعايير

The accounting profession has attempted to develop a set of standards that are generally accepted and universally practiced.
حاولت مهنة المحاسبة تطوير مجموعة من المعايير المقبولة عموماً والممارسة عالمياً.

Financial Statements القوائم المالية	
Balance Sheet	الميزانية العمومية
Income Statement	بيان الدخل
Statement of Cash Flows	بيان التدفقات النقدية
Statement of Owners' or Stockholders' Equity	بيان حقوق الملكية أو المساهمين
Note Disclosures	الإفصاح عن البيانات

Various users need financial information
يحتاج العديد من المستخدمين إلى معلومات مالية

Generally Accepted Accounting Principles (GAAP)
(GAAP) مبادئ المحاسبة المقبولة عموماً

PARTIES INVOLVED IN STANDARD SETTING الأطراف المشاركة في إعداد المعايير

Three organizations: ثلاث منظمات

- ◆ Securities and Exchange Commission (SEC). هيئة الأوراق المالية والبورصات
- ◆ American Institute of Certified Public Accountants (AICPA). المعهد الأمريكي للمحاسبين القانونيين
- ◆ Financial Accounting Standards Board (FASB). مجلس معايير المحاسبة المالية

Securities and Exchange Commission (SEC) هيئة الأوراق المالية والبورصات

- ◆ Established by federal government. أسستها الحكومة الفيدرالية
- ◆ Accounting and reporting for public companies. المحاسبة والتقارير للشركات العامة.



Securities Act of 1933 قانون الأوراق المالية للعام 1933	Securities Act of 1934 قانون الأوراق المالية للعام 1934
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- ◆ Encouraged private standard-setting body. تشجيع هيئة خاصة لوضع المعايير
- ◆ SEC requires public companies to adhere to GAAP. تطلب الهيئة من الشركات العامة الالتزام بمبادئ المحاسبة المقبولة عموماً
- ◆ SEC Oversight. تتولى الإشراف
- ◆ Enforcement Authority. سلطة الإنفاذ / التنفيذ

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American Institute of Certified Public Accountants (AICPA)

المعهد الأمريكي للمحاسبين القانونيين

- ◆ National professional organization منظمة مهنية وطنية
- ◆ Established the following: أنشأ ما يلي



Committee on Accounting Procedures لجنة الإجراءات المحاسبية
<ul style="list-style-type: none"> ● 1939 to 1959 ● Issued 51 Accounting Research Bulletins (ARBs) إصدار 51 نشرة أبحاث محاسبية ● Problem-by-problem approach failed فشل نهج كل مشكلة على حدة

Accounting Principles Board مجلس مبادئ المحاسبية
<ul style="list-style-type: none"> ● 1959 to 1973 ● Issued 31 Accounting Principle Board Opinions (APBOs) إصدار 31 رأياً من آراء مجلس مبادئ المحاسبية ● Wheat Committee recommendations adopted in 1973 توصيات لجنة المعتمدة عام 1973

Financial Accounting Standards Board (FASB)

مجلس معايير المحاسبة المالية

Wheat Committee's recommendations resulted in creation of FASB.

أسفرت توصيات اللجنة عن إنشاء مجلس معايير المحاسبة المالية.



Financial Accounting Foundation مؤسسة المحاسبة المالية
Financial Accounting Standards Board مجلس معايير المحاسبة المالية
Financial Accounting Standards Advisory Council المجلس الاستشاري لمعايير المحاسبة المالية



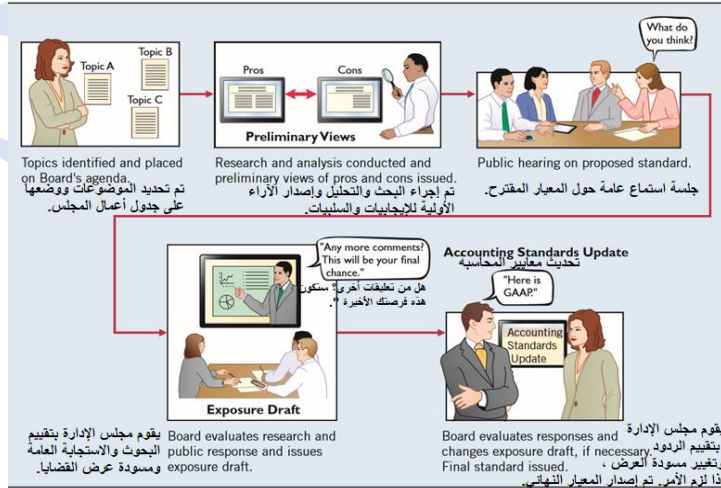
<ul style="list-style-type: none"> ◆ Selects members of the FASB. يختار أعضاء ◆ Funds their activities. تمويل أنشطتها ◆ Exercises general oversight. يمارس الرقابة العامة
<ul style="list-style-type: none"> ◆ Mission to establish and improve standards of financial accounting and reporting. مهمة إنشاء وتحسين معايير المحاسبة المالية وإعداد التقارير.
<ul style="list-style-type: none"> ◆ Consult on major policy issues. التشاور بشأن قضايا السياسة الرئيسية.

Missions is to establish and improve standards of financial accounting and reporting. Differences between FASB and APB include:

Missions هي إنشاء وتحسين معايير المحاسبة المالية وإعداد التقارير. تشمل الاختلافات بين FASB و APB:

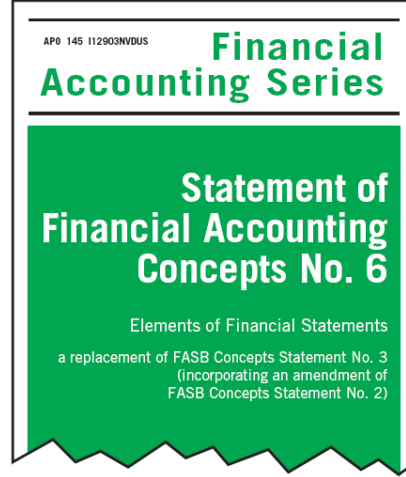
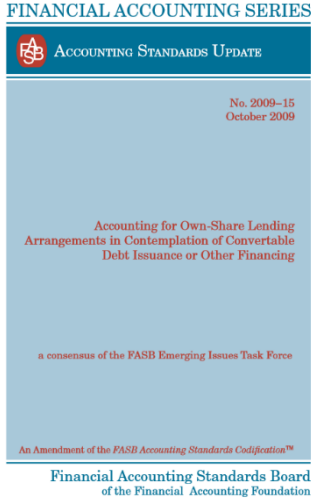
- ◆ Smaller Membership. عضوية أصغر
- ◆ Full-time, Remunerated Membership. عضوية بدوام كامل مقابل أجر
- ◆ Greater Autonomy. قدر أكبر من الحكم الذاتي
- ◆ Increased Independence. زيادة الاستقلال
- ◆ Broader Representation. تمثيل أوسع

The Due Process System of the FASB (نظام الإجراءات القانونية في مجلس معايير المحاسبة المالية) (يجب معرفة 5 خطوات)



أنواع التصريحات (الدفاتر المالية) Types of Pronouncements

◆ Accounting Standards Updates. تحديثات معايير المحاسبة	◆ Financial Accounting Concepts. مفاهيم المحاسبة المالية
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مبادئ المحاسبة المقبولة عموماً GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Principles that have substantial authoritative support.

المبادئ التي لها دعم موثوق كبير

Major sources of GAAP:

المصادر الرئيسية لمبادئ المحاسبة المقبولة عموماً:

- ◆ FASB Standards, Interpretations, and Staff Positions.
معايير مجلس معايير المحاسبة المالية والتفسيرات ومناصب الموظفين
- ◆ APB Opinions.
آراء APB
- ◆ AICPA Accounting Research Bulletins.
نشرات بحوث المحاسبة AICPA

تصنيف FASB FASB Codification

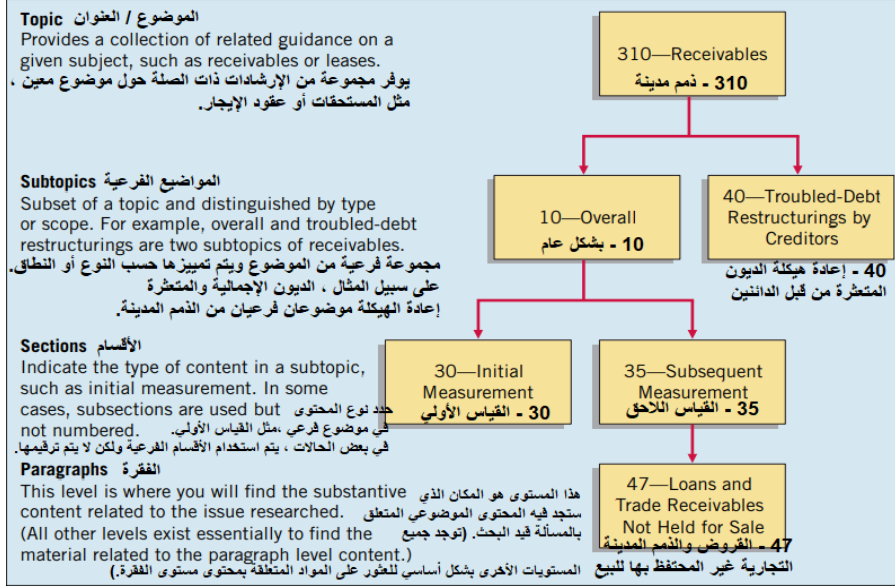
- ◆ Goal in developing the Codification is to provide in one place all the authoritative literature related to a particular topic.
الهدف من تطوير التصنيف هو توفير جميع المؤلفات الرسمية المتعلقة بموضوع معين في مكان واحد.
- ◆ Creates one level of GAAP, which is considered authoritative.
ينشئ مستوى واحداً من تصنيف المحاسبة المقبولة عموماً، والتي تعتبر موثوقة.
- ◆ All other accounting literature is considered non-authoritative.
تعتبر جميع المؤلفات المحاسبية الأخرى غير موثوقة.

FASB has developed the **Financial Accounting Standards Board Codification Research System (CRS)**. The FASB's primary goal in developing the Codification is to provide in one place all the authoritative literature related to a particular topic.

قام مجلس معايير المحاسبة المالية بتطوير نظام أبحاث تصنيف مجلس معايير المحاسبة المالية (CRS). الهدف الأساسي FASB في تطوير التصنيف هو توفير جميع الأدبيات الموثوقة المتعلقة بموضوع معين في مكان واحد.

FASB Codification Framework

إطار تصنيف FASB



التحديات الرئيسية في إعداد التقارير المالية MAJOR CHALLENGES IN FINANCIAL REPORTING

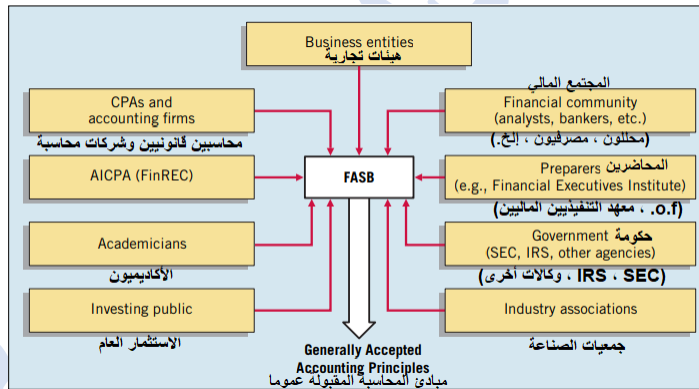
GAAP in a Political Environment

GAAP is as much a product of political action as it is of careful logic or empirical findings.

إن مبادئ المحاسبة المقبولة عموماً هي نتاج عمل سياسي بقدر ما هي نتاج منطق دقيق أو نتائج تجريبية.

User Groups that Influence the Formulation of Accounting Standards

مجموعات المستخدمين التي تؤثر على صياغة معايير المحاسبة



من هان وطلاع بشكل عام للقراءة العامة فقط

توقعات مبادئ المحاسبة المقبولة عموماً GAAP Expectation

What the public thinks accountants should do vs. what accountants think they can do.

ما يعتقد الجمهور أن المحاسبين يجب أن يفعلوه مقابل ما يعتقد المحاسبون أنهم يستطيعون فعله.

- ◆ Difficult to close in light of accounting scandals. يصعب إغلاقه في ظل فضائح محاسبية
- ◆ Sarbanes-Oxley Act. قانون ساربنز أوكسلي
- ◆ Public Company Accounting Oversight Board (PCAOB). مجلس الرقابة على محاسبة الشركة العامة (PCAOB).

Financial Reporting Challenges تحديات إعداد التقارير المالية

- ◆ Nonfinancial measurements. القياسات الغير مالية
- ◆ Forward-looking information. المعلومات التطلعية
- ◆ Soft assets. الأصول الضعيفة
- ◆ Timeliness. التوقيت
- ◆ Understandability. القابلية للفهم

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International Accounting Standards معايير المحاسبة الدولية

Two sets of standards accepted for international use:

مجموعتان من المعايير المقبولة للاستخدام الدولي

- ◆ U.S. GAAP, issued by the FASB.

مبادئ المحاسبة المقبولة عموماً في الولايات المتحدة ، الصادرة عن مجلس معايير المحاسبة المالية.

- ◆ International Financial Reporting Standards (IFRS), issued by the IASB.

المعايير الدولية لإعداد التقارير المالية (IFRS) الصادرة عن مجلس معايير المحاسبة الدولية.

Ethics in the Environment of Financial Accounting الأخلاق في بيئة المحاسبة المالية

In accounting, we frequently encounter ethical dilemmas.

في المحاسبة ، كثيراً ما نواجه معضلات أخلاقية

- ◆ GAAP does not always provide an answer.

لا تقدم مبادئ المحاسبة المقبولة عموماً دائماً إجابة

- ◆ Doing the right thing is not always easy or obvious.

إن القيام بالشيء الصحيح ليس بالأمر السهل أو الواضح دائماً.

International Standard-Setting Organizations: منظمات وضع المعايير الدولية:

International Accounting Standards Board (IASB)

مجلس معايير المحاسبة الدولية

- ◆ Issues International Financial Reporting Standards (IFRS).

إصدار المعايير الدولية لإعداد التقارير المالية (IFRS).

- ◆ Standards used on most foreign exchanges.

المعايير المستخدمة في معظم البورصات الأجنبية

- ◆ Standards used by foreign companies listing on U.S. securities exchanges.

المعايير التي تستخدمها الشركات الأجنبية المدرجة في بورصات الأوراق المالية الأمريكية.

- ◆ IFRS used in over 115 countries.

تستخدم المعايير الدولية لإعداد التقارير المالية في أكثر من 115 دولة

International Organization of Securities Commissions (IOSCO) المنظمة الدولية لهيئات الأوراق المالية

- ◆ Does not set accounting standards.

لا تضع معايير محاسبية

- ◆ Dedicated to ensuring that global markets can operate in an efficient and effective basis.

مكرسة لضمان أن الأسواق العالمية يمكن أن تعمل على أساس كفاءة وفعالية.

International Accounting Standards Board (IASB)

مجلس معايير المحاسبة الدولية

Composed of four organizations— تتألف من أربع منظمات

- ◆ International Accounting Standards Committee Foundation (IASCF).

مؤسسة لجنة معايير المحاسبة الدولية

- ◆ International Accounting Standards Board (IASB).

مجلس معايير المحاسبة الدولية

- ◆ Standards Advisory Council.

المجلس الاستشاري للمعايير

- ◆ International Financial Reporting Interpretations Committee (IFRIC).

لجنة تفسيرات التقارير المالية الدولية (IFRIC).

Additional Question الأسئلة الإضافية

ملاحظة : هاد التشابتر بس ضع دائرة أو صح وخطأ و توصيل لانه لا يوجد فيه حل

Q1: Circle the correct answer

1. What is the purpose of information presented in notes to the financial statements?

- To provide disclosure required by generally accepted accounting principles.
- To correct improper presentation in the financial statements.
- To provide recognition of amounts not included in the totals of the financial statements.
- To present management's responses to auditor comments.

2. An effective process of capital allocation is critical to a healthy economy, which

- promotes productivity.
- encourages innovation.
- provides an efficient and liquid market for buying and selling securities.
- All of the above.

3. **The first step taken in the establishment of a typical FASB statement is**
 - a. The board conducts research and analysis and a discussion memorandum is issued.
 - b. A public hearing on the proposed standard is held.
 - c. The board evaluates the research and public response and issues an exposure draft.
 - d. Topics are identified and placed on the board's agenda.**
4. **The major key players on the international side are the:**
 - a. IASB and FASB.
 - b. SEC and FASB.
 - c. IOSCO and the SEC.
 - d. IASB and IOSCO.**
5. **General-purpose financial statements are the product of**
 - a. financial accounting.**
 - b. managerial accounting.
 - c. both financial and managerial accounting.
 - d. neither financial nor managerial accounting.
6. **Which of the following is not a user of financial reports?**
 - a. Creditors.
 - b. Government agencies.
 - c. Unions.
 - d. Employees.**
7. **The financial statements most frequently provided include all of the following except the**
 - a. balance sheet.
 - b. income statement.
 - c. statement of cash flows.
 - d. statement of retained earnings.**
8. **All the following are ways in which accounting information is used by financial accounting except to**
 - a. buy, sell, hold equity and debt instruments.
 - b. decides whether to invest in the company.
 - c. evaluates borrowing capacity to determine the extent of a loan to grant.
 - d. plan and control company's operations.**
9. **Which of the following is not a major challenge facing the accounting profession?**
 - a. Nonfinancial measurements.
 - b. Timeliness.
 - c. Accounting for hard assets.**
 - d. Forward-looking information.
10. **Primary users for general-purpose financial statements include each of the following except**
 - a. creditors.
 - b. suppliers.
 - c. investors.
 - d. employees.**
11. **A common set of accounting standards and procedures is called**
 - a. financial accounting standards.
 - b. generally accepted accounting principles.**
 - c. objectives of financial reporting.

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d. statements of financial accounting concepts.

12. A characteristic of generally accepted accounting principles includes:

- a. **a common set of standards and principles.**
- b. standards and principles are based a federal statute.
- c. acceptance requires an affirmative vote of Certified Public Accountants.
- d. practices that become accepted for at least a year by all industry members.

13. Companies that are listed on a stock exchange are required to submit their financial statements to the

- a. AICPA.
- b. APB
- c. FASB.
- d. **SEC.**

14. The most significant current source of generally accepted accounting principles is the

- a. AICPA.
- b. SEC.
- c. APB.
- d. **FASB.**

15. What is not a reason that accounting standards may differ across countries?

- a. Governments
- b. **Language**
- c. Culture
- d. Past practice

Q2: Indicate whether each of the following statements is true or false.

True 1. Financial statements are the principal means through which a company communicates its financial information to those outside it.

True 2. An effective process of capital allocation promotes productivity and provides an efficient market for buying and selling securities and obtaining and granting credit.

True 3. Investors are interested in financial reporting because it provides information that is useful for making decisions.

True 4. Users of financial accounting statements have both coinciding and conflicting needs for information of various types.

True 5. Statements of Financial Accounting Concepts set forth fundamental objectives and concepts that are used by the FASB in developing future standards of financial accounting and reporting

False 6. I The FASB's Codification creates a new set of GAAPS.

False 7. GAAP is a product of careful logic or empirical findings and is not influenced by political action.

True 8. The Public Company Accounting Oversight Board has oversight and enforcement authority and establishes auditing and independence standards and rules.

False 9. Accounting standards are now less likely to require the recording or disclosure of fair value information.

False 10. Ethical issues in financial accounting are governed by the AICPA.

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Q3: Significant accounting publications are listed below (1-5). Sources or sponsors of accounting publications are identified next by alphabetical character (a-d). Match the publications with their sources.

Publications

- ___ 1. Accounting Research Bulletins (1953-1959)
- ___ 2. Accounting Standards Updates
- ___ 3. Emerging Issues Task Force Updates
- ___ 4. Statements of Financial Accounting Concepts
- ___ 5. Opinions (1962-1973)

Sources/Sponsors

- a. Financial Accounting Standards Board
- b. Accounting Principles Board
- c. The AICPA
- D. Committee on Accounting Procedure

Solution Q3:

- 1. d 4. a
- 2. a 5. b
- 3. a

END OF CHAPTER 1

CHAPTER 2

Conceptual Framework for Financial Reporting

الإطار المفاهيمي لإعداد
التقارير المالية

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The Need for a Conceptual Framework الحاجة إلى إطار مفاهيمي

- ◆ To develop a coherent set of standards and rules. لتطوير مجموعة متماسكة من المعايير والقواعد
- ◆ To solve new and emerging practical problems. لحل المشاكل العملية الجديدة والناشئة

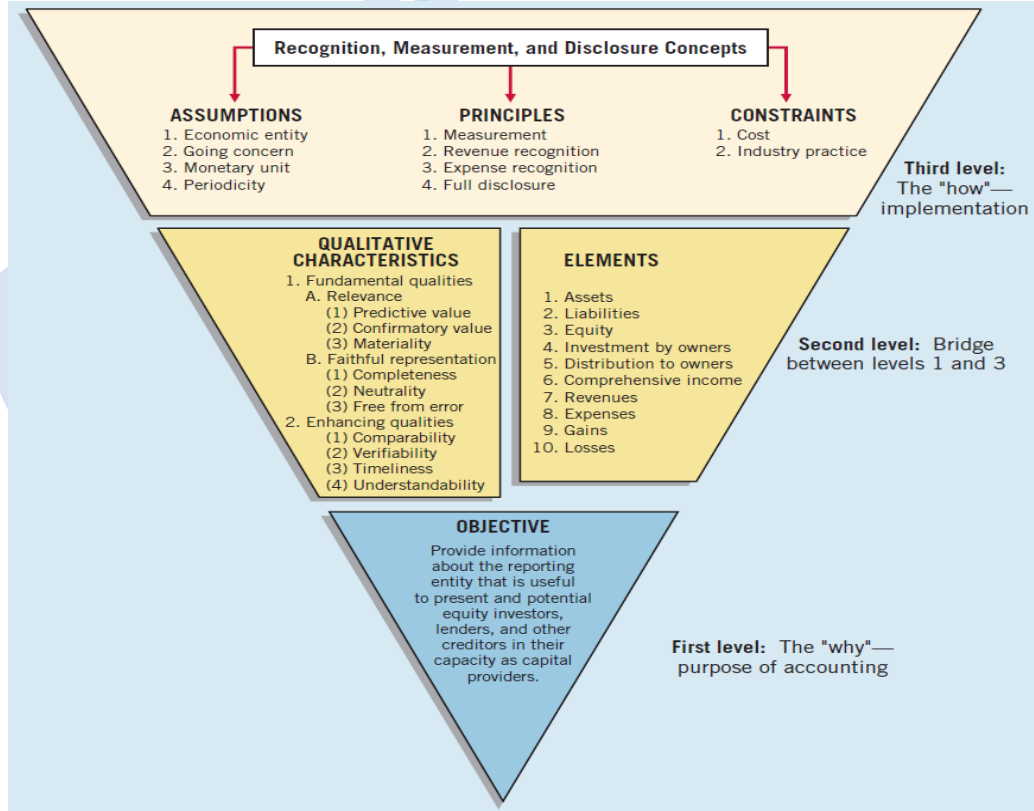
Development of Conceptual Framework تطوير الإطار المفاهيمي

The FASB has issued seven **Statements of Financial Accounting Concepts (SFAC)** for business enterprises.

أصدر مجلس معايير المحاسبة المالية سبعة بيانات لمفاهيم المحاسبة المالية (SFAC) لمؤسسات الأعمال

- SFAC No.1 - Objectives of Financial Reporting (superseded by SFAC No. 8)**
البيان رقم 1 - أهداف التقارير المالية (حل محله بيان رقم 8)
- SFAC No.2 - Qualitative Characteristics of Accounting Information. (Superseded by SFAC No. 8)**
بيان رقم 2 - الخصائص النوعية للمعلومات المحاسبية. (حل محله بيان رقم 8)
- SFAC No.3 - Elements of Financial Statements. (Superseded by SFAC No. 6)**
بيان رقم 3 - عناصر البيانات المالية. (حل محله بيان رقم 6)
- SFAC No.5 - Recognition and Measurement in Financial Statements.**
بيان رقم 5 - الاعتراف والقياس في البيانات المالية.
- SFAC No.6 - Elements of Financial Statements (replaces SFAC No. 3).**
بيان رقم 6 - عناصر البيانات المالية (يحل محل بيان رقم 3).
- SFAC No.7 - Using Cash Flow Information and Present Value in Accounting Measurements.**
بيان رقم 7 - استخدام معلومات التدفق النقدي والقيمة الحالية في القياسات المحاسبية.
- SFAC No.8 - The Objective of General-Purpose Financial Reporting and Qualitative Characteristics of Useful Financial Information (replaces SFAC No. 1 and No. 2)**
بيان رقم 8 - الهدف من إعداد التقارير المالية للأغراض العامة والخصائص النوعية للمعلومات المالية المفيدة (يحل محل بيان رقم 1 ورقم 2)

ملاحظة مش كثير مهمة 😊 : طبعاً هسا الواحد بقرأ بحكي وين البيان الرابع مش موجود يعني استثنوا؟؟ ،،، الجواب : لأ ، في بيان رقم 4 ولكن مش لمؤسسات الأعمال ...



ضياء الدين صبح

شفتوا الصورة نهاية الصفحة الأولى بتوضح هدول المستويات (وهسا احنا منوضحهم "حسب الصورة")

The Conceptual Framework الإطار المفاهيمي

- ◆ First Level = Basic Objectives المستوى الأول = الأهداف الأساسية
- ◆ Second Level = Qualitative Characteristics and Elements المستوى الثاني = الخصائص والعناصر النوعية
- ◆ Third Level = Recognition, Measurement, and Disclosure Concepts. المستوى الثالث = الاعتراف والقياس ومفاهيم الإفصاح.

FIRST LEVEL: BASIC OBJECTIVES المستوى الأول: الأهداف الأساسية (منبلش برأس الهرم)

Objective of financial reporting: الهدف من التقرير المالي:

To provide financial information about the reporting entity that is **useful to present and potential equity investors, lenders, and other creditors in making decisions about providing resources to the entity.**

لتوفير معلومات مالية حول الكيان الذي يعد التقرير مفيداً لعرض المستثمرين الحاليين والمحتملين ، والمقرضين ، والدائنين الآخرين في اتخاذ القرارات بشأن توفير الموارد للكيان.

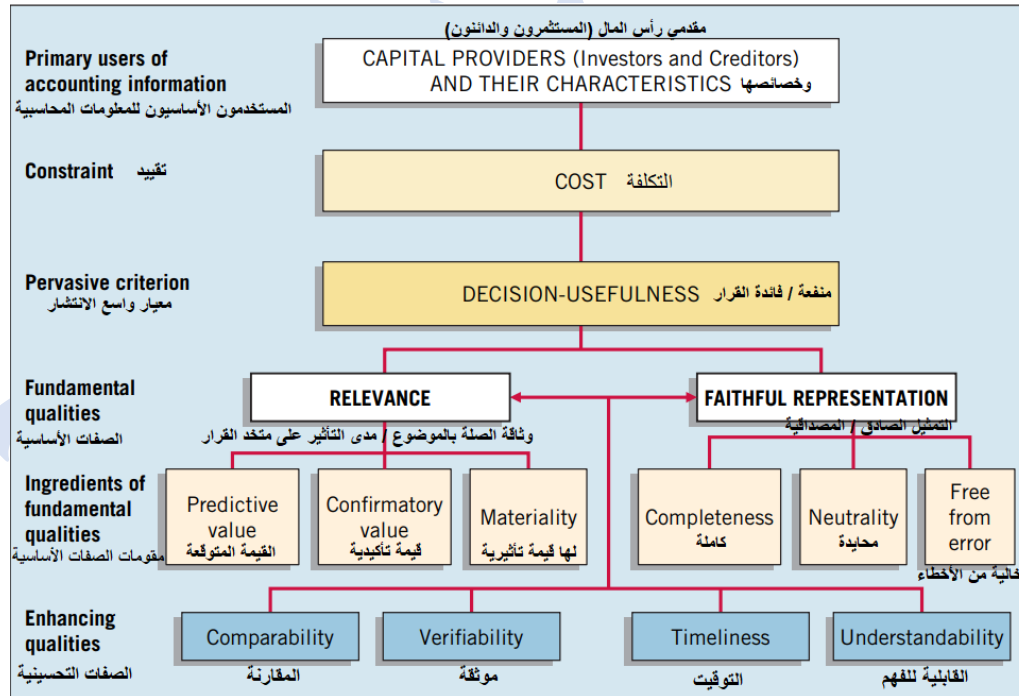
SECOND LEVEL: FUNDAMENTAL CONCEPTS المستوى الثاني: المفاهيم الأساسية

حسب التعريف الأولي انو المستوى الثاني يتكون من : 1. الخصائص النوعية 2. العناصر النوعية

1. Qualitative Characteristics of Accounting Information الخصائص النوعية للمعلومات المحاسبية

"The **FASB** identified the **qualitative characteristics** of accounting information that distinguish better (more useful) information from inferior (less useful) information for decision-making purposes."

"حدد مجلس معايير المحاسبة المالية الخصائص النوعية للمعلومات المحاسبية التي تميز المعلومات الأفضل (الأكثر فائدة) عن المعلومات الأدنى (الأقل فائدة) لأغراض صنع القرار." (طبعا الخصائص مقسمة الى صفات 1. أساسية (رئيسية) 2. تحسينية)



هات تتشرح شوي عن الصورة (هسا احنا عنا المستخدمين الأساسيون للمعلومات المحاسبية هم مقدمي رؤوس الأموال Capital Providers الي هم المستثمرون و الدائنون (المقرضين) والي بقيدهم عادة التكلفة ، القرار لازم يكون الو منفعة او فائدة من خلال مدى التأثير على متخذ القرار و المصدقية في المعلومات المحاسبية (وهسا رح نشرح الجزء السفلي بالتفصيل)

هات تنقسم الخصائص عشان نفهمها الى صور

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A. Fundamental Quality—Relevance الصلوات الأساسية "الرئيسية" _ مدى التأثير على متخذ القرار

To be **relevant**, accounting information must be capable of **making a difference in a decision**.

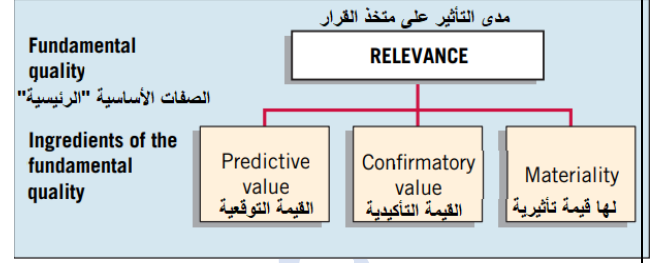
لتكون ذات صلة ، يجب أن تكون المعلومات المحاسبية قادرة على إحداث فرق في القرار.

1. Financial information has **predictive value** if it has value as an input to predictive processes used by investors to form their own expectations about the future.

للمعلومات المالية قيمة متوقعة إذا كانت لها قيمة كمدخل للعمليات المتوقعة التي يستخدمها المستثمرون لتشكيل توقعاتهم الخاصة حول المستقبل.

2. Relevant information also helps users **confirm** or correct prior expectations.

تساعد المعلومات ذات الصلة المستخدمين أيضًا على تأكيد التوقعات السابقة أو



تصحيحها.

3. Information is **material** if omitting it or misstating it could influence decisions that users make on the basis of the reported financial information.

تعتبر المعلومات جوهرية إذا كان حذفها أو تحريفها قد يؤثر على القرارات التي يتخذها المستخدمون على أساس المعلومات المالية المبلغ عنها.

Fundamental Quality—Faithful Representation الصلوات الأساسية _ التمثيل الصادق / المصدقية

Faithful representation means that the numbers and descriptions match what really existed or happened.

التمثيل الصادق / المصدقية يعني أن الأرقام والأوصاف تتطابق مع ما كان موجودًا بالفعل أو حدث.

1. **Completeness** means that all the information that is necessary for faithful representation is provided.

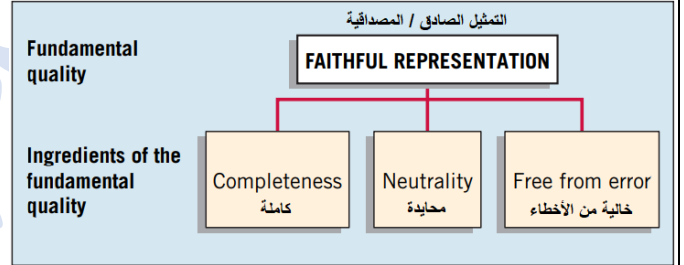
الاستيفاء(كاملة) يعني تقديم جميع المعلومات الضرورية للتمثيل الصادق.

2. **Neutrality** means that a company cannot select information to favor one set of interested parties over another.

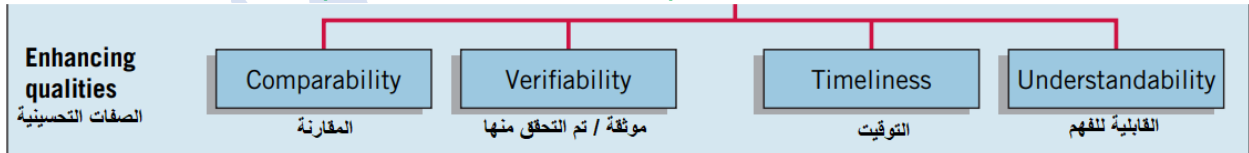
الحياد يعني أن الشركة لا تستطيع اختيار المعلومات لصالح مجموعة من الأطراف المهتمة على الأخرى.

3. An information item that is **free from error** will be a more accurate (faithful) representation of a financial item.

سيكون عنصر المعلومات الخالي من الخطأ تمثيلًا أكثر دقة (وفاءً) لبند مالي.



B. Enhancing Qualities الصلوات التحسينية (باختصار بتعزيز الصلوات الأساسية)



1. Information that is measured and reported in a similar manner for different companies is considered **comparable**.

تعتبر المعلومات التي يتم قياسها والإبلاغ عنها بطريقة مماثلة لشركات مختلفة قابلة للمقارنة.

2. **Verifiability** occurs when independent measurers, using the same methods, obtain similar results.

تحدث إمكانية التحقق عندما يحصل مقيمون مستقلون ، باستخدام نفس الأساليب ، على نتائج مماثلة.

3. **Timeliness** means having information available to decision-makers before it loses its capacity to influence decisions.

حسن التوقيت يعني إتاحة المعلومات لصانعي القرار قبل أن تفقد قدرتها على التأثير في القرارات.

4. **Understandability** is the quality of information that lets reasonably informed users see its significance.

الفهم هو جودة المعلومات التي تتيح للمستخدمين المطلعين بشكل معقول رؤية أهميتها.

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2. Basic Elements العناصر الأساسية

Concepts Statement No. 6 defines ten interrelated elements that relate to measuring the performance and financial status of a business enterprise.

بيان المفاهيم رقم 6 يحدد عشرة عناصر مترابطة تتعلق بقياس الأداء والوضع المالي لمؤسسة تجارية.

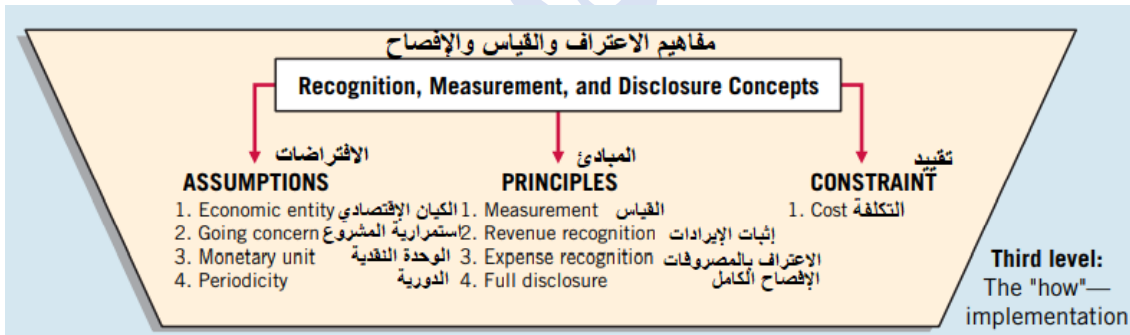
“Moment in Time” لحظة من الزمن	“Period of Time” فترة من الزمن
<ul style="list-style-type: none"> ◆ Assets ◆ Liabilities ◆ Equity 	<ul style="list-style-type: none"> ◆ Investment by owners الاستثمار من قبل الملاك / رأس المال ◆ Distribution to owners التوزيع على الملاك (سحوبات / توزيع أرباح) ◆ Comprehensive income الدخل الشامل ◆ Revenue العوائد ◆ Expenses المصاريف ◆ Gains الأرباح ◆ Losses الخسائر

الفرق بين **Moment in time & Period in time** انو اللحظة من الزمن (هو عبارة عن يوم أو لحظة) يبين فيه الوضع المالي في ذلك اليوم (متغير)، بينما الفترة من الزمن مثلا لما أحضر بيان الدخل بفرجيني لطول السنة من 1/1 ل 12/31

في عبارة اسمعناها قبل شوي وهي **Comprehensive income** وهي الدخل الشامل، يتكون من جزأين وهم: 1. Net income يعني صافي الدخل، 2. **Other Comprehensive items** أي الدخول الشاملة الأخرى (رح يتم شرحو في تشابتر 4) ويكون مثل هاي الدخول: **Unrealized gains or losses** الأرباح أو الخسائر غير المتحققة

Note: 1. Realized (المتحقق): يعني عنا ترك مثلا تكلفة تبعو \$12000 وبعنا ب\$15000 معناها ربنا \$3000 وهاد متحقق
2. Unrealized (غير متحقق): الشركة عنا مثلا عندها أسهم في البنك العربي الإسلامي 1000 سهم وكل سهم تكلفة على الشركة ب\$10 يعني الشركة فعليا اشترتو ب\$10000 بينما حاليا قيمتو السوقية \$15 معناها لو بعنا رح نربح \$5000 (بس ما بعنا)

المستوى الثالث: الاعتراف والقياس Third Level: Recognition and Measurement



1. Basic Assumptions الافتراضات الأساسية

- A) **Economic Entity** – company keeps its activity separate from its owners and other businesses.
الكيان الاقتصادي - تحافظ الشركة على نشاطها منفصلاً عن أصحابها والشركات الأخرى.
- B) **Going Concern** - company to last long enough to fulfill objectives and commitments.
المشروع المستمر - أن تدوم الشركة لفترة كافية لتحقيق الأهداف والالتزامات.
- C) **Monetary Unit** - money is the common denominator.
الوحدة النقدية - المال هو القاسم المشترك
- D) **Periodicity** - company can divide its economic activities into time periods.
الدورية - يمكن للشركة تقسيم أنشطتها الاقتصادية إلى فترات زمنية.

2. Basic Principles المبادئ الأساسية

☒ **Measurement Principle** – The most commonly used measurements are based on **historical cost** and **fair value**.

مبدأ القياس - تعتمد القياسات الأكثر استخداماً على **التكلفة التاريخية والقيمة العادلة**.

Issues:

- ◆ **Historical cost** provides a reliable benchmark for measuring historical trends.
التكلفة التاريخية توفر معياراً موثقاً به لقياس الاتجاهات التاريخية.

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- ◆ Fair value information may be more useful. قد تكون معلومات القيمة العادلة أكثر فائدة
- ◆ Recently the FASB has taken the step of giving companies the option to use fair value as the basis for measurement of financial assets and financial liabilities. اتخذ مجلس معايير المحاسبة المالية مؤخرًا خطوة بإعطاء الشركات خيار استخدام القيمة العادلة كأساس لقياس الأصول المالية والمطلوبات المالية.
- ◆ Reporting of fair value information is increasing. الإبلاغ عن معلومات القيمة العادلة أخذ في الازدياد.

☒ **Revenue Recognition** - requires that companies recognize revenue in the accounting period in which the performance obligation is satisfied.

الاعتراف بالإيرادات - يتطلب أن تعترف الشركات بالإيرادات في الفترة المحاسبية التي يتم فيها الوفاء بالتزام الأداء.

☒ **Expense Recognition** - "Let the expense follow the revenues."

الاعتراف بالمصروفات - "دع المصاريف تتبع الإيرادات".

Type of Cost	نوع التكلفة	العلاقة Relationship	الإعتراف Recognition
Product costs: <ul style="list-style-type: none">• Material• Labor• Overhead	تكاليف المنتج مواد العمالة / العمال تكاليف غير مباشرة	Direct relationship between cost and revenue. العلاقة المباشرة بين التكلفة والعائد.	Recognize in period of revenue (matching). الإعتراف في فترة الإيرادات (المطابقة)
Period costs: <ul style="list-style-type: none">• Salaries• Administrative costs	تكاليف الفترة الرواتب تكاليف إدارية	No direct relationship between cost and revenue. لا توجد علاقة مباشرة بين التكلفة والعائد.	Expense as incurred. يتم الاعتراف بها عند تكبدها

☒ **Full Disclosure** – providing information that is of sufficient importance to influence the judgment and decisions of an informed user.

الإفصاح الكامل - توفير معلومات ذات أهمية كافية للتأثير على أحكام وقرارات المستخدم المطلع.

3. Constraints القيود / التقييد

Cost Constraint – cost of providing information must be weighed against the benefits that can be derived from using it.

قيود التكلفة - يجب الموازنة بين تكلفة توفير المعلومات والفوائد التي يمكن الحصول عليها من استخدامها.

The following two situations represent applications of the cost constraint.

تمثل الحالتان التاليتان تطبيقات قيود التكلفة.

(a) Rafael Corporation discloses fair value information on its loans because it already gathers this information internally.

تفصح شركة رافانيل عن معلومات القيمة العادلة لقروضها لأنها تجمع هذه المعلومات داخليًا بالفعل.

(b) Willis Company does not disclose any information in the notes to the financial statements unless the value of the information to users exceeds the expense of gathering it.

لا تفصح شركة Willis عن أي معلومات في الملاحظات على البيانات المالية إلا إذا كانت قيمة المعلومات للمستخدمين تتجاوز مصاريف جمعها.

الأسئلة الإضافية Additional Question

ملاحظة : هاد التشابتر بس ضع دائرة أو صح وخطأ و توصيل لانه لا يوجد فيه حل

Q1: Circle the correct answer

1. What are the Statements of Financial Accounting Concepts intended to establish?
 - a. Generally accepted accounting principles in financial reporting by business enterprises.
 - b. The meaning of "Present fairly in accordance with generally accepted accounting principles."
 - c. The objectives and concepts for use in developing standards of financial accounting and reporting.**
 - d. The hierarchy of sources of generally accepted accounting principles.
2. According to the FASB conceptual framework, the objectives of financial reporting for business enterprises are based on?
 - a. Generally accepted accounting principles
 - b. Reporting on management's stewardship.
 - c. The need for conservatism.
 - d. The needs of the users of the information.**
3. According to the FASB conceptual framework, an entity's revenue may result from
 - a. A decrease in an asset from primary operations.
 - b. An increase in an asset from incidental transactions.
 - c. An increase in a liability from incidental transactions.
 - d. A decrease in a liability from primary operations.**
4. Which of the following is not true concerning a conceptual framework in accounting?
 - a. It should be a basis for standard-setting.
 - b. It should allow practical problems to be solved more quickly by reference to it.
 - c. It should be based on fundamental truths that are derived from the laws of nature.**
 - d. All of these answer choices are true.
5. Which of the following is a characteristic describing the fundamental quality of relevance?
 - a. Predictive value.**
 - b. Neutrality.
 - c. Verifiability.
 - d. Understandability.
6. Which of the following is a fundamental quality of useful accounting information?
 - a. Comparability
 - b. Relevance**
 - c. Neutrality
 - d. Materiality
7. Which of the following is an ingredient of relevance?
 - a. Completeness
 - b. Neutrality
 - c. Timeliness
 - d. Materiality**
8. Neutrality is an ingredient of which fundamental quality of information?
 - a. Faithful representation**
 - b. Comparability
 - c. Relevance
 - d. Understandability

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9. The quality of information that means the numbers and descriptions match what really existed or happened is
- relevance.
 - faithful representation.**
 - completeness.
 - neutrality.
10. Neutrality means that information
- provides benefits which are at least equal to the costs of its preparation.
 - can be compared with similar information about an enterprise at other points in time.
 - would have no impact on a decision maker.
 - cannot favor one set of interested parties over another.**
11. According to the FASB conceptual framework, which of the following elements describes transactions or events that affect a company during a period of time?
- Assets.
 - Expenses.**
 - Equity.
 - Liabilities.
12. Which basic assumption is illustrated when a firm reports financial results on an annual basis?
- Economic entity assumption
 - Going concern assumption
 - Periodicity assumption**
 - Monetary unit assumption
13. The economic entity assumption
- is inapplicable to unincorporated businesses.
 - recognizes the legal aspects of business organizations.
 - requires periodic income measurement.
 - is applicable to all forms of business organizations.**
14. The measurement principle includes the
- fair value principle only.
 - historical cost principle only.
 - revenue recognition principle and expense recognition principle.
 - historical cost principle and the fair value principle.**
15. Recognition of amortization of an intangible asset illustrates which principle of accounting?
- Expense recognition**
 - Full disclosure
 - Revenue recognition
 - Historical cost
16. Which assumption or principle requires that all information significant enough to affect decisions of reasonably informed users should be reported in the financial statements?
- Matching.
 - Going concern.
 - Historical cost.
 - Full disclosure.**

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17. Which of the following is a constraint in presenting financial information?

- a. **Cost**
- b. Full disclosure
- c. Relevance
- d. Consistency

18. Which of the following relates to both relevance and faithful representation?

- a. **Cost constraint**
- b. Predictive value
- c. Verifiability
- d. Neutrality

19. The second level of the conceptual framework includes each of the following except

- a. elements.
- b. **principles.**
- c. enhancing qualities.
- d. fundamental qualities.

20. The third level of the conceptual framework does not include

- a. assumptions.
- b. constraint.
- c. **elements.**
- d. principles.

Q2: Indicate whether each of the following statements is true or false.

- True 1. A conceptual framework underlying financial accounting is important because it can lead to consistent standards and it prescribes the nature, function, and limits of financial accounting and financial statements.
- False 2. A conceptual framework underlying financial accounting is necessary because future accounting practice problems can be solved by reference to the conceptual framework and a formal standard-setting body will not be necessary.
- True 3. The second level of the conceptual framework provides the qualitative characteristics that make accounting information useful and the elements of financial statements.
- True 4. The objective of financial reporting is the foundation of the conceptual framework.
- False 5. Timeliness and neutrality are two ingredients of relevance.
- False 6. Revenues, gains, and distributions to owners all increase equity.
- True 7. The historical cost principle would be of limited usefulness if **not** for the going concern assumption.
- False 8. The expense recognition principle states that debits must equal credits in each transaction.
- True 9. Revenues are recognized in the accounting period in which the performance obligation is satisfied.
- False 10. In cost-benefit analysis, costs are generally more difficult to quantify than are benefits.

تلخيص (INTERMEDIATE_1) ACCT335 - CH2

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Q3:

A) Identify which basic assumption of accounting is best described in each item below.

حدد الافتراض الأساسي للمحاسبة الذي من الأفضل وصفه في كل عنصر أدناه.

a)	The economic activities of KC Corporation are divided into 12-month periods for the purpose of issuing annual reports. تنقسم الأنشطة الاقتصادية لشركة KC إلى فترات مدتها 12 شهرًا بغرض إصدار تقارير سنوية.	Periodicity دورية
b)	Solectron Corporation, Inc. does not adjust amounts in its financial statements for the effects of inflation. لا تقوم شركة Solectron، Inc. بتعديل المبالغ في بياناتها المالية لتأثيرات التضخم.	Monetary Unit الوحدة النقدية
c)	Walgreen Co. reports current and noncurrent classifications in its balance sheet. تقوم شركة والجرين بالإبلاغ عن التصنيفات الحالية وغير الجارية في ميزانيتها العمومية.	Going Concern المشروع المستمر / استمرارية المشروع
d)	The economic activities of General Electric and its subsidiaries are merged for accounting and reporting purposes. تم دمج الأنشطة الاقتصادية لشركة جنرال إلكتريك والشركات التابعة لها لأغراض المحاسبة وإعداد التقارير.	Economic Entity الكيان الاقتصادي

B) Identify which basic principle of accounting is best described in each item below.

حدد مبدأ المحاسبة الأساسي الذي من الأفضل وصفه في كل عنصر أدناه.

a)	KC Corporation reports revenue in its income statement when it is earned instead of when the cash is collected. تقوم شركة KC بالإبلاغ عن الإيرادات في بيان الدخل الخاص بها عند اكتسابها بدلاً من جمع النقد.	Revenue Recognition الاعتراف بالإيرادات
b)	Yahoo, Inc. recognizes depreciation expense for a machine over the 2-year period during which that machine helps the company earn revenue. تعترف Yahoo بمصروفات الإهلاك لجهاز ما خلال فترة السنتين التي تساعد خلالها هذه الآلة الشركة في تحقيق إيرادات.	Expense Recognition الإعتراف بالمصروفات
c)	Oracle Corporation reports information about pending lawsuits in the notes to its financial statements. تقدم شركة Oracle معلومات حول الدعاوى القضائية المعلقة في الملاحظات على بياناتها المالية.	Full Disclosure الإفصاح الكامل
d)	Eastman Kodak Company reports land on its balance sheet at the amount paid to acquire it, even though the estimated fair market value is greater. تبلغ شركة Eastman Kodak عن الأرض في ميزانيتها العمومية بالمبلغ المدفوع لشرائها ، على الرغم من أن القيمة السوقية العادلة المقدره أكبر.	Measurement القياس

Q4: Listed below are several information characteristics and accounting principles and assumptions. Match the letter of each with the appropriate phrase that states its application.

(Items a through k may be used more than once or not at all.)

س 4: فيما يلي قائمة بالعديد من خصائص المعلومات والمبادئ والافتراضات المحاسبية. طابق حرف كل منها مع العبارة المناسبة التي تنص على تطبيقه. (يمكن استخدام العناصر من a إلى k أكثر من مرة أو عدم استخدامها على الإطلاق.)

- | | |
|----------------------------------|---|
| a. Economic entity assumption | g. Expense recognition principle |
| b. Going concern assumption | h. Full disclosure principle |
| c. Monetary unit assumption | i. Relevance characteristic |
| d. Periodicity assumption | j. Faithful representation characteristic |
| e. Historical cost principle | k. Consistency characteristic |
| f. Revenue recognition principle | |

ضياء الدين صبح

- _____1. Stable-dollar assumption (do not use historical cost principle).
- _____2. The performance obligation is satisfied.
- _____3. Numbers and descriptions match what really existed or happened.
- _____4. Yearly financial reports.
- _____5. Accruals and deferrals in adjusting and closing process. (Do not use going concern.)
- _____6. Useful standard measuring unit for business transactions.
- _____7. Notes as part of necessary information to a fair presentation.
- _____8. Affairs of the business distinguished from those of its owners.
- _____9. Company assumed to have a long life.
- _____10. Valuing assets at amounts originally paid for them.
- _____11. Application of the same accounting principles as in the preceding year.
- _____12. Summarizing significant accounting policies.
- _____13. Presentation of timely information with predictive and confirmatory value.

Solution

- | | | | | |
|------|------|------|-------|-------|
| 1. c | 4. d | 7. h | 10. e | 13. i |
| 2. f | 5. g | 8. a | 11. k | |
| 3. j | 6. c | 9. b | 12. h | |

Q5: For each item below, indicate to which category of elements of financial statements it belongs.

س 5: بالنسبة لكل بند أدناه ، حدد فئة عناصر البيانات المالية التي ينتمي إليها.

- | | | |
|--------------------------------|-------------------------------|--------------------------------|
| (a) Retained earnings | (e) Depreciation | (h) Dividends |
| (b) Sales | (f) Loss on sale of equipment | (i) Gain on sale of investment |
| (c) Additional paid-in capital | (g) Interest payable | (j) Issuance of common stock |
| (d) Inventory | | |

Solution

- | | |
|-----|-------------------------|
| (a) | Equity |
| (b) | Revenues |
| (c) | Equity |
| (d) | Assets |
| (e) | Expenses |
| (f) | Losses |
| (g) | Liabilities |
| (h) | Distributions to owners |
| (i) | Gains |
| (j) | Investments by owners |

Q6: Identify which basic assumption of accounting is best described in each item below.

س 6: حدد الافتراض الأساسي للمحاسبة الذي يفضل وصفه في كل عنصر أدناه.

- (a) The economic activities of FedEx Corporation are divided into 12-month periods for the purpose of issuing annual reports.
- (b) Solectron Corporation, Inc. does not adjust amounts in its financial statements for the effects of inflation.
- (c) Walgreen Co. reports current and noncurrent classifications in its balance sheet.
- (d) The economic activities of General Electric and its subsidiaries are merged for accounting and reporting purposes.

ضياء الدين صبح

Solution

- (a) Periodicity
- (b) Monetary unit
- (c) Going concern
- (d) Economic entity

Q7: The qualitative characteristics that make accounting information useful for decision-making purposes are as follows.

س 7: الخصائص النوعية التي تجعل المعلومات المحاسبية مفيدة لأغراض اتخاذ القرار هي كما يلي.

Relevance	Neutrality	Verifiability	Faithful representation
Understandability	Predictive value	Timeliness	Comparability
Materiality	Free from error	Completeness	Confirmatory value

Identify the appropriate qualitative characteristic(s) to be used given the information provided below.

- (a) Qualitative characteristic being employed when companies in the same industry are using the same accounting principles.
- (b) Quality of information that confirms users' earlier expectations.
- (c) Imperative for providing comparisons of a company from period to period.
- (d) Ignores the economic consequences of a standard or rule.
- (e) Requires a high degree of consensus among individuals on a given measurement.
- (f) Predictive value is an ingredient of this fundamental quality of information.
- (g) Four qualitative characteristics that are related to both relevance and faithful representation.
- (h) An item is not recorded because its effect on income would not change a decision.
- (i) Neutrality is an ingredient of this fundamental quality of accounting information.
- (j) Two fundamental qualities that make accounting information useful for decision-making purposes.
- (k) Issuance of interim reports is an example of what enhancing quality of relevance?

Solution

- | | |
|--|--|
| (a) Comparability. | (h) Materiality. |
| (b) Confirmatory Value. | (i) Faithful representation. |
| (c) Comparability (Consistency.) | (j) Relevance and Faithful representation. |
| (d) Neutrality. | (k) Timeliness |
| (e) Verifiability. | |
| (f) Relevance. | |
| (g) Comparability, Verifiability, Timeliness, and Understandability. | |

Q8: (Assumptions, Principles, and Constraint) Presented below are a number of operational guidelines and practices that have developed over time.

س 8: (الافتراضات والمبادئ والقيود) نعرض أدناه عددًا من الإرشادات والممارسات التشغيلية التي تم تطويرها بمرور الوقت.

Instructions Select the assumption, principle, or constraint that most appropriately justifies these procedures and practices. (Do not use qualitative characteristics.)

المطلوب حدد الافتراض أو المبدأ أو القيد الذي يبرر بشكل مناسب هذه الإجراءات والممارسات. (لا تستخدم الخصائص النوعية.)

ضياء الدين صبح

- (a) Fair value changes are not recognized in the accounting records.
- (b) Financial information is presented so that investors will not be misled.
- (c) Intangible assets are amortized over periods benefited.
- (d) Agricultural companies use fair value for purposes of valuing crops.
- (e) Each enterprise is kept as a unit distinct from its owner or owners.
- (f) All significant post-balance-sheet events are disclosed.
- (g) Revenue is recorded when the product is delivered.
- (h) All important aspects of bond indentures are presented in financial statements.
- (i) Rationale for accrual accounting.
- (j) The use of consolidated statements is justified.
- (k) Reporting must be done at defined time intervals.
- (l) An allowance for doubtful accounts is established.
- (m) Goodwill is recorded only at time of purchase.
- (n) A company charges its sales commission costs to expense.

Solution

- | | |
|--|---|
| (a) Measurement (historical cost) principle. | (i) Expense recognition and revenue recognition principles. |
| (b) Full disclosure principle. | (j) Economic entity assumption. |
| (c) Expense recognition principle. | (k) Periodicity assumption. |
| (d) Measurement (fair value) principle. | (l) Measurement principle, Expense recognition principle. |
| (e) Economic entity assumption. | (m) Measurement (historical cost) principle. |
| (f) Full disclosure principle. | (n) Expense recognition principle. |
| (g) Revenue recognition principle. | |
| (h) Full disclosure principle. | |

END OF CHAPTER 2

CHAPTER 3

The Accounting Information System

نظام المعلومات المحاسبية

ضياء الدين صبح

Accounting information system نظام المعلومات المحاسبية

Collects and processes transaction data.

Disseminates the financial information to interested parties.

يجمع ويعالج بيانات المعاملات

ينشر المعلومات المالية للجهات المعنية

Helps management answer such questions as:

يساعد الإدارة في الإجابة على أسئلة مثل: (للقراءة)

- ◆ How much and what kind of debt is outstanding? كم ونوع الديون المستحقة؟
- ◆ Were sales higher this period than last? هل كانت المبيعات أعلى في هذه الفترة عما كانت عليه في الماضي؟
- ◆ What assets do we have? ما الأصول التي لدينا؟
- ◆ What were our cash inflows and outflows? ما هي تدفقاتنا النقدية الداخلة والخارجة؟
- ◆ Did we make a profit last period? هل حققنا ربح الفترة الماضية؟
- ◆ Are any of our product lines or divisions operating at a loss? هل يعمل أي من خطوط منتجاتنا أو أقسامنا بخسارة؟
- ◆ Can we safely increase our dividends to stockholders? هل يمكننا زيادة أرباحنا بأمان للمساهمين؟
- ◆ Is our rate of return on net assets increasing? هل معدل عائدنا على صافي الأصول أخذ في الازدياد؟

Basic Terminology المصطلحات الأساسية

• Event	الحدث	Journal	مجلة / الدفتر المحاسبي
• Transaction	المعاملة / الحركة المحاسبية	Posting	النشر
• Account	الحساب	Trial Balance	ميزان المراجعة
• Real Account	الحساب الحقيقي	Adjusting Entries	تعديل الإدخالات
• Nominal Account	الحساب الاسمي	Financial Statements	القوائم المالية
• Ledger	دفتر الحسابات	Closing Entries	إغلاق المداخل

Debits and Credits الدائن والمدين

- ◆ An **account** shows the effect of transactions on a given asset, liability, equity, revenue, or expense account.
الحساب يُظهر تأثير المعاملات على حساب أصل أو التزام أو حقوق ملكية أو إيرادات أو حساب مصاريف.
- ◆ **Double-entry** accounting system (two-sided effect).
نظام محاسبة القيد/الإدخال المزدوج (تأثير على الجهتين)
- ◆ Recording done by debiting at least one account and crediting another.
يتم التسجيل عن طريق مدين حساب واحد على الأقل ودائن آخر.
- ◆ **DEBITS must equal CREDITS.**
يجب أن تكون الديون مساوية للدائن
- ◆ An arrangement that shows the effect of transactions on an account.
ترتيب يوضح تأثير المعاملات على الحساب
- ◆ **Debit = "Left"** المدين دائما على اليسار
- ◆ **Credit = "Right"** الدائن دائما على اليمين
- ◆ **An Account can be illustrated in a T-Account form.**

يمكن توضيح الحساب في نموذج T-Account

If the sum of Debit entries are **greater than** the sum of Credit entries, the account will have a debit balance.
إذا كان مجموع إدخالات المدين **أكبر من** مجموع إدخالات الدائن ، فسيكون للحساب رصيد مدين

If the sum of Credit entries are **greater than** the sum of Debit entries, the account will have a credit balance.
إذا كان مجموع إدخالات الدائن **أكبر من** مجموع إدخالات المدين، فسيكون للحساب رصيد دائن.

Relationship among the assets, liabilities and stockholders' equity accounts of a business:

العلاقة بين الأصول و الإلتزامات وحسابات حقوق المساهمين للشركة:

Basic Equation	Assets	=	Liabilities	+	Stockholders' Equity								
Expanded Equation	Assets	=	Liabilities	+	Common Stock	+	Retained Earnings	-	Dividends	+	Revenues	-	Expenses
Debit/Credit Rules	Dr. Cr. + -		Dr. Cr. - +		Dr. Cr. - +		Dr. Cr. - +		Dr. Cr. + -		Dr. Cr. - +		Dr. Cr. + -

تلخيص CH3 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

The equation must be in balance after every transaction. For every **Debit** there must be a **Credit**.
يجب أن تكون المعادلة متوازنة بعد كل معاملة. لكل مدين يجب أن يكون هناك دائن.

For Example, in the Transactions أمثلة على المعاملات / الحركات المحاسبية

- Owners invest \$40,000 in exchange for common stock. يستثمر المالكون مبلغ \$ 40.000 في مقابل الأسهم العادية
- Disburse \$600 cash for secretarial wages. صرف \$ 600 نقدًا مقابل أجر السكرتارية
- Purchase office equipment priced at \$5,200, giving a 10 percent promissory note in exchange. شراء معدات مكتبية بسعر \$ 5200 ، مع منح 10 بالمائة كمبيالة.
- Received \$4,000 cash for services performed. تلقي \$ 4000 نقدًا مقابل الخدمات التي تم أدائها
- Pay off a short-term liability of \$7,000. سداد التزام قصير الأجل قدره \$ 7000
- Declared a cash dividend of \$5,000. الإعلان عن توزيع أرباح نقدية بقيمة \$ 5000
- Convert a long-term liability of \$80,000 into common stock. تحويل التزام طويل الأجل بقيمة \$ 80000 إلى أسهم عادية
- Pay cash of \$16,000 for a delivery van. دفع نقدًا بقيمة \$ 16000 لشاحنة توصيل

Note that the accounting equation equality is maintained after recording each transaction.

لاحظ أنه يتم الحفاظ على مساواة المعادلة المحاسبية بعد تسجيل كل معاملة.

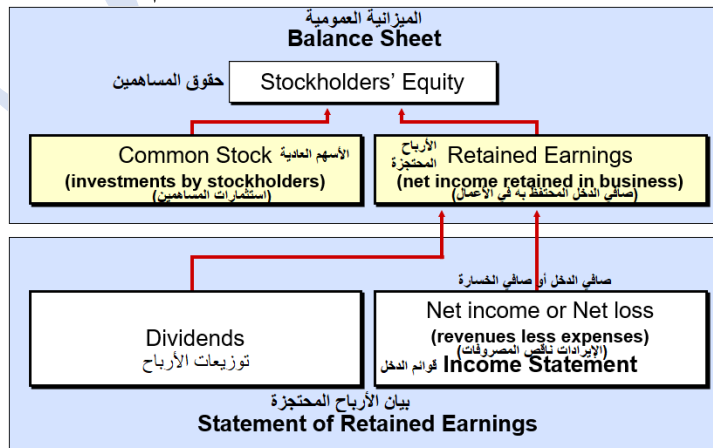
	ASSETS =	LIABILITIES +	OWNERS EQUITY
1.	+40,000		+40,000
2.	-600		-600 (expenses)
3.	+5,200	+5,200	
4.	+4,000		+4,000 (Revenue)
5.	-7,000	-7,000	
6.		+5,000	-5,000
7.		-80,000	+80,000
8.	-16,000 +16,000		

Ownership structure dictates the types of accounts that are part of or affect the equity section.

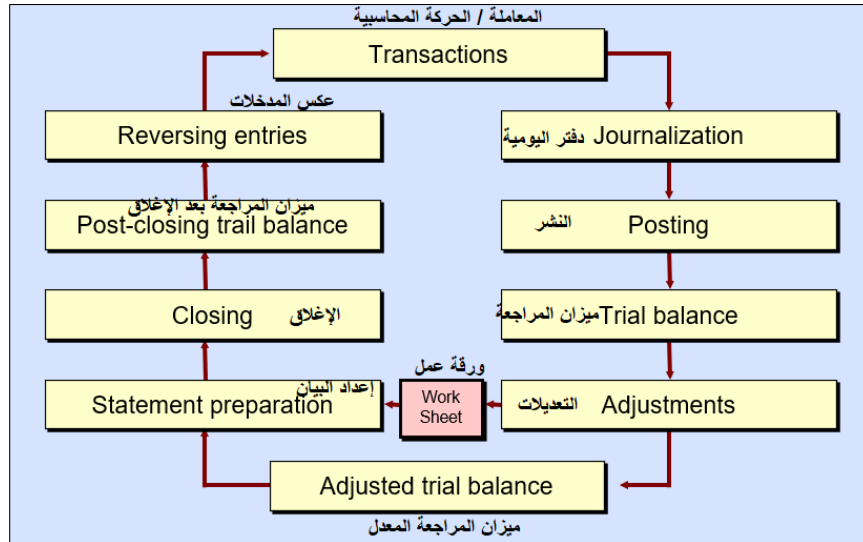
هيكل الملكية يحدد أنواع الحسابات التي تشكل جزءًا من قسم حقوق الملكية أو تؤثر عليه.

Proprietorship or Partnership الملكية الفردية أو الشراكة	Corporation الشركة
<ul style="list-style-type: none"> Owner's Capital رأس مال المالك Owner's Drawing سحبوات المالك 	<ul style="list-style-type: none"> Common Stock الأسهم العادية Paid-in Capital in Excess of Par رأس المال المدفوع بما يزيد عن القيمة الاسمية Dividends توزيعات الأرباح Retained Earnings الأرباح المحتجزة

Financial Statements القوائم المالية



The Accounting Cycle الدورة المحاسبية



What to Record? ما هو التسجيل

The FASB uses the phrase "transactions and other events and circumstances that affect a business enterprise."

يستخدم مجلس معايير المحاسبة المالية عبارة "المعاملات والأحداث والظروف الأخرى التي تؤثر على مؤسسة تجارية"

Types of Events: أنواع الأحداث

- ◆ External – between an entity and its environment. خارجي - بين الكيان وبيئته
- ◆ Internal – event occurring entirely within an entity. داخلي - حدث يحدث بالكامل داخل الكيان

General Journal – a chronological record of transactions. Journal Entries are recorded in the journal.

المجلة العامة - سجل زمني للمعاملات. يتم تسجيل إدخالات دفتر اليومية في المجلة.

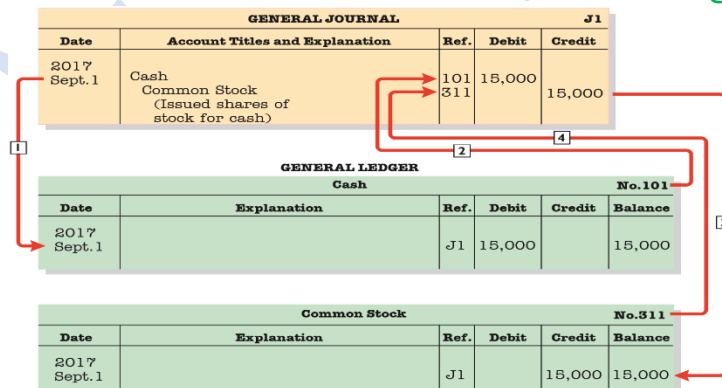
Ex: September 1: Stockholders invested \$15,000 cash in the corporation in exchange for shares of stock. Purchased computer equipment for \$7,000 cash.

1 سبتمبر: استثمر المساهمون \$ 15000 نقدًا في الشركة مقابل أسهم في الأسهم. تم شراء معدات كمبيوتر بمبلغ \$ 7000 نقدًا.

GENERAL JOURNAL					J1
Date	Account Titles and Explanation	Ref.	Debit	Credit	
2017 Sept. 1	Cash Common Stock (Issued shares of stock for cash)		15,000	15,000	
1	Equipment Cash (Purchased equipment for cash)		7,000	7,000	

Posting – Transferring amounts from journal to ledger.

النشر (التحويل) - تحويل المبالغ من دفتر اليومية إلى دفتر الأستاذ.



تلخيص CH3 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

The purpose of transaction analysis is الغرض من تحليل المعاملات هو

- (1) to identify the type of account involved, and لتحديد نوع الحساب المتضمن ، و
(2) to determine whether a debit or a credit is required. لتحديد ما إذا كان المدين أو الدائن مطلوبًا

Keep in mind that every journal entry affects one or more of the following items: assets, liabilities, stockholders' equity, revenues, or expenses.

ضع في اعتبارك أن كل إدخال في دفتر اليومية يؤثر على واحد أو أكثر من العناصر التالية: الأصول أو الإلتزامات أو حقوق المساهمين أو الإيرادات أو المصاريف.

An Expanded Example

- 1. October 1:** Stockholders invest \$100,000 cash in an advertising venture to be known as Pioneer Advertising Inc. **1 أكتوبر:** استثمر المساهمون \$ 100000 نقدًا في مشروع إعلان يُعرف باسم شركة بايونير للإعلان
- 2. October 1:** Pioneer Advertising purchases office equipment costing \$50,000 by signing a 3-month, 12%, \$50,000 note payable. **1 أكتوبر:** قامت شركة بايونير للإعلان بشراء معدات مكتبية تكلفتها \$ 50000 عن طريق التوقيع على سند دفع لمدة 3 أشهر ، و 12% ، و \$ 50000.
- 3. October 2:** Pioneer Advertising receives a \$12,000 cash advance from R. Knox, a client, for advertising services that are expected to be completed by December 31. **2 أكتوبر:** تلقت شركة بايونير للإعلان سلفة نقدية قدرها \$ 12000 من ريبون R. Knox مقابل خدمات إعلانية من المتوقع أن تكتمل بحلول 31 ديسمبر.
- 4. October 3:** Pioneer Advertising pays \$9,000 office rent, in cash, for October. **3 أكتوبر:** تدفع شركة بايونير للإعلان مبلغ \$ 9000 إيجار مكتب نقدًا لشهر أكتوبر.
- 5. October 4:** Pioneer Advertising pays \$6,000 for a one-year insurance policy that will expire next year on September 30. **4 أكتوبر:** تدفع شركة بايونير للإعلان \$6000 لبوليصة تأمين لمدة عام تنتهي صلاحيتها في العام القادم في 30 سبتمبر.
- 6. October 5:** Pioneer Advertising purchases, for \$25,000 on account, an estimated 3-month supply of advertising materials from Aero Supply. **5 أكتوبر:** مشتريات بايونير للإعلان، مقابل \$ 25000 على الحساب ، ما يقدر بثلاثة أشهر من المواد الإعلانية من Aero Supply.
- 7. October 9:** Pioneer Advertising signs a contract with a local newspaper for advertising inserts (flyers) to be distributed starting the last Sunday in November. Pioneer will start work on the content of the flyers in November. Payment of \$7,000 is due following delivery of the Sunday papers containing the flyers. **9 أكتوبر:** وقعت شركة بايونير للإعلان عقدًا مع إحدى الصحف المحلية لتوزيع النشرات الإعلانية (فلايرز) اعتبارًا من يوم الأحد الأخير من شهر نوفمبر. ستبدأ بايونير العمل على محتوى النشرات في نوفمبر. يجب دفع مبلغ \$ 7000 بعد تسليم صحف يوم الأحد التي تحتوي على النشرات.
- 8. October 20:** Pioneer Advertising's board of directors declares and pays a \$5,000 cash dividend to stockholders. **20 أكتوبر:** أعلن مجلس إدارة بايونير للإعلان ودفع أرباحًا نقدية قدرها \$ 5000 للمساهمين.
- 9. October 26:** Employees are paid every four weeks. The total payroll is \$2,000 per day. The pay period ended on Friday, October 26, with salaries and wages of \$40,000 being paid. **26 أكتوبر:** يتم دفع رواتب الموظفين كل أربعة أسابيع. إجمالي كشوف المرتبات \$ 2000 في اليوم. وانتهت فترة الرواتب يوم الجمعة 26 أكتوبر بدفع رواتب وأجور 40 ألف \$.
- 10. October 31:** Pioneer Advertising receives \$28,000 in cash and bills Copa Company \$72,000 for advertising services of \$100,000 performed in October. **10 أكتوبر:** تلقت شركة بايونير للإعلان \$ 28000 نقدًا وفواتير لشركة كوبا بمبلغ \$ 72000 لخدمات إعلانية بقيمة \$ 100000 تم إجراؤها في أكتوبر.

Trial Balance – A list of each account and its balance; used to prove equality of debit and credit balances.

ميزان المراجعة - قائمة بكل حساب ورصيده ؛ تستخدم لإثبات المساواة في الأرصدة المدينة والدائنة.

Answer: الإجابة على السؤال (الأصل انو افرجيكم ت_أكاونت بس هي المعاملات فقط)

تلخيص CH3 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

	Date	entry	Dr	Cr
1.	Oct. 1	Cash	100,000	
		Common Stock		100,000
2.	Oct. 1	Equipment	50,000	
		Notes Payable		50,000
3.	Oct. 2	Cash	12,000	
		Unearned Service Revenue		12,000
4.	Oct. 3	Rent Expense	9,000	
		Cash		9,000
5.	Oct. 4	Prepaid Insurance	6,000	
		Cash		6,000
6.	Oct. 5	Supplies	25,000	
		Accounts Payable		25,000
7.	October.9	A business transaction has not occurred. There is only an agreement. Therefore, no journal entry is necessary in October. لم تحدث معاملة تجارية. لا يوجد سوى اتفاق. لذلك ، لا يلزم إدخال دفتر اليومية في أكتوبر.		
8.	Oct. 20	Dividends	5,000	
		Cash		5,000
9.	Oct. 26	Salaries and Wages Expense	40,000	
		Cash		40,000
10.	Oct. 31	Cash	72,000	
		Accounts Receivable	28,000	
		Service Revenue		100,000

Example of The Trial Balance

مثال على ميزان المراجعة

PIONEER ADVERTISING INC. TRIAL BALANCE OCTOBER 31, 2017		
	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	
	<u>\$287,000</u>	<u>\$287,000</u>

ADJUSTING ENTRIES تعديل الإدخالات

Makes it possible to: يجعل من الممكن

- ◆ Report on the balance sheet the appropriate assets, liabilities, and owner's equity at the statement date.

تقرير في الميزانية العمومية الأصول و الإلتزامات وحقوق المالك المناسبة في تاريخ البيان

- ◆ Report on the income statement the proper revenues and expenses for the period.

تقرير عن قائمة الدخل بالإيرادات والمصروفات المناسبة للفترة.

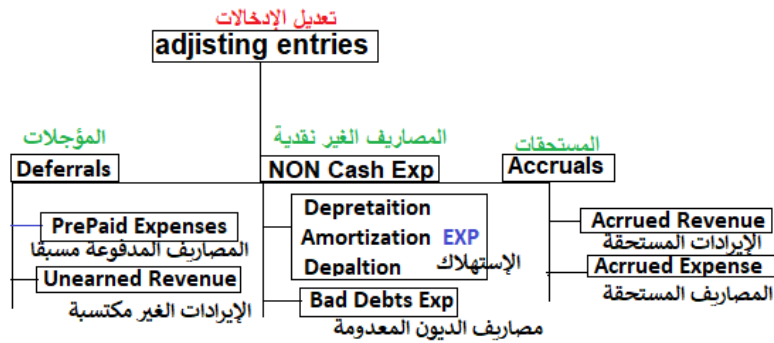
- ▶ Revenues are recorded in the period in which services are performed.

الإيرادات يتم تسجيلها في الفترة التي يتم فيها تقديم الخدمات.

- ▶ Expenses are recognized in the period in which they are incurred.

المصروفات يتم الاعتراف بها في الفترة التي تم تكبدها فيها.

Types of Adjusting Entries أنواع تعديل الإدخالات



1. Deferrals are either prepaid expenses or unearned revenues.

المؤجلات هي إما مصاريف مدفوعة مسبقاً أو إيرادات غير مكتسبة.

A. prepaid expenses مصاريف مدفوعة مسبقاً

Prepaid Expenses. Assets paid for and recorded before a company uses them.

المصاريف المدفوعة مسبقاً الأصول المدفوعة والمسجلة قبل أن تستخدمها الشركة.

Cash Payment **BEFORE** Expense Recorded

الدفع النقدي قبل تسجيل المصروفات

Prepayments often occur in regard to: غالباً ما تحدث المدفوعات المسبقة فيما يتعلق بما يلي

1. Insurance
2. Supplies
3. Advertising
4. Rent
5. buildings and equipment

1. التأمين
2. اللوازم
3. الإعلان
4. الإيجار
5. المباني والمعدات

Ex1 of Supplies:

*Supplies identifies that portion of the asset's cost that will provide future economic benefit.

اللوازم تحدد ذلك الجزء من تكلفة الأصل الذي سيوفر فائدة اقتصادية مستقبلية.

**Supplies expense identifies that portion of the asset's cost that expired in October.

مصاريف التوريدات تحدد ذلك الجزء من تكلفة الأصل الذي انتهت صلاحيته في أكتوبر.

1. Pioneer Advertising purchased advertising supplies costing \$25,000 on October 5. Prepare the journal entry to record the purchase of the supplies.

قامت شركة بايونير للإعلان بشراء لوازم إعلانية تكلفتها \$ 25000 في 10/5. قم بإعداد إدخال دفتر اليومية لتسجيل شراء المستلزمات.

		Supplies		Cash	
** Oct. 5	Supplies	25,000		Cash	25,000
	Cash	25,000			
		25,000			25,000

2. An inventory count at the close of business on October 31 reveals that \$10,000 of the advertising supplies are still on hand.

يكشف جرد المخزون عند إغلاق العمل في 31 أكتوبر أن \$ 10000 من لوازم الإعلان لا تزال في متناول اليد.

		Supplies		Supplies Expense	
**Oct. 31	Supplies Expense	15,000			
	Supplies	15,000			
		25,000	15,000	15,000	
		10,000			

Ex2 of insurance:

*Prepaid insurance identifies that portion of the asset's cost that will provide future economic benefit.

التأمين المدفوع مسبقاً يحدد ذلك الجزء من تكلفة الأصل الذي سيوفر فائدة اقتصادية مستقبلية.

**Insurance expense identifies that portion of the asset's cost that expired in October.

مصاريف التأمين تحدد ذلك الجزء من تكلفة الأصول التي انتهت صلاحيتها في أكتوبر.

1. On Oct. 4th, Pioneer Advertising paid \$6,000 for a one-year fire insurance policy, coverage beginning October 1. Prepare the entry to record the purchase of the insurance.

في 10/4، دفعت شركة بايونير للإعلان \$ 6000 لبوليصة التأمين ضد الحريق لمدة عام، والتغطية التي تبدأ في 10/1. قم بإعداد الإدخال لتسجيل شراء التأمين.

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** Oct. 4 Prepaid Insurance 6,000
Cash 6,000

Prepaid Insurance		Cash	
Debit	Credit	Debit	Credit
6,000			6,000

2. An analysis of the policy reveals that \$500 ($\$6,000 \div 12$) of insurance expires each month. Prepare the entry to record the insurance cost expired in October.

يكشف تحليل السياسة أن \$ 500 ($12/6000$) من التأمين تنتهي كل شهر. قم بإعداد الإدخال لتسجيل تكلفة التأمين المنتهية في أكتوبر.

**Oct. 31 Insurance Expense 500
Prepaid Insurance 500

Prepaid Insurance		Insurance Expense	
Debit	Credit	Debit	Credit
6,000	500	500	
5,500			

B. Unearned Revenues المصاريف الغير مكتسبة

Receipt of cash before the services are performed is recorded as a liability called **unearned revenues**.

يتم تسجيل استلام النقد قبل تنفيذ الخدمات كالالتزام يسمى الإيرادات غير المكتسبة

Cash Receipt **BEFORE** Revenue Recorded

استلام نقدي قبل تسجيل الإيرادات

Unearned revenues often occur in regard to: غالبًا ما تحدث الإيرادات الغير مكتسبة فيما يتعلق بما يلي

1. Rent 2. airline tickets 3. Tuition 4. magazine subscriptions 5. customer deposits

1. الإيجار 2. تذاكر الطيران 3. الرسوم الدراسية 4. اشتراكات المجلات 5. ودائع الزبائن

Unearned service revenue identifies that portion of the liability for which services have not been performed.

إيرادات الخدمات الغير مكتسبة تحدد ذلك الجزء من الالتزامات الذي لم يتم أداء الخدمات من أجله

Service Revenue includes the portion of unearned service revenue for which services were performed in October.

إيرادات الخدمة تشمل جزءًا من إيرادات الخدمات غير المكتسبة والتي تم تقديم الخدمات لها في أكتوبر

Ex of Unearned Revenue مثال على الإيرادات غير المكتسبة

1. Pioneer Advertising received \$12,000 on October 2nd from KC for advertising services expected to be completed by December 31. Prepare the journal entry to record the receipt on October 2nd.

تلقت شركة بايونير للإعلان مبلغ \$ 12000 في الثاني من أكتوبر من KC للخدمات الإعلانية المتوقع اكتمالها بحلول 12/ 31. قم بإعداد إدخال دفتر اليومية لتسجيل الإيصال في 10/ 2.

** Oct. 2 Cash 12,000
Unearned Service Revenue 12,000

Cash		Unearned Service Revenue	
Debit	Credit	Debit	Credit
12,000			12,000

2. Analysis reveals that Pioneer Advertising earned \$4,000 of the advertising services in October. Prepare the entry to record the revenue for services performed

يكشف التحليل أن بايونير للإعلان كسبت \$ 4000 من خدمات الإعلان في أكتوبر. قم بإعداد الإدخال لتسجيل إيرادات الخدمات المؤداة

Oct. 31 Unearned Service Revenue 4,000
Service Revenue 4,000

Service Revenue		Unearned Service Revenue	
Debit	Credit	Debit	Credit
	100,000	4,000	12,000
	4,000		
	104,000		8,000

2. Accruals are either accrued revenues or accrued expenses

المستحقات هي إما إيرادات مستحقة أو مصروفات مستحقة

A. Accrued Revenues إيرادات مستحقة

Revenues recorded for services performed but cash has yet to be received at the statement date are **accrued revenues**.

الإيرادات المسجلة للخدمات المؤداة ولكن النقدية التي لم يتم استلامها حتى تاريخ البيان هي الإيرادات المستحقة

Adjusting entry results in: تعديل نتائج الإدخال في

Revenue Recorded **BEFORE** Cash Receipt

تم تسجيل الإيرادات قبل استلام النقد

Accrued revenues often occur in regard to:

غالبًا ما تحدث الإيرادات المستحقة فيما يتعلق بما يلي

1. rent 2. Interest 3. services performed

1. الإيجار 2. الفوائد 3. أداء الخدمات

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2. On November 23, Pioneer will again pay total salaries and wages of \$40,000. Prepare the entry to record the payment of salaries on November 23.

في 23 / 11 ، ستدفع بايونير مرة أخرى إجمالي رواتب وأجور قدرها 40 ألف \$. تحضير القيد لتسجيل صرف الرواتب في 11/23

Nov. 23	Salaries and Wages Payable	6,000	Salaries and Wages Expense		Salaries and Wages Payable	
	Salaries and Wages Expense	34,000	Debit	Credit	Debit	Credit
	Cash	40,000	34,000		6,000	6,000

3. Non-Cash Expenses المصاريف غير النقدية

A. Depreciation, Amortization, Depletion Expenses مصاريف الاستهلاك

Depreciation expenses are non-cash expenses and are part of prepaid expenses

مصاريف الإستهلاك هي من المصاريف الغير نقدية وتعتبر جزءا من المصاريف المدفوعة مسبقا

* **Accumulated Depreciation** is a contra asset account. الإستهلاك المتراكم هو حساب أصول مقابل

** **Depreciation expense** identifies that portion of the asset's cost that expired in October. مصروفات الإستهلاك تحدد ذلك الجزء من تكلفة الأصل الذي انتهت صلاحيته في أكتوبر.

Ex: Pioneer Advertising estimates depreciation on its office equipment to be \$400 per month. Prepare the entry to record depreciation for the month of October.

تقدر شركة بايونير للإعلان الإستهلاك على معداتها المكتبية بمبلغ \$ 400 شهرياً. قم بإعداد الإدخال لتسجيل الإهلاك لشهر أكتوبر.

Oct. 31	Depreciation Expense	400	Depreciation Expense		Accumulated Depreciation	
	Accumulated Depreciation	400	Debit	Credit	Debit	Credit
			400			400

B. Bad Debts الديون المعدومة

Bad debts are considered non-cash expenses, as well as part of the accrued expenses

الديون المعدومة تعتبر من المصاريف الغير نقدية وكذلك الأمر جزءا من المصاريف المستحقة

Ex: Pioneer Advertising reasonably estimates a bad debt expense for the month of \$1,600. Prepare the entry to record the bad debts for the month of October.

تقدر شركة بايونير للإعلان بشكل معقول حساب الديون المعدومة لشهر \$ 1600. تحضير القيد لتسجيل الديون المعدومة لشهر أكتوبر.

Oct. 31	Bad Debt Expense	1,600	Accounts Receivable		Allowance for Doubtful Accounts		Bad Debt Expense	
	Allowance for Doubtful Accounts	1,600	Oct. 2	72,000	Oct. 31	Adj. 1,600	Oct. 31	Adj. 1,600
			31	2,000	Oct. 31	Bal. 1,600	Oct. 31	Bal. 1,600
			Oct. 31	Bal. 74,000			Oct. 31	Bal. 1,600

Adjusted Trial Balance ميزان المراجعة المعدل

Shows the balance of all accounts, after adjusting entries, at the end of the accounting period.

يظهر رصيد جميع الحسابات ، بعد تعديل الإدخالات ، في نهاية الفترة المحاسبية.

Ex:

PIONEER ADVERTISING AGENCY INC. ADJUSTED TRIAL BALANCE OCTOBER 31, 2012		
	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
Interest Payable		500
Unearned Service Revenue		8,000
Salaries and Wages Payable		6,000
Common Stock		100,000
Dividends	5,000	
Service Revenue		106,000
Salaries and Wages Expense	46,000	
Supplies Expense	15,000	
Rent Expense	9,000	
Insurance Expense	500	
Interest Expense	500	
Depreciation Expense	400	
Bad Debt Expense	1,600	
	<u>\$297,500</u>	<u>\$297,500</u>

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ضياء الدين صبح

PREPARING FINANCIAL STATEMENTS اعداد القوائم المالية

Financial Statements are prepared directly from the Adjusted Trial Balance.

يتم إعداد البيانات المالية مباشرة من ميزان المراجعة المعدل.

☒ Income Statement

"بيان الدخل"

☒ Retained Earnings Statement

"بيان الأرباح المحتجزة"

☒ Balance Sheet

"الميزانية العمومية"

PIONEER ADVERTISING INC. ADJUSTED TRIAL BALANCE OCTOBER 31, 2017			PIONEER ADVERTISING INC. BALANCE SHEET OCTOBER 31, 2017			PIONEER ADVERTISING INC. ADJUSTED TRIAL BALANCE OCTOBER 31, 2017			PIONEER ADVERTISING INC. INCOME STATEMENT FOR THE MONTH ENDED OCTOBER 31, 2017			
Account	Debit	Credit	Assets			Account	Debit	Credit	Revenues		Expenses	
Cash	\$80,000		Cash	\$ 80,000		Cash	\$80,000		Service revenue	\$106,000	Salaries and wages expense	\$46,000
Accounts Receivable	74,000		Accounts receivable	\$74,000		Accounts Receivable	74,000				Supplies expense	15,000
Allowance for Doubtful Accounts		\$ 1,600	Less: Allowance for doubtful accounts	1,600	72,400	Allowance for Doubtful Accounts		\$ 1,600			Rent expense	9,000
Supplies	10,000		Supplies	10,000		Supplies	10,000				Insurance expense	500
Prepaid Insurance	5,500		Prepaid insurance	5,500		Prepaid Insurance	5,500				Interest expense	500
Equipment	50,000		Equipment	50,000		Equipment	50,000				Depreciation expense	400
Accumulated Depreciation—Equipment		400	Less: Accumulated depreciation—equipment	400	49,600	Accumulated Depreciation—Equipment		400			Bad debt expense	1,600
Notes Payable	50,000		Total assets		\$217,500	Notes Payable	50,000				Total expenses	73,000
Accounts Payable	25,000		Liabilities and Stockholders' Equity			Accounts Payable	25,000				Net income	\$ 33,000
Unearned Service Revenue	8,000		Liabilities			Unearned Service Revenue	8,000					
Salaries and Wages Payable	6,000		Notes payable	\$ 50,000		Salaries and Wages Payable	6,000					
Interest Payable	500		Accounts payable	25,000		Interest Payable	500					
Common Stock	100,000		Unearned service revenue	8,000		Common Stock	100,000					
Retained Earnings	-0-		Salaries and wages payable	6,000		Retained Earnings	-0-					
Dividends	5,000		Interest payable	500		Dividends	5,000					
Service Revenue		106,000	Total liabilities		89,500	Service Revenue		106,000				
Salaries and Wages Expense	46,000		Stockholders' equity			Salaries and Wages Expense	46,000					
Supplies Expense	15,000		Common stock	100,000		Supplies Expense	15,000					
Rent Expense	9,000		Retained earnings	28,000		Rent Expense	9,000					
Insurance Expense	500		Total liabilities and stockholders' equity		\$217,500	Insurance Expense	500					
Interest Expense	500					Interest Expense	500					
Depreciation Expense	400					Depreciation Expense	400					
Bad Debt Expense	1,600					Bad Debt Expense	1,600					
	\$297,500	\$297,500					\$297,500	\$297,500				

Closing Entries إغلاق الإدخالات

- ◆ To reduce the balance of the nominal (temporary) accounts to zero in order to prepare the accounts for the next period's transactions.
لتقليل رصيد الحسابات الاسمية (المؤقتة) إلى الصفر من أجل إعداد الحسابات لمعاملات الفترة المقبلة.
- ◆ To transfer all income statement account balances to the Retained Earnings account in owner's equity.
لتحويل جميع أرصدة حساب بيان الدخل إلى حساب الأرباح المحتجزة في حقوق ملكية المالك.
- ◆ Balance sheet (asset, liability, and equity) accounts are not closed.
لا يتم إغلاق حسابات الميزانية العمومية (الأصول والالتزامات وحقوق الملكية).
- ◆ Dividends are closed directly to the Retained Earnings account.
يتم إغلاق توزيعات الأرباح مباشرة في حساب الأرباح المحتجزة.

PIONEER ADVERTISING AGENCY INC. ADJUSTED 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	
Interest Payable	500	
Unearned Service Revenue	8,000	
Salaries and Wages Payable	6,000	
Common Stock		100,000
Dividends	5,000	
Service Revenue		106,000
Salaries and Wages Expense	46,000	
Supplies Expense	15,000	
Rent Expense	9,000	
Insurance Expense	500	
Interest Expense	500	
Depreciation Expense	400	
Bad Debt Expense	1,600	
	\$297,500	\$297,500

Closing Journal Entries:

Retained Earnings	5,000	
Dividends		5,000
Service Revenue	106,000	
Salaries & Wages Expense	46,000	
Supplies Expense	15,000	
Rent Expense	9,000	
Insurance Expense	500	
Interest Expense	500	
Depreciation Expense	400	
Bad Debt Expense	1,600	
Retained Earnings		33,000

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

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ضياء الدين صبح

Accounting Cycle Summarized ملخص الدورة المحاسبية

1. Enter the transactions of the period in appropriate journals. أدخل معاملات الفترة في المجالات المناسبة
2. Post from the journals to the ledger (or ledgers). انشر من المجالات إلى دفتر الأستاذ (أو دفاتر الأستاذ)
3. Take an unadjusted trial balance (trial balance). خذ ميزان المراجعة غير المعدل (ميزان المراجعة)
4. Prepare adjusting journal entries and post to the ledger(s). إعداد ضبط إدخالات دفتر اليومية وإرسالها إلى دفتر الأستاذ
5. Take a trial balance after adjusting (adjusted trial balance). أخذ ميزان المراجعة بعد التعديل (ميزان المراجعة المعدل).
6. Prepare the financial statements from the second trial balance. إعداد البيانات المالية من ميزان المراجعة الثاني
7. Prepare closing journal entries and post to the ledger(s). قم بإعداد إدخالات دفتر اليومية وأرسلها إلى دفتر الأستاذ
8. Take a post-closing trial balance (optional). الحصول على ميزان المراجعة ما بعد الإغلاق (اختياري)
9. Prepare reversing entries (optional) and post to the ledger(s). قم بإعداد إدخالات عكسية (اختياري) وقم بترحيلها إلى دفتر الأستاذ (دفاتر الأستاذ)

STATEMENTS OF A MERCHANDISING COMPANY (بيانات شركة تجارية (القوائم المالية)

UPTOWN CABINET CORP. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012	
Net sales	\$400,000
Cost of goods sold	316,000
Gross profit on sales	84,000
Selling expenses	
Salaries and wages expense (sales)	\$20,000
Advertising expense	10,200
Total selling expenses	30,200
Administrative expenses	
Salaries and wages expense (general)	19,000
Depreciation expense—equipment	6,700
Property tax expense	5,300
Rent expense	4,300
Bad debt expense	1,000
Telephone and Internet expense	600
Insurance expense	360
Total administrative expenses	37,260
Total selling and administrative expenses	67,460
Income from operations	16,540
Other revenues and gains	
Interest revenue	800
	17,340
Other expenses and losses	
Interest expense	1,700
Income before income taxes	15,640
Income tax	3,440
Net income	\$ 12,200

UPTOWN CABINET CORP. STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2012	
Retained earnings, January 1	\$16,200
Add: Net income	12,200
	28,400
Less: Dividends	2,000
Retained earnings, December 31	\$26,400

UPTOWN CABINET CORP. BALANCE SHEET As of DECEMBER 31, 2012	
Assets	
Current assets	
Cash	\$ 1,200
Notes receivable	\$16,000
Accounts receivable	41,000
Interest receivable	800
Less: Allowance for doubtful accounts	3,000
Inventory	40,000
Prepaid insurance	540
Prepaid rent expense	500
Total current assets	97,040
Property, plant, and equipment	
Equipment	67,000
Less: Accumulated depreciation—equipment	18,700
Total property, plant, and equipment	48,300
Total assets	\$145,340
Liabilities and Stockholders' Equity	
Current liabilities	
Notes payable	\$ 20,000
Accounts payable	13,500
Property taxes payable	2,000
Income tax payable	3,440
Total current liabilities	38,940
Long-term liabilities	
Bonds payable, due June 30, 2020	30,000
Total liabilities	68,940
Stockholders' equity	
Common stock, \$5.00 par value, issued and outstanding, 10,000 shares	\$50,000
Retained earnings	26,400
Total stockholders' equity	76,400
Total liabilities and stockholders' equity	\$145,340

CASH-BASIS ACCOUNTING VERSUS ACCRUAL-BASIS ACCOUNTING

المحاسبة على أساس النقد مقابل المحاسبة على أساس الاستحقاق

Most companies use **accrual-basis accounting**. They تستخدم معظم الشركات المحاسبة على أساس الاستحقاق. أنهم

◆ recognize revenue when the performance obligation is satisfied and

الإعتراف بالإيراد عند الوفاء بالتزام الأداء

◆ expenses in the period incurred,

المصروفات في الفترة المتكبدة

without regard to the time of receipt or payment of cash.

بغض النظر عن وقت الاستلام أو الدفع النقدي

Under the strict **cash-basis**, companies

تحت أساس نقدي صارم ، والشركات

◆ record revenue only when they receive cash, and

تسجيل الإيرادات فقط عندما يتلقون النقد ، و

◆ record expenses only when they disperse cash.

لا تسجل المصاريف إلا عندما تشتت النقود

◆ Cash basis financial statements are not in conformity with GAAP.

لا تتوافق البيانات المالية ذات الأساس النقدي مع مبادئ المحاسبة المقبولة عموماً.

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ضياء الدين صبح

Ex: Quality Contractor signs an agreement to construct a garage for \$22,000. In January, Quality begins construction, incurs costs of \$18,000 on credit, and by the end of January delivers a finished garage to the buyer. In February, Quality collects \$22,000 cash from the customer. In March, Quality pays the \$18,000 due the creditors.

مقاول الجودة يوقع اتفاقية(عقد) لإنشاء(لبناء) كراج لتصلح السيارات بمبلغ \$ 22000. في يناير ، بدأ المقاول في البناء ، وتكبد تكاليف قدرها \$ 18000 على الحساب ، وبحلول نهاية يناير تسلم المشتري كراجا جاهزاً. في فبراير ، جمع المقاول \$ 22000 نقدًا من العميل. في مارس ، دفع المقاول مبلغ \$ 18000 المستحق للمقرضين "الي داينو المقاول".

1. Income Statements— Cash Basis على مبدأ محاسبة النقد

QUALITY CONTRACTOR INCOME STATEMENT—CASH BASIS FOR THE MONTH OF				
	January	February	March	Total
Cash receipts	\$-0-	\$22,000	\$ -0-	\$22,000
Cash payments	-0-	-0-	18,000	18,000
Net income (loss)	\$-0-	\$22,000	\$(18,000)	\$ 4,000

2. Income Statements— Accrual Basis على مبدأ محاسبة الاستحقاق

QUALITY CONTRACTOR INCOME STATEMENT—ACCRUAL BASIS FOR THE MONTH OF				
	January	February	March	Total
Revenues	\$22,000	\$-0-	\$-0-	\$22,000
Expenses	18,000	-0-	-0-	18,000
Net income (loss)	\$ 4,000	\$-0-	\$-0-	\$ 4,000

التحويل من الأساس النقدي إلى أساس الاستحقاق Conversion From Cash Basis to Accrual Basis

Ex: Dr. Diane Windsor, like many small business owners, keeps her accounting records on a cash basis. In the year 2017, Dr. Windsor received \$300,000 from her patients and paid \$170,000 for operating expenses, resulting in an excess of cash receipts over disbursements of \$130,000 (\$300,000 - \$170,000). At January 1 and December 31, 2017, she has accounts receivable, unearned service revenue, accrued liabilities, and prepaid expenses as shown here.

على سبيل المثال: الدكتورة ديان وندسور ، مثل العديد من أصحاب الأعمال الصغيرة ، تحتفظ بسجلاتها المحاسبية على أساس نقدي. في عام 2017 ، تلقت الدكتورة وندسور 300 ألف دولار من مرضاها ودفعت 170 ألف دولار لمصاريف التشغيل ، مما أدى إلى زيادة الإيصالات النقدية على المدفوعات البالغة 130 ألف دولار (300 ألف دولار - 170 ألف دولار). في 1 يناير و 31 ديسمبر 2017 ، لديها حسابات القبض وإيرادات الخدمة غير المكتسبة والمطلوبات المستحقة والمصروفات المدفوعة مسبقاً كما هو موضح هنا.

	January 1, 2017	December 31, 2017
Accounts receivable	\$12,000	\$9,000
Unearned service revenue	-0-	4,000
Accrued liabilities	2,000	5,500
Prepaid expenses	1,800	2,700

1. Calculate **service revenue** on an accrual basis.
2. Calculate **operating expenses** on an accrual basis.

احسب إيرادات الخدمة على أساس الاستحقاق
حساب نفقات التشغيل على أساس الاستحقاق

Answers:

1.

Cash receipts from customers		\$300,000
- Beginning accounts receivable	\$(12,000)	
+ Ending accounts receivable	9,000	
+ Beginning unearned service revenue	-0-	
- Ending unearned service revenue	(4,000)	(7,000)
Service revenue (accrual)		\$293,000

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2.

Cash paid for operating expenses		\$170,000
+ Beginning prepaid expense	\$ 1,800	
– Ending prepaid expense	(2,700)	
– Beginning accrued liabilities	(2,000)	
+ Ending accrued liabilities	5,500	2,600
Operating expenses (accrual)		\$172,600

DIANE WINDSOR, D.D.S.				
Conversion of Income Statement Data from Cash Basis to Accrual Basis				
For the Year 2017				
Account Titles	Cash Basis	Adjustments		Accrual Basis
		Add	Deduct	
Collections from customers	\$300,000			
– Accounts receivable, Jan. 1			\$12,000	
+ Accounts receivable, Dec. 31		\$9,000		
+ Unearned service revenue, Jan. 1		–		
– Unearned service revenue, Dec. 31			4,000	
Service revenue				\$293,000
Disbursement for expenses	170,000			
+ Prepaid expenses, Jan. 1		1,800		
– Prepaid expenses, Dec. 31			2,700	
– Accrued liabilities, Jan. 1			2,000	
+ Accrued liabilities, Dec. 31		5,500		
Operating expenses				172,600
Excess of cash collections over disbursements—cash basis	\$130,000			
Net income—accrual basis				\$120,400

Theoretical Weaknesses of the Cash Basis نقاط الضعف النظرية في الأساس النقدي

- ☒ Today's economy is considerably more lubricated by credit than by cash. الاقتصاد اليوم مُزلق إلى حد كبير بالدين أكثر من النقد.
- ☒ The accrual basis, not the cash basis, recognizes all aspects of the credit phenomenon. يعتمد أساس الاستحقاق ، وليس الأساس النقدي ، على جميع جوانب ظاهرة الدين.
- ☒ Investors, creditors, and other decision makers seek timely information about a company's future cash flows. يسعى المستثمرون والدائنون وصناع القرار الآخرون للحصول على معلومات في الوقت المناسب حول التدفقات النقدية المستقبلية للشركة.

Reversing Entries عكس المداخل

1. They are considered the last step in the accounting cycle تعتبر الخطوة الأخيرة في الدورة المحاسبية
2. They are optional هي اختيارية
3. Reversing means to reverse the adjusting entry (The debit is credit, and the credit is Debit). يُقصد بالعكس عكس إدخال التعديل (المدين دائن والدائن مدين)
4. **Never Reverse The** : لا تنقلب (لا تتعكس)
 - a. Depreciation, Depletion, Amortization Expenses Entry: إدخال مصاريف الإستهلاك
 - *Depreciation Expenses _____
 - Accumulated Expenses _____
 - b. Bad Debts Expenses Entry: إدخال مصاريف الديون المعدومة
 - *Bad Debts Expenses _____
 - Allowance For Doubtful Accounting _____
5. For Accruals (Accrual Revenue and Accrual Expense) entries: We can Always Reverse them. بالنسبة لإدخالات المستحقات (إيراد الاستحقاق ومصروفات الاستحقاق): يمكننا دائماً عكسها.

You can take two examples: one of Accrued Expenses and Second of Accrued Revenues

يمكنك أن تأخذ مثالين: الأول عن المصاريف المتركمة والثاني عن الإيرادات المتركمة

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Ex1 Of Accrued Expenses: We assume that Company X closes its accounts monthly. In the month of 1, it received the electricity bill for the month in the amount of \$400, but the bill will not be paid until 10/2. نفترض أن الشركة X تغلق حساباتها شهريا ، في شهر 1 ، استلمت فاتورة الكهرباء عن الشهر بقيمة \$400 ، لكن لن تدفع الفاتورة حتى تاريخ 2/10

Answer:

A. When No case Reverse Entry: عند عدم وجود حالة عكس الإدخال

31.1* Electricity Expenses 400
Electricity Payable 400 Adjusting Entry

31.1* Income Summary Account 400
Electricity Expenses 400 Closing Entry

10.2* Electricity Payable 400
Cash 400 Payment Entry

In the profit and loss account for the month of 1, electricity expenses appear at \$400, and in the balance sheet statement, together with debts, a debt to the electricity company appears at \$400.

في حساب الأرباح والخسائر لشهر 1 ، تظهر مصاريف الكهرباء بقيمة \$400 ، وفي بيان الميزانية العمومية تظهر مع الديون ، ديون لشركة الكهرباء بقيمة \$400.

B. When case Reverse Entry: عند وجود حالة عكس الإدخال

31.1* Electricity Expenses 400
Electricity Payable 400 Adjusting Entry

31.1* Income Summary Account 400
Electricity Expenses 400 Closing Entry

31.1 OR 1.2 Electricity Payable 400
Electricity Expenses 400 Reversing Entry

10.2* Electricity Expenses 400
Cash 400 Payment Entry

Also, in the profit and loss account for the first month, the electricity expense is shown as \$400, and in the balance sheet statement, along with the debt, a debt to the electric company is shown in the amount of \$400, and on Reversing, the debt ends and the electricity expense account becomes a credit balance which is not permissible (Abnormal situation) and this situation ends when the payment entry is made, where the account becomes zero (which is correct because the expense is for the last month), and the cash payment appears in the amount of 400\$

أيضاً ، في حساب الربح والخسارة للشهر الأول ، تظهر مصاريف الكهرباء بمبلغ 400 دولار ، وفي بيان الميزانية العمومية ، إلى جانب الديون ، يظهر دين لشركة الكهرباء بمبلغ 400 دولار ، وعند القلب ، ينتهي الدين و يصبح حساب مصاريف الكهرباء رصيداً دائماً وهو ما لا يجوز (الوضع غير الطبيعي) وينتهي هذا الوضع عند عمل قيد الدفع ، حيث يصبح الحساب صفراً (وهو صحيح لأن المصروف هو للشهر الماضي) ، ويظهر دفع النقد بقيمة 400\$

Ex2 Of Accrued Revenues: Suppose Company X provided services worth \$1,000 at the end of month 1 to a customer, who has not paid yet, and will pay on 15.2.

نفترض أن الشركة X قدمت خدمات بقيمة \$1000 في نهاية شهر 1 لأحد الزبائن ، الذي لم يدفع بعد ، وسوف يدفع بتاريخ 15.2

	No Reversing Entry	Reversing Entry
Adjusting Entry	31.1* Accounts Receivable 1,000 Services Revenue 1,000	31.1* Accounts Receivable 1,000 Services Revenue 1,000
Closing Entry	31.1* Service Revenue 1,000 Income Summary account 1,000	31.1* Service Revenue 1,000 Income Summary account 1,000

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Reversing Entry		31.1* Service Revenue 1,000	Or1.2* Accounts Receivable 1,000
Payment Entry	15.2 Cash 1,000 Accounts Receivable 1,000	15.2 Cash 1,000	Service Revenue 1,000

6. For Deferrals (Pre paid Expenses and Unearned Revenue), We have to Check the way they were recorded originally, and then decide.

بالنسبة للمؤجلات (المصروفات المدفوعة مقدماً والإيرادات غير المكتسبة) ، يتعين علينا التحقق من الطريقة التي تم بها تسجيلها في الأصل ، ثم اتخاذ القرار بعد ذلك.

You can take two examples: one of Pre paid Expenses and Second of Unearned Revenues

يمكنك أن تأخذ مثالين: الأول المصاريف المدفوعة مقدماً والثاني من الإيرادات غير المكتسبة

Ex1 Of Pre paid Expenses: We assume that Company X closes its accounts monthly. At the month 1, it paid the full rent for the headquarters, at the rate of \$6,000 (500 * 12).

نفترض أن الشركة X تغلق حساباتها شهرياً ، دفعت في بداية شهر 1 اجرة المقر كاملة ، بواقع \$6000 (500 * 12)

Answers:

Original Recording: 1.1* Prepaid Rent 6,000
Cash 6,000

Adjusting Entry: 31.1* Rent Expenses 500
Prepaid Rent 500

ملاحظة: هذا النوع لا يقلب أبداً (إذا كان التسجيل الأصلي في حالة المصاريف المدفوعة مسبقاً **CR. Asset, DR. Cash** لا يقلب)

** لنفس المثال السابق ، بعض الشركات تسجل بطريقة مختلفة، كيف؟؟ ، حينما تدفع مسبقاً ، نسجل كامل المبلغ كمصروف Expenses ثم نعمل التعديل اخر الشهر (الفترة المالية) ، وهذا النوع **يقلب** ، لاحظو

Original Recording: 1/1* Prepaid Expenses 6,000
Cash 6,000

Adjusting Entry: 31/1* Prepaid Rent 5,500
Rent Expenses 5,500

Closing Entry: 31/1* Income Summary account 500
Rent Expense 500

Reversing Entry: 31/1 Or 1/2* Rent Expenses 5,500
Prepaid Rent 5,500

ملاحظة: هنا قلبنا لأن التسجيل الأصلي للمصاريف المدفوعة مسبقاً (**Dr. Expenses Cr. Cash**) فهنا يجوز القلب

Ex2 Of Unearned Revenues: We assume that Company X closes its accounts every month. At the month 1, it received \$1,000 in advance for goods that it will supply over a period of 4 months (\$250 per month).

نفترض أن الشركة X تغلق حساباتها شهرياً ، قبضت في بداية شهر 1 ، \$1000 مسبقاً ، عن بضاعة ستوردها على مدار 4 أشهر (\$250 لكل شهر).

Original Recording: 1/1* Cash 1,000
Unearned Revenue 1,000

Adjusting Entry: 31/1* Unearned Revenue 250
Revenue 250

هذا النوع لا يقلب : أي اذا كان التسجيل الأصلي في حالة الإيرادات المسبقة (**Dr. Cash, Cr. Liability**) لا يقلب التعديل
** لنفس المثال السابق ، بعض الشركات تسجل بطريقة مختلفة، كيف؟؟ ، حينما تقبض مسبقاً ، نسجل كامل المبلغ كإيراد Revenue ثم نعمل التعديل اخر الشهر (الفترة المالية) ، وهذا النوع **يقلب** ، لاحظو

Original Recording: 1/1* Cash 1,000
Revenue 1,000

Adjusting Entry: 31/1* Revenue 750
Unearned Revenue 750

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Closing Entry: 31/1* Revenue 250
Income Summary account 250

Reversing Entry: 31/1 Or 1/2* Unearned Revenue 750
Revenue 750

هنا قلبنا ، لأن التسجيل الأصلي للمقبوضات كان على شكل (Dr. Cash Cr. Revenue)

استخدام ورقة عمل: مراجعة دورة المحاسبة USING A WORKSHEET: THE ACCOUNTING CYCLE REVISITED

A company prepares a worksheet either on

- ◆ columnar paper or
- ◆ within a computer spreadsheet.

تقوم الشركة بإعداد ورقة عمل إما في

الورق العمودي أو

ضمن جداول بيانات الكمبيوتر

A company uses the worksheet to adjust

- ◆ account balances and
- ◆ to prepare financial statements.

تستخدم الشركة ورقة العمل للتعديل

أرصدة الحسابات و

إعداد البيانات المالية

◆ WORKSHEET COLUMNS أعمدة ورقة العمل

- ◆ Trial Balance Columns أعمدة ميزان المراجعة
- ◆ Adjustment Columns أعمدة التعديل

مثال ع ورقة العمل

UPTOWN CABINET CORP.										
Ten-Column Worksheet										
For the Year Ended December 31, 2017										
Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	1,200				1,200				1,200	
Notes receivable	16,000				16,000				16,000	
Accounts receivable	41,000				41,000				41,000	
Allowance for doubtful accounts		2,000		(b) 1,000		3,000				3,000
Inventory	40,000				40,000				40,000	
Prepaid insurance	900			(c) 360	540				540	
Equipment	67,000				67,000				67,000	
Accumulated depreciation—equipment		12,000		(a) 6,700		18,700				18,700
Notes payable		20,000				20,000				20,000
Accounts payable		13,500				13,500				13,500
Bonds payable		30,000				30,000				30,000
Common stock		50,000				50,000				50,000
Retained earnings, Jan. 1, 2017		16,200				16,200				16,200
Dividends	2,000				2,000				2,000	
Sales revenue		400,000				400,000	400,000			
Cost of goods sold	316,000				316,000		316,000			
Salaries and wages expense (sales)	20,000				20,000		20,000			
Advertising expense	10,200				10,200		10,200			
Salaries and wages expense (general)	19,000				19,000		19,000			
Telephone and Internet expense	600				600		600			
Rent expense	4,800			(e) 500	4,300		4,300			
Property tax expense	3,300			(f) 2,000	5,300		5,300			
Interest expense	1,700				1,700		1,700			
Totals	543,700	543,700								
Depreciation expense			(a) 6,700		6,700		6,700			
Bad debt expense			(b) 1,000		1,000		1,000			
Insurance expense			(c) 360		360		360			
Interest receivable			(d) 800		800				800	
Interest revenue				(d) 800		800		800		
Prepaid rent			(e) 500		500				500	
Property taxes payable				(f) 2,000		2,000				2,000
Income tax expense			(g) 3,440		3,440		3,440			
Income taxes payable				(g) 3,440		3,440				3,440
Totals			14,800	14,800	557,640	557,640	388,600	400,800		12,200
Net income								12,200		12,200
Totals							400,800	400,800	169,040	169,040

PREPARING FINANCIAL STATEMENTS FROM A WORKSHEET إعداد البيانات المالية بواسطة ورقة العمل

The Worksheet: ورقة العمل

- ◆ provides information needed for preparation of the financial statements.

يوفر المعلومات اللازمة لإعداد البيانات المالية.

- ◆ Sorts data into appropriate columns, which facilitates the preparation of the statements.

يفرز البيانات في أعمدة مناسبة ، مما يسهل إعداد البيانات. (ارجعوا صفحة 11 مثال عليها)

Additional Question الأسئلة الإضافية

Q1: Circle the correct answer

1. Equity is not affected by
 - a. **cash receipts.**
 - b. dividends.
 - c. revenues.
 - d. expenses.

2. The accounting equation must remain in balance
 - a. **throughout each step in the accounting cycle.**
 - b. only when journal entries are recorded.
 - c. only at the time the trial balance is prepared.
 - d. only when formal financial statements are prepared.

3. An optional step in the accounting cycle is the preparation of
 - a. adjusting entries.
 - b. closing entries.
 - c. a statement of cash flows.
 - d. **a post-closing trial balance.**

4. The trial balance will not balance when a company
 - a. Fails to journalize a transaction.
 - b. Omits posting a correct journal entry.
 - c. Posts a journal entry twice.
 - d. **Debits two statement of financial position accounts and no income statement accounts.**

5. Posting
 - a. Accumulates the effects of ledger entries and transfers them to the general journal.
 - b. Is done only for income statement activity; activity related to the statement of financial position does not require posting.
 - c. Is done once per year.
 - d. **Transfers journal entries to the ledger accounts.**

6. When an item of expense is paid and recorded in advance, it is normally called a(n)
 - a. **prepaid expense.**
 - b. accrued expense.
 - c. estimated expense.
 - d. cash expense.

7. When an item of revenue or expense has been earned or incurred but not yet collected or paid, it is normally called a(n) _____ revenue or expense.
 - a. prepaid
 - b. adjusted
 - c. estimated
 - d. **None of these answers are correct.**

8. A prepaid expense can best be described as an amount
 - a. paid and currently matched with revenues.
 - b. **paid and not currently matched with revenues.**
 - c. not paid and currently matched with revenues.
 - d. not paid and not currently matched with revenues.

ضياء الدين صبح

9. Which of the following adjustments would require decreasing the liabilities reported on the statement of financial position?
- A company uses \$400 worth of supplies during the year.
 - A company records \$400 worth of depreciation on equipment.
 - A company has earned \$400 of revenue collected at the beginning of the year.**
 - A company records \$400 of wages earned by employees that will be paid next year.
10. Paltel, Inc. is preparing its annual financial statements based on its adjusted trial balance. Which financial statement will Paltel, Inc. prepare first?
- Statement of financial position.
 - Income statement.**
 - Retained earnings statement.
 - There is no particular order, any financial statement may be prepared first once the adjusted trial balance is prepared
11. The post-closing trial balance
- Consists of statement of financial position accounts only.
 - Will balance if a transaction is not journalized and posted, or if a transaction is journalized and posted twice.
 - Shows that the accounting equation is in balance at the end of the accounting period.
 - All of these choices are correct.**
12. Reversing entries
- Impact the income statement only.
 - Impact the statement of financial position and the income statement.**
 - Are not allowed under International Financial Reporting Standards(IFRS).
 - Change amounts reported in the financial statements of the preceding period.
13. Which of the following statements regarding reversing entries is incorrect?
- Deferrals are generally entered in statement of financial position accounts, thus making reversing entries unnecessary.
 - All accruals should be reversed.
 - Adjusting entries for depreciation and bad debts are never reversed.
 - Reversing entries change amounts reported in the statement of financial position for the previous period.**
14. The worksheet for Pedico Co. consisted of five pairs of debit and credit columns. The dollar amount of one item appeared in both the credit column of the income statement section and the debit column of the balance sheet section. That item is
- net income for the period.
 - beginning inventory.
 - cost of goods sold.
 - net loss for the period.**
15. Pappy Corporation received cash of \$12,000 on September 1, 2019 for one year's rent in advance and recorded the transaction with a credit to Unearned Rent Revenue. The December 31, 2019 adjusting entry is
- debit Rent Revenue and credit Unearned Rent Revenue, \$4,000.
 - debit Rent Revenue and credit Unearned Rent Revenue, \$8,000.
 - debit Unearned Rent Revenue and credit Rent Revenue, \$4,000.**
 - debit Cash and credit Unearned Rent Revenue, \$8,000.

16. Chen Company's account balances at December 31, 2019 for Accounts Receivable and the Allowance for Doubtful Accounts are \$320,000 debit and \$600 credit. Sales during 2019 were \$800,000. It is estimated that 1% of sales will be uncollectible. The adjusting entry would include a credit to the allowance account for
- \$8,600.
 - \$8,000.**
 - \$7,400.
 - \$3,200.
17. Assuming that the company does not use reversing entries, what entry should be made on April 1, 2019 when the annual interest payment is received?
- Cash 450,000
Interest Revenue 450,000
 - Cash 1,350,000
Interest Receivable 1,350,000
 - Cash 1,800,000**
Interest Receivable 1,350,000
Interest Revenue 450,000
 - Cash 1,800,000
Interest Revenue 1,800,000
18. Murphy Company sublet a portion of its warehouse for five years at an annual rental of €30,000, beginning on May 1, 2019. The tenant, Sheri Charter, paid one year's rent in advance, which Murphy recorded as a credit to Unearned Rent Revenue. Murphy reports on a calendar-year basis. The adjustment on December 31, 2019 for Murphy should be
- No entry
 - Unearned Rent Revenue 10,000
Rent Revenue 10,000
 - Rent Revenue 10,000
Unearned Rent Revenue 10,000
 - Unearned Rent Revenue 20,000**
Rent Revenue 20,000
19. Low Company received HK\$9,600 on April 1, 2019 for one year's rent in advance and recorded the transaction with a credit to a nominal account. The December 31, 2019 adjusting entry is
- debit Rent Revenue and credit Unearned Rent Revenue, HK\$2,400.**
 - debit Rent Revenue and credit Unearned Rent Revenue, HK\$7,200.
 - debit Unearned Rent Revenue and credit Rent Revenue, HK\$2,400.
 - debit Unearned Rent Revenue and credit Rent Revenue, HK\$7,200.
20. Jim Yount, M.D., keeps his accounting records on the cash basis. During 2019, Dr. Yount collected \$460,000 from his patients. At December 31, 2018, Dr. Yount had accounts receivable of \$50,000. At December 31, 2019, Dr. Yount had accounts receivable of \$70,000 and unearned revenue of \$10,000. On the accrual basis, how much was Dr. Yount's patient service revenue for 2019?
- \$410,000.
 - \$470,000.**
 - \$480,000.
 - \$490,000.

ضياء الدين صبح

Q2: Indicate whether each of the following statements is true or false.

- False** 1. A ledger is where the company initially records transactions and selected other events.
- False** 2. Real (permanent) accounts are revenue, expense, and dividend accounts and are periodically closed.
- False** 3. On the income statement, revenues are increased by a debit whereas on the statement of financial position retained earnings is increased by a credit.
- False** 4. Both a corporation and a proprietorship commonly use the share capital account.
- False** 5. In general, debits refer to increases in account balances, and credits refer to decreases.
- True** 6. he trial balance will **not** balance when a company debits two statement of financial position accounts and no income statement account.
- False** 7. If a company fails to post one of its journal entries to its general ledger, the trial balance will **not** show an equal amount of debit and credit balance accounts.
- True** 8. An adjustment for salaries and wages expense, incurred but unpaid at year end, is an example of an accrued expense.
- True** 9. Adjusting entries are often prepared after the statement of financial position date, but dated as of the statement of financial position date.
- True** 10. Companies can prepare the income statement and the statement of financial position directly from the adjusted trial balance.
- False** 11. The post-closing trial balance consists of asset, liability, equity, revenue and expense accounts.
- False** 12. All revenues, expenses, and the dividends account are closed through the Income Summary account.
- False** 13. The accrual basis recognizes revenue when earned and expenses in the period when cash is paid.
- False** 14. Reversing entries are made at the end of the accounting cycle to correct errors in the original recording of transactions.
- False** 15. An adjusted trial balance that shows equal debit and credit columnar totals proves the accuracy of the adjusting entries.

Q3: Beverly Crusher is a licensed CPA. During the first month of operations of her business (a sole proprietorship), the following events and transactions occurred.

بيفرلي كراشر هي شركة CPA مرخصة. خلال الشهر الأول من عمليات عملها (ملكية فردية) ، حدثت الأحداث والمعاملات التالية.

- April 2 Invested \$32,000 cash and equipment valued at \$14,000 in the business. استثمرت 32000 دولار نقدًا ومعدات بقيمة 14000 دولار في العمل.
- 3 Purchased supplies on account \$700. (Debit an asset account.) اللوازم المشتراة على الحساب 700 دولار. (المدين من حساب الأصول.)
- 7 Paid office rent of \$600 for the month. ايجار مكتب مدفوع 600 دولار عن الشهر.
- 12 Received \$3,200 advance on a management consulting engagement. تلقيت 3200 دولار مقدمًا على مهمة استشارية إدارية.
- 17 Received cash of \$2,300 for services completed for Ferengi Co. تم استلام مبلغ نقدي قدره 2300 دولار مقابل الخدمات المنجزة لشركة Ferengi Co.
- 21 Paid insurance expense \$110. مصاريف التأمين المدفوعة 110 دولار
- 30 Paid administrative assistant \$1,160 for the month. مساعد اداري يتقاضى 1160 دولارا عن الشهر

Required: Journalize the transactions in the general journal. تدوين المعاملات في المجلة العامة

Apr.	2	Cash	32,000	
		Equipment	14,000	
		Owner's Capital		46,000

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3	Supplies	700	
	Accounts Payable		700
7	Rent Expense	600	
	Cash		600
12	Cash	3,200	
	Unearned Service Revenue		3,200
17	Cash	2,300	
	Service Revenue		2,300
21	Insurance Expense	110	
	Cash		110
30	Salaries and Wages Expense	1,160	
	Cash		1,160

Q4: The ledger of Duggan Rental Agency on March 31 of the current year includes the following selected accounts before adjusting entries have been prepared.

يتضمن دفتر الأستاذ الخاص بوكالة تأجير Duggan في 31 مارس من العام الحالي الحسابات المحددة التالية قبل أن يتم إعداد تعديل الإدخالات.

	Debit	Credit
Prepaid Insurance	\$3,600	
Supplies	2,800	
Equipment	25,000	
Accumulated Depreciation—Equipment		\$ 8,400
Notes Payable		20,000
Unearned Rent Revenue		9,300
Rent Revenue		60,000
Interest Expense	-----0-----	
Salaries and Wages Expense	14,000	

An analysis of the accounts shows the following. يوضح تحليل الحسابات ما يلي

- The equipment depreciates \$250 per month. المعدات تستهلك \$ 250 في الشهر
- One-third of the unearned rent was recognized as revenue during the quarter. تم الاعتراف بثالث الإيجار غير المكتسب كإيرادات خلال الربع
- Interest of \$500 is accrued on the notes payable. يتم استحقاق فائدة قدرها \$ 500 على السندات المستحقة الدفع
- Supplies on hand total \$850. مجموع الإمدادات المتاحة \$ 850
- Insurance expires at the rate of \$300 per month. ينتهي التأمين بمعدل \$ 300 في الشهر

Required: Prepare the adjusting entries at March 31, assuming that adjusting entries are made quarterly. Additional accounts are Depreciation Expense, Insurance Expense, Interest Payable, and Supplies Expense

المطلوب: قم بإعداد إدخالات التعديل في 31 مارس ، بافتراض إجراء تعديل الإدخالات كل ثلاثة أشهر. الحسابات الإضافية هي مصاريف الإستهلاك ، ونفقات التأمين ، والفوائد المستحقة الدفع ، ونفقات التوريدات

Answers:

1.	Depreciation Expense (\$250 X 3)	750	
	Accumulated Depreciation—Equipment		750
2.	Unearned Rent Revenue (\$9,300 X 1/3)	3,100	
	Rent Revenue		3,100

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3.	Interest Expense	500	
	Interest Payable		500
4.	Supplies Expense	1,950	
	Supplies (\$2,800 – \$850)		1,950
5.	Insurance Expense (\$300 X 3)	900	
	Prepaid Insurance		900

Q5: Karen Weller, D.D.S., opened a dental practice on January 1, 2017. During the first month of operations, the following transactions occurred.

- افتتحت كارين ويلر ، D.D.S. ، عيادة طب الأسنان في 1 يناير 2017. خلال الشهر الأول من العمليات ، حدثت المعاملات التالية.
- Performed services for patients who had dental plan insurance. At January 31, \$750 of such services was performed but not yet billed to the insurance companies.
أداء الخدمات للمرضى الذين لديهم خطة تأمين على الأسنان. في 31 يناير ، تم تنفيذ \$ 750 من هذه الخدمات ولكن لم يتم إصدار فواتير لها بعد لشركات التأمين.
 - Utility expenses incurred but not paid prior to January 31 totaled \$520.
بلغت نفقات المرافق المتكبدة ولكن لم يتم دفعها قبل 31 يناير \$ 520.
 - Purchased dental equipment on January 1 for \$80,000, paying \$20,000 in cash and signing a \$60,000, 3-year note payable. The equipment depreciates \$400 per month. Interest is \$500 per month.
شراء معدات طب الأسنان في 1 يناير مقابل \$ 80.000 ، ودفع \$ 20.000 نقدًا والتوقيع على سند دفع قدره \$ 60.000 لمدة 3 سنوات. المعدات تستهلك \$ 400 في الشهر. الفائدة \$ 500 في الشهر.
 - Purchased a one-year malpractice insurance policy on January 1 for \$12,000.
تم شراء بوليصة تأمين ضد الأخطاء الطبية لمدة عام في 1 يناير مقابل \$ 12000.
 - Purchased \$1,600 of dental supplies. On January 31, determined that \$500 of supplies were on hand.
اشترت \$ 1600 من مستلزمات طب الأسنان. في 31 يناير ، تقرر أن هناك إمدادات بقيمة \$ 500 في متناول اليد.

Required: Prepare the adjusting entries on January 31. Account titles are Accumulated Depreciation—Equipment, Depreciation Expense, Service Revenue, Accounts Receivable, Insurance Expense, Interest Expense, Interest Payable, Prepaid Insurance, Supplies, Supplies Expense, Utilities Expenses, and Accounts Payable.

مطلوب: قم بإعداد إدخلالات التعديل في 31 يناير. عناوين الحساب هي الاستهلاك المتراكم - المعدات ، ونفقات الاستهلاك ، وإيرادات الخدمة ، وحسابات القبض ، ونفقات التأمين ، ومصروفات الفوائد ، والفوائد المستحقة الدفع ، والتأمين المدفوع مقدمًا ، واللوازم ، ونفقات اللوازم ، والمرافق المصاريف والحسابات الدائنة.

Answers:

1.	Accounts Receivable	750	
	Service Revenue		750
2.	Utilities Expenses	520	
	Accounts Payable		520
3.	Depreciation Expense	400	
	Accumulated Depreciation – Equipment		400
	Interest Expense	500	
	Interest Payable		500
4.	Insurance Expense (\$12,000 X 1/12)	1,000	
	Prepaid Insurance		1,000
5.	Supplies Expense (\$1,600 – \$500)	1,100	
	Supplies		1,100

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Q6: The adjusted trial balance of Lopez Company shows the following data pertaining to sales at the end of its fiscal year, October 31, 2017: Sales Revenue \$800,000, Delivery Expense \$12,000, Sales Returns and Allowances \$24,000, and Sales Discounts \$15,000.

يُظهر الرصيد التجريبي المعدل لشركة Lopez البيانات التالية المتعلقة بالمبيعات في نهاية السنة المالية، 31 أكتوبر 2017: إيرادات المبيعات 800000 دولار، ونفقات التسليم 12000 دولار، وعائدات المبيعات والبدلات 24000 دولار، وخصومات المبيعات 15000 دولار.

Required: المطلوب

- Prepare the revenues section of the income statement. اعداد قسم الإيرادات من بيان الدخل
- Prepare separate closing entries for (1) sales and (2) the contra accounts to sales. قم بإعداد إدخالات إغلاق منفصلة لـ (1) المبيعات و (2) الحسابات المقابلة للمبيعات.

Answers:

(a)	Sales revenue		\$800,000
	Less: Sales returns and allowances	\$24,000	
	Sales discounts	<u>15,000</u>	<u>39,000</u>
	Net sales		<u>\$761,000</u>
(b)	Sales	800,000	
	Income Summary		800,000
	Income Summary	39,000	
	Sales Returns and Allowances		24,000
	Sales Discounts		15,000

Q7: Jill Accardo, M.D., maintains the accounting records of Accardo Clinic on a cash basis. During 2017, Dr. Accardo collected \$142,600 from her patients and paid \$55,470 in expenses. At January 1, 2017, and December 31, 2017, she had accounts receivable, unearned service revenue, accrued expenses, and prepaid expenses as follows. (All long lived assets are rented.)

س 7: جيل أكاردو، دكتور في الطب، يحتفظ بسجلات محاسبية لعيادة أكاردو على أساس نقدي. خلال عام 2017، جمعت الدكتور أكاردو \$142,600 من مرضاها ودفعت نفقات \$55,470. في 1 يناير 2017 و 31 ديسمبر 2017، كان لديها ذمم مدينة وإيرادات خدمة غير مكتسبة ومصروفات مستحقة ومصاري ف مدفوعة مقدماً على النحو التالي. (جميع الأصول طويلة العمر مستأجرة.)

	January 1, 2017	December 31, 2017
Accounts receivable	\$9,250	\$15,927
Unearned service revenue	2,840	4,111
Accrued expenses	3,435	2,108
Prepaid expenses	1,917	3,232

Required: Prepare a schedule that converts Dr. Accardo's "excess of cash collected over cash disbursed" for the year 2017 to net income on an accrual basis for the year 2017

مطلوب: إعداد جدول يحول "الفائض النقدي المحصل على النقد المصروف" للدكتور أكاردو لعام 2017 إلى صافي الدخل على أساس الاستحقاق لعام 2017

Jill Accardo, M.D. Conversion of Cash Basis to Accrual Basis For the Year 2017	
Excess of cash collected over cash disbursed (\$142,600 – \$55,470)	\$87,130
Add increase in accounts receivable (\$9,250 – \$15, 927)	6,677
Deduct increase in unearned service revenue (\$2,840 – \$4,111)	(1,271)
Add decrease in accrued expenses (\$3,435 – \$2,108)	1,327
Add increase in prepaid expenses (\$1,917 – \$3,232)	1,315
Net income on an accrual basis	\$95,178

ضياء الدين صبح

Q8: When the accounts of Daniel Barenboim Inc. are examined, the adjusting data listed below are uncovered on December 31, the end of an annual fiscal period.

عند فحص حسابات شركة Daniel Barenboim ، يتم الكشف عن بيانات التعديل المدرجة أدناه في 31 ديسمبر ، نهاية فترة مالية سنوية.

- The prepaid insurance account shows a debit of \$5,280, representing the cost of a 2-year fire insurance policy dated August 1 of the current year.
يُظهر حساب التأمين المدفوع مسبقاً مديناً قدره \$ 5280 ، وهو يمثل تكلفة بوليصة التأمين ضد الحريق لمدة عامين بتاريخ 1 أغسطس من العام الحالي.
- On November 1, Rent Revenue was credited for \$1,800, representing revenue from a subrental for a 3-month period beginning on that date.
في 1 تشرين الثاني (نوفمبر) ، تم تقييد "إيرادات الإيجار" بمبلغ \$ 1,800 ، وهو ما يمثل إيرادات من فرعي لمدة 3 أشهر تبدأ في ذلك التاريخ.
- Purchase of advertising materials for \$800 during the year was recorded in the Advertising Expense account. On December 31, advertising materials of \$290 are on hand.
تم تسجيل شراء مواد إعلانية بمبلغ \$ 800 خلال العام في حساب مصاريف الإعلان. في 31 كانون الأول (ديسمبر) ، تتوفر مواد إعلانية بقيمة \$ 290.
- Interest of \$770 has accrued on notes payable.
تراكمت فائدة قدرها \$ 770 على السندات المستحقة الدفع.

Required: المطلوب

Prepare the following in general journal form.

تحضير ما يلي في شكل دفتر اليومية العام

(a) The adjusting entry for each item.

إدخال التعديل لكل بند

(b) The reversing entry for each item where appropriate

الدخول العكسي لكل بند عند الاقتضاء

Answer:

(a) Adjusting Entries:

1. Insurance Expense (\$5,280 X 5/24)	1,100	
Prepaid Insurance		1,100
2. Rent Revenue (\$1,800 X 1/3)	600	
Unearned Rent Revenue		600
3. Supplies	290	
Advertising Expense		290
4. Interest Expense	770	
Interest Payable		770

(b) Reversing Entries:

1. No reversing entry required.		
2. Unearned Rent Revenue	600	
Rent Revenue		600
3. Advertising Expense	290	
Supplies		290
4. Interest Payable	770	
Interest Expense		770

Q9: On January 1, 2017, Norma Smith and Grant Wood formed a computer sales and service company in Soapsville, Arkansas, by investing \$90,000 cash. The new company, Arkansas Sales and Service, has the following transactions during January

في 1 كانون الثاني (يناير) 2017 ، شكلت نورما سميث وجرانت وود شركة مبيعات وخدمات لأجهزة الكمبيوتر في سوابسفيل ، أركنساس ، من خلال استثمار 90 ألف دولار نقدًا. الشركة الجديدة ، Arkansas Sales and Service ، لديها المعاملات التالية خلال شهر يناير

- Pays \$6,000 in advance for 3 months' rent of office, showroom, and repair space.

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- يدفع \$ 6000 مقدماً مقابل إيجار 3 أشهر للمكتب وصالة العرض ومساحة الإصلاح.
- Purchases 40 personal computers at a cost of \$1,500 each, 6 graphics computers at a cost of \$2,500 each, and 25 printers at a cost of \$300 each, paying cash upon delivery.
شراء 40 جهاز كمبيوتر شخصي بتكلفة \$ 1500 لكل منها ، و 6 حواسيب رسومية بتكلفة \$ 2500 لكل منها ، و 25 طابعة بتكلفة \$ 300 لكل منها ، يتم الدفع نقدًا عند التسليم.
 - Sales, repair, and office employees earn \$12,600 in salaries and wages during January, of which \$3,000 was still payable at the end of January.
يتقاضى موظفو المبيعات والإصلاح والمكتب \$ 12.600 في شكل رواتب وأجور خلال شهر يناير ، منها \$ 3000 كانت لا تزال مستحقة الدفع في نهاية شهر يناير.
 - Sells 30 personal computers at \$2,550 each, 4 graphics computers for \$3,600 each, and 15 printers for \$500 each; \$75,000 is received in cash in January, and \$23,400 is sold on a deferred payment basis.
تبيع 30 حاسوباً شخصياً بسعر \$ 2550 للوحدة ، و 4 حواسيب رسومية بسعر \$ 3600 للوحدة ، و 15 طابعة بسعر \$ 500 للوحدة ؛ تم استلام \$ 75000 نقدًا في يناير ، وتم بيع \$ 23400 على أساس الدفع المؤجل.
 - Other operating expenses of \$8,400 are incurred and paid for during January; \$2,000 of incurred expenses are payable at January 31.
مصاريف تشغيلية أخرى بقيمة \$ 8400 تم تكديدها ودفعها خلال شهر يناير . \$ 2000 من المصاريف المتكبدة مستحقة الدفع في 31 يناير.

Required: المطلوب

- Using the transaction data above, prepare (1) a cash-basis income statement and (2) an accrual-basis income statement for the month of January.
باستخدام بيانات المعاملة أعلاه ، قم بإعداد (1) بيان الدخل على أساس نقدي و (2) بيان الدخل على أساس الاستحقاق لشهر يناير.
- Using the transaction data above, prepare (1) a cash-basis balance sheet and (2) an accrual-basis balance sheet as of January 31, 2017.
باستخدام بيانات المعاملة أعلاه ، قم بإعداد (1) ميزانية عمومية على أساس نقدي و (2) ميزانية عمومية على أساس الاستحقاق اعتبارًا من 31 يناير 2017.

(a) ARKANSAS SALES AND SERVICE		
Income Statement		
For the Month Ended January 31, 2017		
	(1) Cash Basis	(2) Accrual Basis
Revenues	\$ 75,000	\$98,400*
Expenses		
Cost of computers & printers:		
Purchased and paid	82,500**	
Cost of goods sold		59,500***
Salaries and wages	9,600	12,600
Rent	6,000	2,000
Other operating expenses	8,400	10,400
Total expenses	106,500	84,500
Net income (loss)	\$(31,500)	\$13,900

*(\$2,550 X 30) + (\$3,600 X 4) + (\$500 X 15)

**(\$1,500 X 40) + (\$2,500 X 6) + (\$300 X 25)

***(\$1,500 X 30) + (\$2,500 X 4) + (\$300 X 15)

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(b) ARKANSAS SALES AND SERVICE		
Balance Sheet		
As of January 31, 2017		
	(1) Cash Basis	(2) Accrual Basis
Assets		
Cash	\$58,500 *	\$ 58,500 *
Accounts receivable		23,400
Inventory		23,000 **
Prepaid rent		4,000
Total assets	\$58,500	\$108,900
Liabilities and owners' Equity		
Salaries and wages payable		\$ 3,000
Accounts payable		2,000
Owner's capital	\$58,500 ***	103,900 ****
Total liabilities and owner's equity	\$58,500	\$108,900

* Original investment	\$ 90,000
Cash sales	75,000
Cash purchases	(82,500)
Rent paid	(6,000)
Salaries paid	(9,600)
Other operating expenses	(8,400)
Cash balance Jan. 31	\$ 58,500

** (10 @ \$1,500) + (2 @ \$2,500) + (10 @ \$300).

*** Initial investment minus net loss: \$90,000 – \$31,500.

**** Initial investment plus net income: \$90,000 + \$13,900.

Q10: When the accounts of Green Hand Co. Were examined, the adjusting data listed below were uncovered On December 31, 2022 the end of an annual fiscal period

عند فحص حسابات شركة جرين هاند ، تم الكشف عن بيانات التعديل المدرجة أدناه في 31 ديسمبر 2022 نهاية فترة مالية سنوية

1. Interest Of \$2,000 Was earned on notes Payable. تم اكتساب فائدة قدرها \$ 2000 على سندات الدفع
2. The net credit sales for 2022 is \$800,000, it concludes that 1% of net credits Sales will become uncollectible. صافي مبيعات الائتمان لعام 2022 هو \$ 800000 ، وخلصت إلى أن 1% من صافي مبيعات الاعتمادات سيصبح غير قابل للتحصيل.
3. The insurance expense account shows a debit of \$27,000, representing the cost of a 3-year fire insurance policy dated August 1 of the current year. يظهر حساب مصروفات التأمين مدينًا قدره \$ 27000 ، وهو يمثل تكلفة بوليصة التأمين ضد الحريق لمدة 3 سنوات بتاريخ 1 أغسطس من العام الحالي.
4. On March 1, Service Revenue was credited for \$36,000, representing Services to be performed whitin 2-year period beginning on that date. An analysis revels that \$15,000 of these services was earned during the current year. في 1 آذار (مارس) ، تم تقبيد "إيرادات الخدمة" بمبلغ \$ 36000 ، وهو ما يمثل الخدمات التي سيتم إجراؤها في غضون عامين بدءًا من ذلك التاريخ. يكشف تحليل أن \$ 15000 من هذه الخدمات قد تم الحصول عليها خلال العام الحالي.

في 1 آذار (مارس) ، تم تقبيد "إيرادات الخدمة" بمبلغ \$ 36000 ، وهو ما يمثل الخدمات التي سيتم إجراؤها في غضون عامين بدءًا من ذلك التاريخ. يكشف تحليل أن \$ 15000 من هذه الخدمات قد تم الحصول عليها خلال العام الحالي.

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Required: Carry out the process of adjusting entry and then Reversing, if possible

مطلوب: قم بإجراء عملية تعديل الدخول ثم القيام بعملية العكس "القلب" إن أمكن

Item	Adjusting Entry	Reversing Entry
1	Interest Receivable 2,000 Interest Revenue 2,000	Interest Revenue 2,000 Interest Receivable 2,000
2	Bad Debts Expense 8,000 All. For Doubtful Accounts 8,000	No Reversing (Non-Cash expenses)
3	Prepaid insurance 23,250 Insurance Expenses 23,250	insurance Expenses 23,250 Prepaid Insurance 23,250
4	Service Revenue 21,000 Unearned Service Revenue 21,000	Unearned Service Revenue 21,000 Service Revenue 21,000

Q11: You have the following table, many instances, make sure you can reverse them

لديك الجدول التالي ، العديد من الحالات ، تأكد من إمكانية عكسهم

Adjusting Entries	
1	Dr. Bad Debt Expense1,000 Cr. Allowance for Doubtful Account 1,000
2	Dr. Unearned Rental Revenue 900 Cr. Rental Revenue..... 900
3	Dr. Advertising Suppliers 500 Cr. Advertising Supplies Expense 500
4	Dr. Interest Revisable 250 Cr. Interest Revenue 250

Answers:

1. No Reverse (Non-Cash Expenses)
2. Cannot be reversing (لانها مسجلة بالطريقة الاولى التي لا تقلب)
3. Can Be Reversing
4. Can Be Reversing

حل كويز د. كريم "في Reversing Entry"

Question: Prepare the adjusting entry required in each case, and indicate if it can be reversed or not, by writing (yes) if it can be reversed, and (NO) if it can not

- 1- Protonix Corp has a payroll of \$6,000 for a five-day workweek. Its employees are paid each Friday for the five-day workweek. The adjusting entry on December 31, 2011 assuming the year ends on Thursday would be:
Ans: Salaries expense 4800
 Salaries payable 4800 (yes can Be Reverse)
- 2- A one-year insurance policy was purchased on June 1, 2011 for \$1,500. The amount was debited to insurance expense account. If the company closes its accounts annually, the adjusting entry on December 31, 2011 would be:
Ans: Prepaid insurance 625
 Insurance expense 625 (yes Can Be Reverse)

ضياء الدين صبح

- 3- The Supplies asset account had a beginning balance of \$1,750. Supplies purchased during the period totaled \$3,500. At the end of the period before adjustment, \$350 of supplies were on hand. Prepare the adjusting entry for supplies expense.

Ans: Supplies expense 4900
 Supplies 4900 (NO Cannot Be Reverse)

- 4- On December 1, \$12,500 was received for a service contract to be performed from December 1 through until April 30. The amount was credited to service revenue account. If the service work for this contract is performed evenly and on a regular basis throughout this period, prepare the adjusting journal entry as of year-end, December 31.

Ans: Service revenue 10000
 Unearned Service revenue 10000 (yes Can Be Reverse)

END OF CHAPTER 3

CHAPTER 4

Income Statement and Related Information

بيان الدخل والمعلومات ذات
الصلة

ضياء الدين صبح

قوائم الدخل INCOME STATEMENT

فوائد قوائم الدخل Usefulness

- ◆ Evaluate past performance. تقييم الأداء السابق
- ◆ Predicting future performance. توقع الأداء المستقبلي
- ◆ Help assess the risk or uncertainty of achieving future cash flows.

المساعدة في تقييم المخاطر أو عدم اليقين فيما يتعلق بتحقيق التدفقات النقدية المستقبلية

محددات قوائم الدخل Limitations

- ◆ Companies omit items that cannot be measured reliably. تحذف الشركات البنود التي لا يمكن قياسها بشكل موثوق (لا يمكن قياسه بطريقة معقولة)
- ◆ Income is affected by the accounting methods employed. يتأثر الدخل بالطرق المحاسبية المتبعة
مثلا حساب الاستهلاك Depreciation ، يكون اني طريقة Straight line or Double Declining
أو الطرق المحاسبية للحساب مثل LIFO , FIFO , AVG.COST
- ◆ Income measurement involves judgment. يشمل قياس الدخل الحكم
مثلا: Bad Debts

جودة الأرباح Quality of Earnings

Companies have incentives to manage income to meet or beat Wall Street expectations, so that

الشركات لديها حوافز لإدارة الدخل لتلبية أو التغلب على توقعات سوق الأوراق المالية ، لذلك

- ◆ market price of stock increases and ارتفاع أسعار الأسهم في السوق و
- ◆ value of stock options increase. زيادة قيمة خيارات الأسهم
- ◆ **Quality of earnings is reduced if earnings management results in information that is less useful for predicting future earnings and cash flows.**

جودة الأرباح تنخفض إذا نتج عن إدارة الأرباح معلومات أقل فائدة للتنبؤ بالأرباح والتدفقات النقدية المستقبلية.

عناصر قوائم الدخل Elements of the Income Statement

1. **Revenues** – Inflows or other enhancements of assets or settlements of its liabilities that constitute the entity's ongoing major or central operations.

الإيرادات - التدفقات الداخلة أو التحسينات الأخرى للأصول أو تسويات التزاماتها التي تشكل العمليات الرئيسية أو المركزية المستمرة للكيان.

أمثلة على حسابات الإيرادات Examples of Revenue Accounts

Sales (المبيعات), Fee (الرسوم), Interest (الفوائد), Dividend (الأرباح), Rent (الإيجار)

2. **Expenses** – Outflows or other using-up of assets or incurrences of liabilities that constitute the entity's ongoing major or central operations.

المصروفات - التدفقات الخارجة أو غير ذلك من استخدام الأصول أو تكبد الالتزامات التي تشكل العمليات الرئيسية أو المركزية المستمرة للكيان.

أمثلة على حسابات المصاريف Examples of Expense Accounts

Cost of goods sold, Depreciation, Interest, Rent, Salaries and wages, Taxes

الضرائب ، الرواتب والأجور ، الإيجار ، الفوائد ، الإستهلاك ، تكلفة البضاعة المباعة

3. **Gains** – Increases in equity (net assets) from peripheral or incidental transactions. الأرباح - الزيادات في حقوق الملكية (صافي الأصول) من المعاملات الطرفية أو العرضية.
4. **Losses** - Decreases in equity (net assets) from peripheral or incidental transactions. الخسائر - انخفاض في حقوق الملكية (صافي الأصول) من المعاملات الطرفية أو العرضية.

الأرباح والخسائر يمكن أن تنتج عن Gains and losses can result from

- ◆ sale of investments or plant assets, بيع أصول او استثمارات المصنع
- ◆ settlement of liabilities, تسوية الإلتزامات (مثلا انا عندي دين 1000 وبعد المفاوضات صارو 900 فعندي 100 ربح)
- ◆ write-offs of assets. شطب الأصول (مثلا: عندي ماكينة خربت وما بتتصلح وكيناها بالزباله تعتبر خسائر)

المكونات الوسيطة Intermediate Components

- ◆ Format referred to as **multiple-step income statement**. يشار إلى الشكل بقوائم الدخل متعدد الخطوات

CH4 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

- ◆ Separates operating transactions from nonoperating transactions.

يفصل المعاملات التشغيلية عن المعاملات غير التشغيلية
مطابقة التكاليف والنفقات مع الإيرادات ذات الصلة

- ◆ Matches costs and expenses with related revenues.

- ◆ Highlights certain components of income that analysts use assessing financial performance.

يسلط الضوء على بعض مكونات الدخل التي يستخدمها المحللون لتقييم الأداء المالي

Common for companies to present some or all of the following sections and totals within the income statement.

1. Operating section
2. Nonoperating section
3. Income tax
4. Discontinued operations
5. Noncontrolling interest
6. Earnings per share

من الشائع بالنسبة للشركات أن تقدم بعض أو كل الأقسام والمجاميع التالية ضمن بيان الدخل

Multiple-Step متعدد الخطوات

CABRERA COMPANY Income Statement

For The Year Ended December 31, 2017

عنا قائمة دخل لنهاية سنة 2017 لشركة ما ويتحتوي حسب الصورة :

1. Operating Section
2. Nonoperating Section
3. Income tax

ملاحظة : في كم قانون من المحاسبة 1 مطلوبين منا " للتذكير " :

Cost of goods available =
Beginning income + Cost of goods purchased

Cost of goods sold =
Cost of goods available – Ending income

Net Purchases =
Purchases - (Purchases Discount + Allowance of doubtful Account)

Cost of goods purchased = Net Purchases – transpiration

قائمة الدخل المكثفة / المضغوطة (هي متعددة الخطوات ولكن مش مفصلة)

CABRERA COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017	
Net sales	\$2,972,413
Cost of goods sold	1,982,541
Gross profit	989,872
Selling expenses (see Note D)	\$453,028
Administrative expenses	350,771
Income from operations	186,073
Other revenues and gains	171,410
Other expenses and losses	357,483
Income before income tax	126,060
Income tax	231,423
Net income for the year	\$ 66,934
Earnings per common share	\$1.74

Sales		
Sales revenue		\$3,053,081
Less: Sales discounts	\$ 24,241	
Sales returns and allowances	56,427	80,668
Net sales revenue		2,972,413
Cost of goods sold		1,982,541
Gross profit		989,872
Operating Expenses		
Selling expenses		
Sales salaries and commissions	\$202,644	
Sales office salaries	59,200	
Travel and entertainment	48,940	
Advertising expense	38,315	
Freight and transportation-out	41,209	
Shipping supplies and expense	24,712	
Postage and stationery	16,788	
Telephone and Internet expense	12,215	
Depreciation of sales equipment	9,005	453,028
Administrative expenses		
Officers' salaries	186,000	
Office salaries	61,200	
Legal and professional services	23,721	
Utilities expense	23,275	
Insurance expense	17,029	
Depreciation of building	18,059	
Depreciation of office equipment	16,000	
Stationery, supplies, and postage	2,875	
Miscellaneous office expenses	2,612	350,771
Income from operations		186,073
Other Revenues and Gains		
Dividend revenue	98,500	
Rent revenue	72,910	171,410
Other Expenses and Losses		357,483
Interest on bonds and notes		126,060
Income before income tax		231,423
Income tax		66,934
Net income for the year		\$ 164,489
Earnings per common share		\$1.74

Single-Step Income Statements بيانات الدخل من خطوة واحدة

Revenues- Expenses = Net Income الإيرادات - المصاريف = صافي الدخل

No implication that one type of revenue or expense item has priority over another.

لا يوجد ما يدل على أن أحد أنواع الإيرادات أو المصاريف له أولوية على نوع آخر.

CABRERA COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017	
Revenues	
Net sales	\$2,972,413
Dividend revenue	98,500
Rent revenue	72,910
Total revenues	3,143,823
Expenses	
Cost of goods sold	1,982,541
Selling expenses	453,028
Administrative expenses	350,771
Interest expense	126,060
Income tax expense	66,934
Total expenses	2,979,334
Net income	\$ 164,489
Earnings per common share	\$1.74

ضياء الدين صبح

REPORTING VARIOUS INCOME ITEMS الإبلاغ عن بنود الدخل المختلفة

Companies are required to report unusual and infrequent items as part of net income so users can better determine the long-run earning power of the company.

يتعين على الشركات الإبلاغ عن عناصر غير عادية وغير متكررة كجزء من صافي الدخل حتى يتمكن المستخدمون من تحديد قوة أرباح الشركة على المدى الطويل بشكل أفضل.

These income items fall into four general categories:

تتقسم بنود الدخل هذه إلى أربع فئات عامة

1. Unusual gains and losses مكاسب وخسائر غير عادية
2. Discontinued operations العمليات المتوقفة
3. Noncontrolling interest المصلحة غير المسيطرة
4. Earnings per share ربحية السهم

1. Unusual and Infrequent Gains and Losses مكاسب وخسائر غير عادية ونادرة

(a) Unusual. High degree of abnormality and of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the company, taking into account the environment in which it operates.

غير عادي. درجة عالية من الإضطراب ومن نوع لا علاقة له بشكل واضح أو يرتبط بشكل عرضي بالأنشطة العادية والنموذجية للشركة، مع مراعاة البيئة التي تعمل فيها.

(b) Infrequency of occurrence. Type of transaction that is not reasonably expected to recur in the foreseeable future, taking into account the environment in which the company operates.

ندرة الحدوث. نوع المعاملة التي لا يُتوقع بشكل معقول أن تتكرر في المستقبل المنظور، مع مراعاة البيئة التي تعمل فيها الشركة.

Common types of unusual or infrequent gains and losses: الأأنواع الشائعة للمكاسب والخسائر غير العادية أو النادرة

- Losses on write-down (impairment) of receivables; inventories; property, plant, and equipment; goodwill or other intangible assets. الخسائر الناتجة عن التخفيض (انخفاض) الذمم المدينة. المخزون؛ الممتلكات والآلات والمعدات؛ الشهرة أو الأصول غير الملموسة الأخرى.
- Restructuring charges. رسوم إعادة الهيكلة (مثلا : إلغاء أو دمج دوائر ، تغيير مستويات الإدارة)
- Gains and losses from sale or abandonment of property, plant and equipment. المكاسب والخسائر من بيع أو التخلي عن الممتلكات والمنشآت والمعدات.
- Effects of a strike. آثار الإضراب
- Gains and losses on extinguishment (redemption) of debt obligations. المكاسب والخسائر من إطفاء (استرداد) التزامات الديون
- Gains and losses related to casualties such as fires, floods, and earthquakes. المكاسب والخسائر المتعلقة بالإصابات مثل الحرائق والفيضانات والزلازل.
- Gains or losses on sale of investment securities. أرباح أو خسائر بيع الأوراق المالية الاستثمارية

ملاحظة : يبين المكاسب والخسائر الغير عادية ونادرة الحدوث في Other Expenses and losses في قائمة الدخل

2. Discontinued Operations العمليات المتوقفة

Occurs when two things happen: يحدث عند حدوث شيئين

(1) A company eliminates the results of operations of a component of the business.

تقوم الشركة بإلغاء نتائج عمليات أحد مكونات الأعمال.

(2) The elimination of a component that represents a strategic shift, having a major effect on the company's operations and financial results.

إلغاء عنصر يمثل تحولاً استراتيجياً له تأثير كبير على عمليات الشركة ونتائجها المالية.

Amounts are reported "net of tax."

يتم الإبلاغ عن المبالغ "صافية من الضرائب"

Ex: KC Products Inc., a highly diversified company, decides to discontinue its electronics division. During the current year, the electronics division lost \$300,000 (net of tax). KC Products sold the division at the end of the year at a loss of \$500,000 (net of tax). Show how the discontinued operations would be reported on the income statement for KC Products.

تلخيص (INTERMEDIATE_1) ACCT335 - CH4

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على سبيل المثال: قررت شركة KC ، وهي شركة متنوعة للغاية ، إيقاف قسم الإلكترونيات التابع لها. خلال العام الحالي ، خسر قسم الإلكترونيات 300 ألف دولار (بعد خصم الضرائب). باعت KC القسم في نهاية العام بخسارة قدرها 500000 دولار (بعد خصم الضرائب). أظهر كيف سيتم الإبلاغ عن العمليات المتوقفة في بيان الدخل لمنتجات KC.

Income from continuing operations	الدخل من العمليات المستمرة	\$20,000,000
Discontinued operations:		
Loss from operations, net of tax	خسارة من العمليات ، صافية من الضريبة	300,000
Loss on disposal, net of tax	خسارة في التصرف ، صافية من الضريبة	500,000
Total loss on discontinued operations	إجمالي الخسارة في العمليات المتوقفة	800,000
Net income	صافي الدخل	\$19,200,000

Discontinued Operations are reported after "Income from continuing operations."

يتم الإبلاغ عن العمليات المتوقفة بعد "الدخل من العمليات المستمرة".
Without a discontinued operations this line would be "net income."

بدون عمليات متوقفة ، سيكون هذا البند "صافي الدخل".

تخصيص الضرائب خلال الفترة Intraproduct Tax Allocation

- The allocation of tax within a period.
تخصيص الضريبة خلال فترة.
- Helps users understand the impact of income taxes on the various components of net income.
يساعد المستخدمين على فهم تأثير ضرائب الدخل على المكونات المختلفة لصافي الدخل

- **Intraproduct tax allocation is used for:** يتم استخدام تخصيص الضرائب خلال الفترة من أجل
 - (1) Income from continuing operations, الدخل من العمليات المستمرة
 - (2) discontinued operations. العمليات المتوقفة

Discontinued Operations (Gain)

Ex: Schindler Co. has income before income tax of \$250,000. It has a gain of \$100,000 from a discontinued operation. Assuming a 30 percent income tax rate, Schindler presents the following information on the income statement.

على سبيل المثال: شركة Schindler لديها دخل قبل ضريبة الدخل يبلغ 250.000 دولار. لديها ربحاً قدره 100000 دولار من عملية متوقفة. بافتراض معدل ضريبة دخل بنسبة 30 في المائة ، يقدم شندلر المعلومات التالية في بيان الدخل.

Income before income tax		\$250,000
Income tax		75,000
Income from continuing operations		175,000
Gain on discontinued operations	\$100,000	
Less: Applicable income tax	30,000	70,000
Net income		\$245,000

Discontinued Operations (Loss)

Ex: Schindler Co. has income before income tax of \$250,000. It suffers a loss from discontinued operations of \$100,000. Assuming a 30 percent tax rate, Schindler presents the income tax on the income statement as shown

على سبيل المثال: شركة Schindler لديها دخل قبل ضريبة الدخل يبلغ 250.000 دولار. وهي تتكبد خسارة من العمليات المتوقفة قدرها 100000 دولار.

Income before income tax		\$250,000
Income tax		75,000
Income from continuing operations		175,000
Loss from discontinued operations	\$100,000	
Less: Applicable income tax reduction	30,000	70,000
Net income		\$105,000

بافتراض معدل ضريبة بنسبة 30 في المائة ، يقدم شندلر ضريبة الدخل على بيان الدخل كما هو موضح

ضياء الدين صبح

3. Noncontrolling Interest "مصلحة الأقلية" الفائدة غير المسيطرة

When a company owns substantial interests (generally greater than 50%) in another company, GAAP generally require that the financial statements of both companies be consolidated together into one set of financials.

عندما تمتلك شركة ما حصصًا كبيرة (تزيد بشكل عام عن 50٪) في شركة أخرى ، تتطلب مبادئ المحاسبة المقبولة عموماً أن يتم دمج البيانات المالية لكلا الشركتين معاً في مجموعة واحدة من البيانات المالية.

Noncontrolling interest is the portion of equity (net assets) interest in a subsidiary not attributable to the parent company.

الفائدة غير المسيطرة "مصلحة الأقلية" هي جزء من حقوق الملكية (صافي الأصول) في شركة تابعة لا ينسب إلى الشركة الأم.

Ex: Assume that Coca-Cola acquires 70 percent of the outstanding stock of Koch Company. Because Coca-Cola owns more than 50 percent of Koch, it consolidates Koch's financial results with its own. GAAP requires that net income be allocated to the controlling and noncontrolling interest.

على سبيل المثال: افترض أن شركة كوكاكولا تستحوذ على 70 بالمائة من الأسهم القائمة لشركة Koch. نظرًا لأن شركة كوكاكولا تمتلك أكثر من 50 في المائة من Koch ، فإنها تدمج النتائج المالية لشركة Koch مع نتائجها المالية. تتطلب مبادئ المحاسبة المقبولة عموماً تخصيص صافي الدخل للحصة المسيطرة وغير المسيطرة.

The Coca-Cola Company (in millions)	
Consolidated net income	\$7,124
Less: Net income attributable to noncontrolling interests	26
Net income attributable to stockholders' of The Coca-Cola Company	<u>\$7,098</u>

The noncontrolling interest amounts are not an expense or dividend, but are allocations of net income (loss) to the noncontrolling interest.

إن مبالغ حقوق الأقلية ليست مصروفات أو توزيعات أرباح ، ولكنها مخصصات من صافي الدخل (الخسارة) حقوق الأقلية.

Earnings per Share ربحية السهم

$$\text{Earnings Per Share} = \frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Weighted Average Of common Shares Outstanding}}$$

◆ A significant business indicator.

مؤشر أعمال مهم

◆ Measures the dollars earned by each share of common stock.

يقيس الدولارات المكتسبة من كل سهم من الأسهم العادية

◆ Must be disclosed on the income statement.

يجب الإفصاح عنها في بيان الدخل

Ex: Paltel, Inc. reports net income of \$350,000. It declares and pays preferred dividends of \$50,000 for the year. The weighted-average number of common shares outstanding during the year is 100,000 shares. Lancer computes earnings per share as follows:

تحقق شركة بالتل أرباحاً صافية قدرها 350.000 دولار. يعلن ويدفع أرباحاً مفضلة قدرها 50000 دولار للسنة. متوسط عدد الأسهم العادية المتعلقة خلال السنة هو 100,000 مشاركة. تحسب لانسر لانبس ربحية السهم على النحو التالي:

$$\text{Answer: Earnings Per Share} = \frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Weighted Average Of common Shares Outstanding}}$$

$$\text{Earnings Per Share} = \frac{\$350,000 - \$50,000}{100,000} = \frac{\$300,000}{100,000} = \$3.00 \text{ Per Share}$$

Ex2:

Per share of common stock	
Income from continuing operations	\$2.76
Income from operations of discontinued division, net of tax	0.54
Loss on disposal of discontinued operation, net of tax	<u>0.90</u>
Net income	\$2.40

OTHER REPORTING ISSUES قضايا الإبلاغ الأخرى

A. Accounting Changes and Errors

1. Changes in Accounting Principle التغييرات في مبدأ المحاسبة

- ◆ Retrospective adjustment. التعديل بأثر رجعي
- ◆ Cumulative effect adjustment to beginning retained earnings. تعديل الأثر التراكمي لبدء الأرباح المحتجزة
- ◆ Approach preserves comparability across years. النهج يحافظ على القابلية للمقارنة عبر السنوات
- ◆ **Examples include:** الأمثلة تشمل:
 - ▶ change from FIFO to average cost. التغيير الحاصل من الوارد أو لا يخرج أو لا إلى متوسط التكلفة
 - ▶ change from the percentage-of-completion to the completed-contract method. التغيير من نسبة الإنجاز إلى طريقة العقد المنجز

Ex: Goubert Inc. decided in March 2017 to change from FIFO to weighted-average inventory pricing. Goubert's income before taxes, using the new weighted-average method in 2017, is \$30,000. (Based on 30% tax rate).

قررت شركة Goubert. في مارس 2017 التغيير من FIFO إلى تسعير المخزون المتوسط المرجح. دخل جوبيرت قبل الضرائب ، باستخدام طريقة المتوسط المرجح الجديد في عام 2017 ، هو 30 ألف دولار. (على أساس معدل الضريبة 30%).
(هون هنا بوضحلنا الفرق بين FIFO ومتوسط التكلفة وكيفية حساب الضريبة ع أساس 30%)

Year	FIFO	Weighted-Average Method	Excess of FIFO over Weighted-Average Method
2015	\$40,000	\$35,000	\$5,000
2016	30,000	27,000	3,000
Total			\$8,000

	2017	2016	2015
Income before income tax	\$30,000	\$27,000	\$35,000
Income tax	9,000	8,100	10,500
Net income	\$21,000	\$18,900	\$24,500

2. Change in Accounting Estimates التغيير في التقديرات المحاسبية

- a. Accounted for in the period of change or the period of and the future periods if the change affects both.

يتم احتسابها في فترة التغيير أو الفترة والفترات المستقبلية إذا كان التغيير يؤثر على كليهما

- b. Not handled retrospectively.

لم يتم التعامل معها بأثر رجعي

- c. Not considered errors.

لا تعتبر "لا يتم تصنيفها على انها " أخطاء

- d. **Examples include:** الأمثلة تشمل:

- i. Useful lives and salvage values of depreciable assets.

الأعمار المفيدة وقيم الإنقاذ للأصول القابلة للاستهلاك.

- ii. Allowance for uncollectible receivables.

مخصص الذمم المدينة غير القابلة للتحويل

- iii. Inventory obsolescence.

تقادم المخزون

Ex: Arcadia HS, purchased equipment for \$510,000 which was estimated to have a useful life of 10 years with a salvage value of \$10,000 at the end of that time. Depreciation has been recorded for 7 years on a straight-line basis. In 2017 (year 8), it is determined that the total estimated life should be 15 years with a salvage value of \$5,000 at the end of that time.

على سبيل المثال: شركة اركاديا ، اشترت معدات بمبلغ 510,000 دولار والتي قُدرت أن يكون لها عمر إنتاجي يبلغ 10 سنوات بقيمة إنقاذ 10,000 دولار في نهاية ذلك الوقت. تم تسجيل الاستهلاك لمدة 7 سنوات على أساس القسط الثابت. في عام 2017 (السنة 8) ، تم تحديد أن إجمالي العمر التقديري يجب أن يكون 15 عامًا بقيمة إنقاذ 5000 دولار في نهاية ذلك الوقت.

Questions: الأسئلة

- a. What is the journal entry to correct the prior years' depreciation?

ما هو إدخال دفتر اليومية لتصحيح إهلاك السنوات السابقة؟

- b. Calculate the depreciation expense for 2017.

احسب مصروف الإستهلاك لعام 2017

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ضياء الدين صبح

Answer:

a. No Entry

b.	Net book value	\$160,000
	Salvage value (new)	5,000
	Depreciable base	155,000
	Useful life remaining	8 years
	Annual depreciation	\$ 19,375

Journal Entry 2017:

Depreciation Expense	19,375	
Accumulated Depreciation		19,375

3. Corrections of Errors تصحيح الأخطاء

a. Result from: نتيجة من

- ▶ mathematical mistakes.
- ▶ mistakes in application of accounting principles.
- ▶ oversight or misuse of facts.

أخطاء رياضية
أخطاء في تطبيق مبادئ المحاسبة
الإشراف على الحقائق أو إساءة استخدامها

b. Corrections treated as prior period adjustments.

تعامل التصحيحات على أنها تعديلات الفترة السابقة

- ▶ Adjustment to the beginning balance of retained earnings

تعديل رصيد بداية الأرباح المحتجزة

Ex: In 2018, Hillsboro Co. determined that it incorrectly overstated its accounts receivable and sales revenue by \$100,000 in 2017. In 2018, Hillboro makes the following entry to correct for this error (ignore income taxes).

في عام 2018 ، قررت شركة Hillsboro أنها بالغت في تقدير حساباتها المدينة وعائدات المبيعات بشكل غير صحيح بمقدار 100000 دولار في عام 2017. في عام 2018 ، أدخلت Hillboro الإدخال التالي لتصحيح هذا الخطأ (تجاهل ضرائب الدخل).

Retained Earnings	100,000	
Accounts Receivable		100,000

B. Retained Earnings Statement

Increase زيادة	Decrease نقصان
◆ Net income صافي الدخل	◆ Net loss صافي الخسارة
◆ Change in accounting principle التغيير في مبدأ المحاسبة	◆ Dividends توزيعات الأرباح
◆ Prior period adjustments تعديلات الفترة السابقة	◆ Change in accounting principles تغيير في مبادئ المحاسبة
	◆ Prior period adjustments تعديلات الفترة السابقة

Woods, Inc.	
Statement of Retained Earnings	
For the Year Ended December 31, 2017	
Balance, January 1	\$ 1,050,000
Net income	360,000
Dividends	(300,000)
Balance, December 31	\$ 1,110,000

Before issuing the report for the year ended December 31, 2017, you discover a \$50,000 error (net of tax) that caused 2016 inventory to be overstated (overstated inventory caused COGS to be lower and thus net income to be higher in 2016). Would this discovery have any impact on the reporting of the Statement of Retained Earnings for 2017?

ضياء الدين صبح

قبل إصدار التقرير للسنة المنتهية في 31 كانون الأول (ديسمبر) 2017 ، تكتشف خطأ بقيمة 50000 دولار (بعد خصم الضرائب) تسبب في زيادة قيمة مخزون 2016 (تسبب المخزون المبالغ فيه في انخفاض تكلفة السلع المُباعة ، وبالتالي ارتفاع صافي الدخل في عام 2016). هل سيكون لهذا الاكتشاف أي تأثير على الإبلاغ عن بيان الأرباح المحتجزة لعام 2017؟
Woods, Inc.

Statement of Retained Earnings
For the Year Ended December 31, 2017

Balance, January 1	\$ 1,050,000
Prior period adjustment - error correction	(50,000)
Balance, January 1 (restated)	1,000,000
Net income	360,000
Dividends	(300,000)
Balance, December 31	<u>\$ 1,060,000</u>

القيود على الأرباح المحتجزة Restrictions on Retained Earnings

Disclosed يكشف

- ◆ In notes to the financial statements. في الملاحظات على البيانات المالية
- ◆ As Appropriated Retained Earnings حسب الأرباح المحتجزة المخصصة

C. Comprehensive Income الدخل الشامل

All changes in equity during a period except those resulting from investments by owners and distributions to owners.

جميع التغييرات في حقوق الملكية خلال فترة ما عدا تلك الناتجة عن استثمارات الملاك والتوزيعات على المالكين.

Includes:

- ◆ all revenues and gains, expenses and losses reported in net income, and كافة الإيرادات والأرباح والمصاريف والخسائر المدرجة في صافي الدخل
- ◆ all gains and losses that bypass net income but affect stockholders' equity. جميع المكاسب والخسائر التي تتجاوز صافي الدخل ولكنها تؤثر على حقوق المساهمين.

Other Comprehensive Income الدخل الشامل الآخر

- ◆ Unrealized gains and losses on available-for-sale securities. المكاسب والخسائر غير المحققة من الأوراق المالية المتاحة للبيع.
- ◆ Translation gains and losses on foreign currency. أرباح وخسائر تحويل العملات الأجنبية
- ◆ Plus others بالإضافة إلى الدخل الآخر

Reported in Stockholders' Equity تم الإبلاغ عنها في حقوق المساهمين

Companies must display the components of other comprehensive income in one of two ways:

يجب على الشركات عرض مكونات الدخل الشامل الآخر بإحدى طريقتين:

1. A single continuous statement (one statement approach) or بيان واحد مستمر (نهج بيان واحد) أو
2. two separate, but consecutive statements of net income and other comprehensive income (two statement approach). بيانان منفصلان ولكن متتاليان لصافي الدخل والدخل الشامل الآخر (نهج البيانين).

One Statement Approach نهج البيان الواحد

Advantage – does not require the creation of a new financial statement.

ميزة - لا يتطلب إنشاء بيان مالي جديد.

Disadvantage - net income buried as a subtotal on the statement.

العيب - صافي الدخل المدفون كمجموع فرعي في البيان.

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ضياء الدين صبح

V. GILL INC. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017	
Sales revenue	\$800,000
Cost of goods sold	600,000
Gross profit	200,000
Operating expenses	90,000
Net income	\$110,000

V. GILL INC. COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017	
Net income	\$110,000
Other comprehensive income Unrealized holding gain, net of tax	30,000
Comprehensive income	\$140,000

V. GILL INC. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017	
Sales revenue	\$800,000
Cost of goods sold	600,000
Gross profit	200,000
Operating expenses	90,000
Net income	110,000
Other comprehensive income Unrealized holding gain, net of tax	30,000
Comprehensive income	\$140,000

One Statement Approach نهج البيان الواحد
Two Statement Approach نهج البيانين

Statement of Stockholders' Equity بيان حقوق المساهمين

- ◆ Reports the changes in each stockholders' equity account and total equity for the period.

تقارير التغييرات في كل حساب حقوق المساهمين وإجمالي حقوق المساهمين للفترة.

- ◆ **Following items are disclosed in the statement:** تم الإفصاح عن البنود التالية في البيان:

- ▶ Contributions (issuances of shares) and distributions (dividends) to owners. المساهمات (إصدارات الأسهم) والتوزيعات (أرباح الأسهم) على الملاك.
- ▶ Reconciliation of the carrying amount of each component of stockholders' equity from the beginning to the end of the period. تسوية القيمة الدفترية لكل عنصر من حقوق المساهمين من بداية الفترة إلى نهايتها.

Ex:

V. GILL INC. STATEMENT OF STOCKHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017				
	Total	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock
Beginning balance	\$410,000	\$ 50,000	\$60,000	\$300,000
Net income	110,000	110,000		
Other comprehensive income Unrealized holding gain, net of tax	30,000		30,000	
Ending balance	\$550,000	\$160,000	\$90,000	\$300,000

Balance Sheet Presentation عرض الميزانية العمومية

V. GILL INC. BALANCE SHEET AS OF DECEMBER 31, 2014 (STOCKHOLDERS' EQUITY SECTION)	
Stockholders' equity	
Common stock	\$300,000
Retained earnings	160,000
Accumulated other comprehensive income	90,000
Total stockholders' equity	\$550,000

Additional Question الأسئلة الإضافية

Q1: Circle the correct answer

1. A separation of operating and non-operating activities of a company exists in
 - a. both a multiple-step and single-step income statement.
 - b. a multiple-step but not a single-step income statement.**
 - c. a single-step but not a multiple-step income statement.
 - d. neither a single-step nor a multiple-step income statement.
2. Gains and losses that bypass net income but affect stockholders' equity are referred to as
 - a. comprehensive income.
 - b. other comprehensive income.**
 - c. prior period income.
 - d. unusual gains and losses.
3. The major elements of the income statement are
 - a. revenue, cost of goods sold, selling expenses, and general expense.
 - b. operating section, nonoperating section, discontinued operations, and cumulative effect.
 - c. revenues, expenses, gains, and losses.**
 - d. revenues, irregular items, and general expenses.
4. Which of the following is false about an income statement?
 - a. Items that cannot be measured reliably are not reported in the income statement.
 - b. It is used to measure the solvency of a company.**
 - c. Income measurement involves judgment.
 - d. Income numbers are affected by the accounting methods employed.
5. The income statement provides investors and creditors with information to predict all of the following except the:
 - a. amount of future cash flows.
 - b. sources of future cash flows.**
 - c. timing of future cash flows.
 - d. uncertainty of future cash flows.
6. Which of the following is an advantage of the single-step income statement over the multiple-step income statement?
 - a. It reports gross profit for the year.
 - b. Expenses are classified by function.
 - c. It matches costs and expenses with related revenues.
 - d. It does not imply that one type of revenue or expense has priority over another.**
7. The single-step income statement emphasizes
 - a. the gross profit figure.
 - b. total revenues and total expenses.**
 - c. operating and non-operating expenses.
 - d. the various components of income from continuing operations.
8. Which of the following is an not acceptable method of presenting the income statement?
 - a. A single-step income statement
 - b. A multiple-step income statement
 - c. A consolidated statement of income
 - d. A partial statement of income.**

9. Which of the following is not a generally practiced method of presenting the income statement?
- Including prior period adjustments in determining net income
 - The single-step income statement
 - The consolidated statement of income
 - Including gains and losses from discontinued operations of a component of a business in determining net income
10. Which of the following is not a selling expense?
- Advertising expense
 - Office salaries expense
 - Freight-out
 - Store supplies consumed
11. Which of the following is true of accounting for changes in estimates?
- A company recognizes a change in estimate by making a retrospective adjustment to the financial statements.
 - A company accounts for changes in estimates only in the period of change, even though it affects the future periods.
 - Changes in estimates are not carried back to adjust prior years.
 - Changes in estimates are considered as errors.
12. Income taxes are allocated to
- continuing operations.
 - discontinued operations.
 - prior period adjustments.
 - balance sheet adjustments.
13. Companies use intraperiod tax allocation for all of the following items except
- discontinued operations.
 - other comprehensive income.
 - changes in accounting estimates.
 - income from continuing operations.
14. Which of the following items would be reported net of tax on the face of the income statement?
- Prior period adjustment
 - Unusual gain
 - Change in realizability of receivables
 - Discontinued operations
15. In calculating earnings per share, companies deduct preferred dividends from net income if:
- they are noncumulative though not declared.
 - the dividends are declared.
 - they are convertible preferred shares.
 - they are callable preferred shares.
16. Earnings per share should always be shown separately for
- net income and gross margin.
 - net income and pretax income.
 - income from continuing operations.
 - discontinued operations items and prior period adjustments.

ضياء الدين صبح

17. Which of the following items will not appear in the retained earnings statement?
- Net loss
 - Prior period adjustment
 - Discontinued operations**
 - Dividends
18. A company is not required to report a per share amount on the face of the income statement for which one of the following items?
- Net income
 - Prior period adjustment**
 - Continuing operations
 - Discontinued operations
19. Earnings per share data are required on the face of the
- statement of retained earnings.
 - statement of stockholders' equity.
 - income statement.**
 - balance sheet.
20. Which of the following is included in comprehensive income?
- Investments by owners.
 - Unrealized gains on available-for-sale securities.**
 - Distributions to owners.
 - Changes in accounting principles.
21. Comprehensive income includes all of the following except
- dividend revenue.
 - losses on disposal of assets.
 - investments by owners.**
 - unrealized holding gains.
22. A statement of stockholders' equity includes a column for each of the following except
- accumulated other comprehensive income.
 - common stock.
 - net income.**
 - retained earnings.

Ortiz Co. had the following account balances:

Sales revenue	\$ 440,000
Cost of goods sold	220,000
Salaries and wages expense	30,000
Depreciation expense	60,000
Dividend revenue	12,000
Utilities expense	24,000
Rent revenue	60,000
Interest expense	36,000
Sales returns and allow.	33,000
Advertising expense	39,000

23. What would Ortiz report as total revenues in a single-step income statement?
- \$479,000**
 - \$ 70,000
 - \$472,000
 - \$440,000

ضياء الدين صبح

24. What would Ortiz report as total expenses in a single-step income statement?
 a. \$421,000 b. \$442,000
c. \$409,000 d. \$189,000
25. Gross billings for merchandise sold by Lang Company to its customers last year amounted to \$12,720,000; sales returns and allowances were \$370,000, sales discounts were \$175,000, and freight-out was \$140,000. Net sales last year for Lang Company were
 a. \$12,720,000.
 b. \$12,350,000.
c. \$12,175,000.
 d. \$12,035,000.
26. If plant assets of a manufacturing company are sold at a gain of \$1,800,000 with related taxes of \$540,000, and the gain is not considered unusual or infrequent, the income statement for the period would disclose these effects as
a. a gain of \$1,800,000 and an increase in income tax expense of \$540,000.
 b. operating income net of applicable taxes, \$1,260,000.
 c. a prior period adjustment net of applicable taxes, \$1,260,000.
 d. a discontinued operations gain net of applicable taxes, \$1,260,000.
27. In 2017, Esther Corporation reported net income of \$600,000. It declared and paid preferred stock dividends of \$150,000 and common stock dividends of \$60,000. During 2017, Esther had a weighted average of 300,000 common shares outstanding. Compute Esther's 2017 earnings per share.
 a. \$1.30 **b. \$1.50**
 c. \$2.00 d. \$2.50
28. In 2017, Benfer Corporation reported net income of \$210,000. It declared and paid common stock dividends of \$24,000 and had a weighted average of 100,000 common shares outstanding. Compute the earnings per share to the nearest cent.
 a. \$2.34 b. \$0.48
 c. \$1.86 **d. \$2.10**

29. For the year ended December 31, 2017, Transformers Inc. reported the following:

Net income	\$300,000
Preferred dividends declared	50,000
Common dividend declared	10,000
Unrealized holding loss, net of tax	5,000
Retained earnings, beginning balance	400,000
Common stock	200,000
Accumulated Other Comprehensive Income, Beginning Balance	25,000

- What would Transformers report as total stockholders' equity?

- a. \$860,000** b. \$840,000
 c. \$640,000 d. \$600,000
30. James, Inc. incurred the following infrequent losses during 2017:
 A \$280,000 write-down of equipment leased to others.
 A \$160,000 adjustment of accruals on long-term contracts.
 A \$240,000 write-off of obsolete inventory.
In its 2017 income statement, what amount should James report as total unusual losses?
a. \$680,000. b. \$520,000. c. \$440,000. d. \$400,000.

Q2: Indicate whether each of the following statements is true or false.

- True** 1. The income statement is useful in assessing the risk or uncertainty of achieving future cash flows.
- False** 2. A strength of the income statement as compared to the balance sheet is that items which cannot be measured reliably can be reported in the income statement.
- False** 3. Earnings management generally makes income statement information more useful for predicting future earnings and cash flows.
- True** 4. The transaction approach of income measurement focuses on the income-related activities that have occurred during the period.
- True** 5. Companies frequently report income tax expense separately as the last item before net income on a single-step income statement.
- True** 6. Revenues and gains increase both net income and owners' equity.
- True** 7. The phrase "income from continuing operations" is used only when gains or losses on discontinued operations occur.
- False** 8. The primary advantage of the multiple-step format lies in the simplicity of presentation and the absence of any implication that one type of revenue or expense item has priority over another.
- False** 9. The accounting profession has adopted a current operating performance approach to income reporting
- True** 10. Gross profit and income from operations are reported on a multiple-step but not on a single-step income statement.
- True** 11. Companies report the results of operations of a component of a business that will be disposed of separately from continuing operations.
- False** 12. Discontinued operations, and unusual gains and losses are both reported net of tax in the income statement.
- True** 13. Noncontrolling interest is the portion of equity (net assets) interest in a subsidiary not attributable to the parent company.
- True** 14. Intraperiod tax allocation relates the income tax expense of a fiscal period to the specific items that give rise to the amount of the tax provision.
- False** 15. Dividends declared on common and preferred stock are subtracted from net income in the computation of earnings per share.
- True** 16. A company that reports a discontinued operation item must report per share amounts for this item.
- True** 17. Prior period adjustments can either be added or subtracted in the Retained Earnings Statement.
- True** 18. Companies often restrict retained earnings to comply with contractual requirements or current necessity.
- True** 19. The components of other comprehensive income can be reported in the statement of comprehensive income
- False** 20. Comprehensive income includes all changes in equity during a period except those resulting from distributions to owners

ضياء الدين صبح

Q3: Prepare a income statement from the data below using the multiple-step form.

قم بإعداد بيان الدخل من البيانات أدناه باستخدام النموذج متعدد الخطوات.

Administrative expense:		
Officers' salaries	\$	4,900
Depreciation		3,960
Cost of goods sold		60,570
Rent revenue		17,230
Selling expense:		
Freight-out		2,690
Sales commissions		7,980
Depreciation		6,480
Sales		96,500
Income tax		9,070
Interest expense		1,860

Answer:

Income Statement	
For the year ended Dec. 31, 2017	
Sales	\$ 96,500
Cost of goods sold	60,570
Gross profit	35,930
Operating Expenses:	
Selling expense	17,150
Administrative expense	8,860
Total operating expenses	26,010
Income from operations	9,920
Other revenue (expense):	
Rent revenue	17,230
Interest expense	(1,860)
Total other	15,370
Income before tax	25,290
Income tax	9,070
Net income	\$ 16,220

Q4: In the space provided, write the word or phrase that is defined or indicated.

1. Net income minus preferred dividends divided by the weighted average of shares outstanding.
2. All changes in equity during a period except those resulting from investments by owners and distributions to owners.
3. A correction of an error is reported as a
4. The portion of equity interest in a subsidiary not attributable to the parent company.
5. The income statement category for a disposal of a component of a business.
6. Relating tax expense to specific items on the income statement.

Answer:

1. Earnings per share.
2. Comprehensive income.
3. Prior period adjustment.
4. Noncontrolling interest.
5. Discontinued operations.
6. Intraperiod tax allocation.

ضياء الدين صبح

Q5: Listed below in scrambled order are 11 income statement categories. Use the numerals 1 through 11 to indicate the order in which these categories should appear on a multiple-step income statement.

- () Discontinued operations.
- () Cost of goods sold.
- () Other revenues and gains.
- () Net income.
- () Income taxes.
- () Sales revenue.
- () Gross profit on sales.
- () Income from operations.
- () Income from continuing operations before income taxes.
- () Operating expenses.
- () Income from continuing operations.

Solution 10, 2, 6, 11, 8, 1, 3, 5, 7, 4, 9

Q6: Hendrick, Inc. has the following data for the year ended December 31, 2017:

Net sales	\$270,000
Discontinued operations loss	20,000
Cost of goods sold	165,000
Interest expense	3,000
Selling expenses	15,000
Administrative expenses	35,000
Shares of capital stock outstanding, 10,000 Tax rate of 30% on all items	

Instructions Prepare a multiple-step income statement for Hendrick, Inc. for the year ended December 31, 2017.

Hendrick Inc. Income Statement Year Ended December 31, 2017		
Net sales		\$270,000
Cost of goods sold		<u>165,000</u>
Gross margin		105,000
Operating Expenses		
Selling expenses	\$15,000	
Administrative expenses	<u>35,000</u>	
Total operating expenses		<u>50,000</u>
Income from operations		55,000
Other Expenses and Losses		
Interest expense		<u>3,000</u>
income from continuing operations before taxes		52,000
Income tax		<u>15,600</u>
Income from continuing operations		36,400
Discontinued operations loss	20,000	
Less: Income tax	<u>6,000</u>	(14,000)
Net income		<u>\$22,400</u>
Earnings per share:		
Income from continuing operations (\$36,400 ÷ 10,000)		\$3.64
Discontinued operations (\$14,000 ÷ 10,000)		<u>1.40</u>
Net income (\$22,400 ÷ 10,000)		<u>2.24</u>

Q7: Presented below is financial information of the Martin Corporation for 2017.

Gain on the sale of investments	160,000
Net sales	45,000,000
Cost of goods sold	31,000,000
Loss on disposal of wholesale division	670,000
Interest revenue	105,000
Loss on operations of wholesale division	690,000
Selling and administrative expenses	8,200,000
Dividends declared on common stock	340,000
Write off of goodwill	780,000
Dividends declared on preferred stock	120,000
Effective tax rate on all items is 34%	

Martin Corporation decided to discontinue its wholesale operations and to retain their manufacturing operations. On July 1, Martin sold the wholesale operations. During 2017, there were 800,000 shares of common stock outstanding all year

Instructions Compute each of the following.

1. Income from operations
2. Income before income tax
3. Income from continuing operations
4. Net income
5. Earnings per share

Solution

1. Income from operations $\$45,000,000 - \$31,000,000 - \$8,200,000 = \underline{\$5,800,000}$
2. Income before income tax $\$5,800,000 + \$160,000 + \$105,000 - \$780,000 = \underline{\$5,285,000}$
3. Income from continuing operations $\$5,285,000 - (\$5,285,000 \times .34) = \underline{\$3,488,100}$
4. Net income $\$3,488,100 - [(\$670,000 + 690,000) \times (1 - .34)] = \underline{\$2,590,500}$
5. Earnings per share $(\$2,590,500 - \$120,000) \div 800,000 = \underline{\$3.09}$

Q8: For each of the items listed below, indicate how it should be treated in the financial statements.

Use the following letter code for your selections:

- a. Continuing operations
- b. Discontinued operations
- c. Prior period adjustment

- _____ 1. The bad debt rate was increased from 1% to 2%, thus increasing bad debt expense.
- _____ 2. Obsolete inventory was written off. This was the first loss of this type in the company's history.
- _____ 3. Loss on sale of investments. The company last sold some of its investments two years ago.
- _____ 4. Recognition of income earned last year which was inadvertently omitted from last year's income statement.
- _____ 5. The company sold one of its warehouses at a loss.
- _____ 6. Settlement of litigation with federal government related to income taxes of three years ago.
The company is continually involved in various adjustments with the federal government related to its taxes.
- _____ 7. Loss on the disposal of a component of a business.
- _____ 8. The company neglected to record its depreciation in the previous year.
- _____ 9. Discontinuance of all production in the United States. The manufacturing operations were relocated in Mexico.

ضياء الدين صبح

Solution

- 1. a 4. c 7. b
- 2. a 5. a 8. c
- 3. a 6. a 9. a

Q9: Presented below are changes in all the account balances of Fritz Mayhew Furniture Co. during the current year, except for retained earnings.

	Increase (Decrease)		Increase (Decrease)
Cash	\$ 79,000	Accounts Payable	\$ (51,000)
Accounts Receivable (net)	45,000	Bonds Payable	82,000
Inventory	127,000	Common Stock	125,000
Investments	(47,000)	Paid-In Capital in Excess of Par—Common Stock	13,000

Instructions Compute the net income for the current year, assuming that there were no entries in the Retained Earnings account except for net income and a dividend declaration of \$19,000 which was paid in the current year.

Solution

Computation of net income	
Change in assets	\$204,000 Increase (a)
Change in liabilities	31,000 Increase (b)
Change in stockholders' equity	\$173,000 Increase

(a) $\$79,000 + \$45,000 + \$127,000 - \$47,000$

(b) $\$ 82,000 - \$51,000$

Change in stockholders' equity accounted for as follows:		
Net increase		\$ 173,000
Increase in common stock	\$125,000	
Increase in paid-in capital in excess of par	13,000	
Decrease in retained earnings due to dividend declaration	(19,000)	
Net increase accounted for		(119,000)
Increase in retained earnings due to net income		\$ 54,000

Q10: Presented below is information related to Viel Company at December 31, 2017, the end of its first year of operations.

Sales revenue	\$310,000
Cost of goods sold	140,000
Selling and administrative expenses	50,000
Gain on sale of plant assets	30,000
Unrealized gain on available-for-sale investments	10,000
Interest expense	6,000
Loss on discontinued operations	12,000
Dividends declared and paid	5,000

Instructions Compute the following:

- (a) income from operations,
- (b) net income,
- (c) comprehensive income, and
- (d) retained earnings balance at December 31, 2017. (Ignore income tax effects.)

Solution

Sales revenue	\$310,000
Cost of goods sold	<u>140,000</u>
Gross profit	170,000
Selling and administrative expenses	<u>50,000</u>
Income from operations	120,000(a)
Other revenues and gains	
Gain on sale of plant assets	30,000
Other expenses and losses	
Interest expense	<u>6,000</u>
Income from continuing operations	144,000
Loss on discontinued operations	<u>(12,000)</u>
Net income	\$ 132,000(b)
Net income	\$132,000
Unrealized gain on available-for-sale investments	<u>10,000</u>
Comprehensive income	\$142,000(c)
Net income	\$132,000
Dividends	<u>(5,000)</u>
12/31/17 Retained earnings	\$127,000(d)

- a. Income from operations \$120,000
- b. Net income \$132,000
- c. Comprehensive income \$142,000
- d. Retained earnings balance \$127,000

Q11: Presented below are selected ledger accounts of Tucker Corporation as of December 31, 2017.

Cash	\$ 50,000
Administrative expenses	100,000
Selling expenses	80,000
Net sales	540,000
Cost of goods sold	210,000
Cash dividends declared (2017)	20,000
Cash dividends paid (2017)	15,000
Discontinued operations (loss before income taxes)	40,000
Depreciation expense, not recorded in 2016	30,000
Retained earnings, December 31, 2016	90,000
Effective tax rate 30%	

Instructions

- (a) Compute net income for 2017.
- (b) Prepare a partial income statement beginning with income from continuing operations before income tax, and including appropriate earnings per share information. Assume 10,000 shares of common stock were outstanding during 2017.

Solution

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(a)	Net sales	\$ 540,000	
	Cost of goods sold	(210,000)	
	Administrative expenses	(100,000)	
	Selling expenses	(80,000)	
	Discontinued operations-loss	<u>(40,000)</u>	
	Income before income tax	110,000	
	Income tax (\$110,000 X .30)	<u>33,000</u>	
	Net income	<u>\$ 77,000</u>	
(b)	Income from continuing operations before income tax	\$150,000*	
	Income tax (\$150,000 X .30)	<u>45,000</u>	
	Income from continuing operations	105,000	
	Discontinued operations, less applicable income tax of	\$12,000	
		<u>(28,000)</u>	
	Net income	<u>\$ 77,000</u>	
	*Income from income tax	\$110,000	
	Discontinued operations	<u>40,000</u>	
		<u>\$150,000</u>	
Earnings per share:			
	Income from continuing operations (\$105,000 ÷ 10,000)	\$10.50	
	Loss on discontinued operations, net of tax	<u>(2.80)</u>	
	Net Income (\$77,000 ÷ 10,000)	<u>\$ 7.70</u>	

Q12: The stockholders' equity section of Hendly Corporation appears below as of December 31, 2017.

8% preferred stock, \$50 par value, authorized 100,000 shares, outstanding 90,000 shares		\$ 4,500,000
Common stock, \$1.00 par, authorized and issued 10 million shares		10,000,000
Additional paid-in capital		20,500,000
Retained earnings	\$134,000,000	
Net income	<u>33,000,000</u>	<u>167,000,000</u>
		<u>\$202,000,000</u>

Net income for 2017 reflects a total effective tax rate of 34%. Included in the net income figure is a loss of \$18,000,000 (before tax) as a result of a non-recurring major casualty. Preferred stock dividends of \$360,000 were declared and paid in 2017. Dividends of \$1,000,000 were declared and paid to common stockholders in 2017.

Instructions Compute earnings per share data as it should appear on the income statement of Hendly Corporation.

Solution

Net income	\$33,000,000
Less: Provision for preferred dividends (8% of \$4,500,000)	<u>360,000</u>
Income available to common stockholders	32,640,000
Common stock shares	÷10,000,000
Earnings per share	<u>\$3.26*</u>
Income statement presentation	
Per share of common stock: Net income	<u>\$3.26</u>

Q13: Tim Mattke Company began operations in 2015 and for simplicity reasons, adopted weighted-average pricing for inventory. In 2017, in accordance with other companies in its industry, Mattke changed its inventory pricing to FIFO. The pretax income data is reported below.

Year	Weighted-Average	FIFO
2015	\$370,000	\$395,000
2016	390,000	430,000
2017	410,000	450,000

Instructions

- (a) What is Mattke’s net income in 2017? Assume a 35% tax rate in all years.
- (b) Compute the cumulative effect of the change in accounting principle from weighted-average to FIFO inventory pricing.
- (c) Show comparative income statements for Tim Mattke Company, beginning with income before income tax, as presented on the 2017 income statement

Solution

(a) **2017**

Income before income tax	\$450,000
Income tax (35%)	157,500
Net Income	\$292,500

(b) **Cumulative effect for years prior to 2017.**

Year	Weighted- Average	FIFO	Difference	Tax Rate (35%)	Net Effect
2015	\$370,000	\$395,000	\$25,000		
2016	390,000	430,000	40,000		
		Total	\$65,000	\$22,750	\$42,250

(c)	2017	2016	2015
Income before income tax	\$450,000	\$430,000	\$395,000
Income tax (35%)	157,500	150,500	138,250
Net income	\$292,500	\$279,500	\$256,750

Q14: Maher Inc. reported income from continuing operations before taxes during 2017 of \$790,000. Additional transactions occurring in 2017 but not considered in the \$790,000 are as follows.

1. The corporation experienced an uninsured flood loss in the amount of \$90,000 during the year.
2. At the beginning of 2015, the corporation purchased a machine for \$54,000 (salvage value of \$9,000) that had a useful life of 6 years. The bookkeeper used straight-line depreciation for 2015, 2016, and 2017, but failed to deduct the salvage value in computing the depreciation base.
3. Sale of securities held as a part of its portfolio resulted in a loss of \$57,000 (pretax).
4. When its president died, the corporation realized \$150,000 from an insurance policy. The cash surrender value of this policy had been carried on the books as an investment in the amount of \$46,000 (the gain is nontaxable).
5. The corporation disposed of its recreational division at a loss of \$115,000 before taxes. Assume that this transaction meets the criteria for discontinued operations.
6. The corporation decided to change its method of inventory pricing from average-cost to the FIFO method. The effect of this change on prior years is to increase 2015 income by \$60,000 and decrease 2016 income by \$20,000 before taxes. The FIFO method has been used for 2017. The tax rate on these items is 40%

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Instructions Prepare an income statement for the year 2017 starting with income from continuing operations before taxes. Compute earnings per share as it should be shown on the face of the income statement. Common shares outstanding for the year are 120,000 shares. (Assume a tax rate of 30% on all items, unless indicated otherwise.)

Solution

(a) Computation of income from cont. operations before taxes:		
As previously stated, (Before Tax)		\$790,000
Loss on sale of securities		57,000
Gain on proceeds of life insurance policy (\$150,000 – \$46,000)		104,000
Flood Loss		90,000
Error in computation of depreciation		
As computed (\$54,000 ÷ 6)	\$9,000	
Corrected (\$54,000 – \$9,000) ÷ 6	<u>(7,500)</u>	<u>1,500</u>
As restated		<u>\$748,500</u>

(b) Computation of income tax:		
Income from continuing operations before taxes		\$748,500
Nontaxable income (gain on life insurance)		<u>(104,000)</u>
Taxable income		644,500
Tax rate	X .30	
Income tax		<u>\$193,350</u>
Income From Continuing Operations (After Tax)		<u>\$555,150</u>
Discontinued Operations:		
Loss on disposal of recreation unit, Net of #34,500 Tax Saving	(80,500)	
Net Income		\$474,650
Earnings per share calculations:		
From Continuing Operations		4.62
From Discontinued Operations		(0.67)
Net income EPS		\$3.95

أسايمنت تشابتر 4 وحله :

Q15: Bas Baladi for the marketing of cooperative agricultural products is a company based in Ramallah. It operates two separate major divisions: Organic Food division, and Beverage division. On December 31, 2021, Bas Baladi had **\$327,000 operating Income**.

Required:

- Based on the below information (A-G). Use the following format to prepare the statement of comprehensive income. **(Assume the tax rate is 20%)**

Note: Some of the items provided will not affect the statement of comprehensive income.

A.	During 2021, the entity discovered that there's an error in the calculation of pension expense for 2020. The error overstated income before tax by \$17,000.
B.	Flood in Ramallah's farmland caused the company a loss of \$11,000. They received insurance coverage of \$6,500. Assume floods are common in Ramallah.
C.	Bas Baladi decided to dispose of the Beverage division at the beginning of 2021. The Beverage division recognized a loss from operations of \$150,000 before tax for the year ended 31 December 2021. The division was sold for \$1,000,000, while the carrying value of the division's assets was \$900,000.

D.	In 2020 Bas Baladi purchased 10,000 shares of Padico stock at \$1.2 per share. The stocks were categorized as a trading security. During 2021, the company received cash dividends of \$ 0.05 per share.
E.	Until 2021, the company has used weighted average, and on January 1 st , 2021. It has decided to switch to FIFO. The cumulative effect of this change is \$60,000 before tax.
F.	The company suffered a \$10,000 loss before tax from foreign currency translation of its subsidiary's financial statements.
G.	Minority interest in net income amounted to \$22,480.

Statement of Comprehensive income for the year ended December 31 st , 2021	
Operating Income	\$327,000
Other Revenues and Gains	
Dividend Revenue (10,000 * \$ 0.05)	\$500
Other Expenses and Losses	
Flood Loss (11,000 – 6,500)	(4,500)
Income from continuing operations before tax	323,000
Income Tax Expense (323,000 *20%)	(64,600)
Income from Continuing Operations, after tax	258,400
Discontinued Operations	
Loss from operations of beverage division 150,000	
Less: applicable Income Tax Saving (150,000*20%) 30,000	(120,000)
Income on sale of beverage division 100,000	
Less: applicable Income Tax Expense (100,000*20%) 20,000	80,000
Net Income	218,400
Less: Non-Controlling Interest	(22,480)
Net income attributable to controlling interest	195,920
Other Comprehensive Income	
Foreign Currency Translation Loss (10,000*80%)	(8,000)
Comprehensive Income	\$ 187,920

Bas Baladi. reported retained earnings of \$250,000, accumulated other comprehensive income of \$70,000 at December 31, 2020. The common shares outstanding for the year are 100,000 shares. The following also occurred during 2021:

Preferred dividends declared \$30,000.

Common dividends declared \$50,000.

(b) Based on the above information, calculate the followings:

Per Share Common Stock	
Income from Continuing Operations (258,400 – 30,000) / 100,000	2.284
Loss from operations of beverage division (120,000/100,000)	(1.20)
Income on sale of beverage division (80,000/100,000)	0.80
Net Income (218,400 – 30,000) / 100,000	1.884

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(c) Based on the above information, use the following format to determine the amount of accumulated other comprehensive income for the year ended December 31, 2021.

Accumulated Other Comprehensive Income January 1, 2021	\$70,000
Other Comprehensive Income	
Foreign Currency Translation Loss (10,000*80%)	(8,000)
Accumulated Other Comprehensive Income December 31, 2021	\$62,000

(d) Based on the above information, use the following format to prepare a retained earnings statement for the year ended December 31, 2021.

Bas Baladi Company Retained Earnings Statement For the year ended December 31, 2021	
Retained Earnings January 1, 2021	\$250,000
Prior Period adjustment: Error correction- pension expense (17,000 *80%)	(13,600)
Change in accounting method (weighted average to FIFO) (60,000 *80%)	48,000
Balance, January 1, as restated	284,400
Add: Net Income	218,400
Less: Cash Dividends	(80,000)
Retained Earnings December 31, 2021	\$422,800

END OF CHAPTER 4

CHAPTER 5

Balance Sheet and Statement of Cash Flows

الميزانية العمومية وبيان
التدفقات النقدية

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الميزانية العمومية BALANCE SHEET

Balance Sheet, sometimes referred to as the **statement of financial position**:

الميزانية العمومية ، يشار إليها أحياناً باسم بيان المركز المالي:

1. Reports assets, liabilities, and equity at a specific date.
تقارير الأصول والالتزامات وحقوق الملكية في تاريخ محدد.
2. Provides information about resources, obligations to creditors, and equity in net resources.
يوفر معلومات حول الموارد والالتزامات تجاه الدائنين وحقوق الملكية في صافي الموارد.
3. Helps in predicting amounts, timing, and uncertainty of future cash flows.
يساعد في التنبؤ بالمبالغ والتوقيت وعدم التأكد من التدفقات النقدية المستقبلية.

فائدة الميزانية العمومية Usefulness of the Balance Sheet

- ◆ Computing rates of return. حساب معدلات العائد
- ◆ Evaluating the capital structure. تقييم هيكل رأس المال
- ◆ Assess risk and future cash flows. تقييم المخاطر و التدفقات النقدية المستقبلية
- ◆ Analyze the company's: تحليل الشركة من ناحية
 - ▶ Liquidity, السيولة
 - ▶ Solvency, and الملاءة المالية
 - ▶ Financial flexibility. المرونة المالية

حدود الميزانية العمومية Limitations of the Balance Sheet

1. Most assets and liabilities are reported at historical cost.
يتم تسجيل معظم الأصول والالتزامات بالتكلفة التاريخية.
2. Use of judgments and estimates.
استخدام الأحكام والتقديرات
3. Many items of financial value are omitted.
تم حذف العديد من البنود ذات القيمة المالية

التصنيف في الميزانية العمومية Classification in the Balance Sheet

1. **ASSETS.** Probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.
الأصول. منافع اقتصادية مستقبلية محتملة تم الحصول عليها أو السيطرة عليها من قبل كيان معين نتيجة لمعاملات أو أحداث سابقة.
2. **LIABILITIES.** Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.
الالتزامات. التضحيات المستقبلية المحتملة للمنافع الاقتصادية الناشئة عن الالتزامات الحالية لكيان معين لتحويل الأصول أو تقديم خدمات لمنشآت أخرى في المستقبل نتيجة لمعاملات أو أحداث سابقة.
3. **EQUITY.** Residual interest in the assets of an entity that remains after deducting its liabilities. In a business enterprise, the equity is the ownership interest.
حقوق المساهمين / الملكية. الفائدة المتبقية في أصول الكيان التي تبقى بعد خصم التزاماتها. في مؤسسة تجارية ، حقوق الملكية هي حصة الملكية.

ASSETS	LIABILITIES AND OWNERS' EQUITY
Current assets	Current liabilities
Long-term investments	Long-term debt
Property, plant, and equipment	Owners' (stockholders') equity
Intangible assets	
Other assets	

In practice you usually see little departure from these major subdivisions.

من الناحية العملية ، عادة ما ترى القليل من الابتعاد عن هذه التقسيمات الفرعية الرئيسية.

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Current assets الاصول المتداولة

- ◆ Cash and other assets a company expects to convert into cash, sell, or consume either in one year or in the operating cycle, whichever is longer.
- ◆ النقود والاصول الأخرى التي تتوقع الشركة تحويلها إلى نقد أو بيعها أو استهلاكها إما في عام واحد أو في دورة التشغيل ، أيهما أطول
- ◆ Presented in the balance sheet in order of liquidity. معروضة في الميزانية العمومية بترتيب السيولة

Item	Basis of valuation
Cash and cash equivalents	Fair value
Short-term investments	Generally, fair value
Receivables	Estimated amount collectible
Inventories	Lower of cost or net realizable value/market
Prepaid expenses	Cost

Cash النقد

- ◆ Generally, any monies available "on demand." بشكل عام ، أي أموال متاحة "عند الطلب"
- ◆ Cash equivalents - short-term highly liquid investments that mature within three months or less. معادلات النقد - استثمارات قصيرة الأجل عالية السيولة تستحق خلال ثلاثة أشهر أو أقل
- ◆ Restrictions or commitments must be disclosed. يجب الإفصاح عن القيود أو الالتزامات

Short-Term Investments استثمارات قصيرة الأجل

Portfolios	Type	Valuation	Classification
Held-to-Maturity	Debt	Amortized Cost	Current or Noncurrent
Trading	Debt or Equity	Fair Value	Current
Available- for-Sale	Debt or Equity	Fair Value	Current or Noncurrent

Receivables الذمم المدينة

Major categories of receivables should be shown in the balance sheet or the related notes.

يجب إظهار الفئات الرئيسية للذمم المدينة في الميزانية العمومية أو الملاحظات ذات الصلة.

A company should clearly identify

يجب أن تحدد الشركة بوضوح

- ◆ Anticipated loss due to uncollectable. الخسارة المتوقعة بسبب عدم إمكانية تحصيلها
- ◆ Amount and nature of any nontrade receivables. مقدار وطبيعة أي ذمم مدينة غير تجارية
- ◆ Receivables used as collateral. الذمم المدينة المستخدمة كضمان

Inventories المخزون

Disclose: الإفصاح عن

- ▶ Basis of valuation (e.g., lower-of-cost-or-market). أساس التقييم (على سبيل المثال ، أقل من التكلفة أو السوق)
- ▶ Cost flow assumption (e.g., FIFO or LIFO). افتراض تدفق التكلفة (على سبيل المثال ، FIFO أو LIFO)

Prepaid Expenses المصاريف المدفوعة مسبقا

Payment of cash, that is recorded as an asset because service or benefit will be received in the future.

الدفع النقدي المسجل كأصل لأنه سيتم استلام الخدمة أو المزايا في المستقبل.

Cash Payment before Expenses Recorded

الدفع النقدي قبل تسجيل المصروفات

Prepayments often occur in regard to:

غالبًا ما تحدث المدفوعات المسبقة فيما يتعلق بما يلي

◆ Insurance التأمين	◆ Rent الإيجار
◆ Supplies اللوازم	◆ Taxes الضرائب
◆ Advertising الدعاية	

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ضياء الدين صبح

Summary الملخص

Cash and other assets a company expects to النقد والأصول الأخرى التي تتوقعها الشركة

- ◆ convert into cash, تحويلها إلى نقد
- ◆ sell, or بيعها
- ◆ consume استهلاكها

either in one year or in the operating cycle, whichever is longer.

إما في عام واحد أو في دورة التشغيل ، أيهما أطول

Current assets	
Cash	\$ 285,000
ST Investments	140,000
Accounts receivable	777,000
Inventory	402,000
Prepaid expenses	170,000
Total current assets	1,774,000

Noncurrent Assets الموجودات غير المتداولة

Short-Term Investments استثمارات قصيرة الأجل

1. **Securities** (bonds, common stock, or long-term notes).

الأوراق المالية (السندات ، الأسهم العادية ، أو السندات طويلة الأجل)

For marketable securities, management's intent determines current or noncurrent classification.

بالنسبة للأوراق المالية القابلة للتداول ، تحدد نية الإدارة التصنيف الحالي أو غير المتداول.

2. **Tangible fixed assets** not currently used in operations (land held for speculation).

الأصول الثابتة الملموسة غير المستخدمة حاليًا في العمليات (الأراضي المحتفظ بها للمضاربة)

3. **Special funds** (sinking fund, pension fund, plant expansion fund, or cash surrender value of life insurance).

الصناديق الخاصة (صندوق الغرق ، صندوق التقاعد ، صندوق التوسع في المصنع ، أو قيمة الاسترداد النقدي للتأمين على الحياة)

4. **Nonconsolidated subsidiaries or affiliated companies.**

الشركات التابعة غير الموحدة أو الشركات التابعة

Portfolios	Type	Valuation	Classification
Held-to-Maturity	Debt	Amortized Cost	Current or Noncurrent
Trading	Debt or Equity	Fair Value	Current
Available- for-Sale	Debt or Equity	Fair Value	Current or Noncurrent

Securities

Bonds, السندات

Stock, الأسهم

Long-term notes السندات طويلة الأجل

Fixed Assets الأصول الثابتة

Land held for speculation أرض محتفظ بها للمضاربة

Special Funds الصناديق الخاصة

- ◆ Sinking fund صندوق الغرق
- ◆ Pensions fund صندوق التقاعد
- ◆ Cash surrender value of life insurance قيمة الاسترداد النقدي للتأمين على الحياة

Investments:

Investment in ABC bonds	321,657
Investment in UC Inc.	253,980
Notes receivable	150,000
Land held for speculation	550,000
Sinking fund	225,000
Pension fund	653,798
Cash surrender value	84,321
Investment in Uncon. Sub.	457,836
Total investments	2,696,592

Nonconsolidated Subsidiaries or Affiliated Companies

الشركات التابعة غير الموحدة أو الشركات التابع

Property, Plant, and Equipment (PP&E) الممتلكات والألات والمعدات

Tangible long-lived assets used in the regular operations of the business.

الأصول الملموسة طويلة العمر المستخدمة في العمليات العادية للشركة

- ◆ **Physical property** such as land, buildings, machinery, furniture, tools, and wasting resources (minerals).

الممتلكات المادية مثل الأراضي والمباني والألات والأثاث والأدوات وهدر الموارد (المعادن)

- ◆ With the exception of land, a company either depreciates (e.g., buildings) or depletes (e.g., oil reserves) these assets.

باستثناء الأرض ، فإن الشركة إما تستهلك (على سبيل المثال ، المباني) أو تستنفد (على سبيل المثال ، احتياطي النفط) هذه الأصول.

Property, Plant, and Equip.

Building	1,375,778
Land	975,000
Machinery and equipment	234,958
Capital leases	384,650
Leasehold improvements	175,000
Accumulated depreciation	(975,000)
Total PP&E	2,170,386

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A company discloses the basis it uses to value property, plant, and equipment.

تفصح الشركة عن الأساس الذي تستخدمه لتقييم الممتلكات والآلات والمعدات.

الأصول غير الملموسة Intangible Assets

Lack physical substance and are not financial instruments.

تفتقر إلى الجوهر المادي وليست أدوات مالية

- ◆ Limited life intangibles amortized.
الأصول غير الملموسة المحدودة العمر المستهلكة
- ◆ Indefinite-life intangibles tested for impairment.
تم اختبار الأصول غير الملموسة غير المحددة العمر للتحقق من وجود ضعف.

Intangibles	
Goodwill	2,000,000
Patents	177,000
Trademark	40,000
Franchises	125,000
Copyright	55,000
Total intangibles	2,397,000

Ex: Paltel Corporation adjusted trial balance contained the following asset accounts at December 31, 2017: Prepaid Rent \$12,000; Goodwill \$50,000; Franchise Fees Receivable \$2,000; Franchises \$47,000; Patents \$33,000; Trademarks \$10,000. Prepare **the intangible assets section** of the balance sheet.

احتوى الرصيد التجريبي المعدل لشركة بالتل على حسابات الأصول التالية في 31 ديسمبر 2017: الإيجار المدفوع مقدماً 12000 دولار؛ الشهرة 50000 دولار؛ رسوم الامتياز المستحقة القبض 2000 دولار؛ الامتيازات 47000 دولار براءات الاختراع 33000 دولار؛ العلامات التجارية 10000 دولار. قم بإعداد قسم الأصول غير الملموسة في الميزانية العمومية.

$$\text{Intangible Assets} = \text{Goodwill} + \text{Franchises} + \text{Patents} + \text{Trademarks} \\ = \$50,000 + 47,000 + 33,000 + 10,000 = \underline{\underline{\$140,000}}$$

الأصول الأخرى Other Assets

This section should include only unusual items sufficiently different from assets in the other categories.

يجب أن يتضمن هذا القسم فقط العناصر غير المعتادة التي تختلف بدرجة كافية عن الأصول في الفئات الأخرى.

Items vary in practice. Can include

تختلف العناصر في الممارسة. يمكن أن تشمل

- ◆ Long-term prepaid expenses المصاريف طويلة الأجل المدفوعة مسبقاً
- ◆ Non-current receivables ذمم مدينة غير متداولة
- ◆ Assets in special funds الأصول في الصناديق الخاصة
- ◆ Deferred income taxes ضرائب الدخل المؤجلة
- ◆ Property held for sale ممتلكات محتفظ بها للبيع
- ◆ Restricted cash or securities النقد أو الأوراق المالية المقيدة

Other assets	
Prepaid pension costs	133,000
Deferred income tax	40,000
Total other	173,000

الإلتزامات Liabilities

Companies classify liabilities as current or long-term.

تصنف الشركات الإلتزامات على أنها متداولة أو طويلة الأجل

Current Liabilities الإلتزامات المتداولة

Obligations that a company reasonably expects to liquidate either through the use of current assets or the creation of other current liabilities.

الإلتزامات التي تتوقع الشركة بشكل معقول تصفيتها إما من خلال استخدام الأصول المتداولة أو إنشاء التزمات متداولة أخرى.

Current liabilities	
Notes payable	\$ 233,450
Accounts payable	131,800
Accrued compensation	43,000
Unearned revenue	17,000
Income tax payable	23,400
Current maturities LT debt	121,000
Total current liabilities	569,650

Long-Term Liabilities الإلتزامات طويلة الأجل

Obligations that a company does not reasonably expect to liquidate within the normal operating cycle.

الإلتزامات التي لا تتوقع الشركة بشكل معقول تصفيتها خلال دورة التشغيل العادية.

All covenants and restrictions must be disclosed.

يجب الإفصاح عن جميع العهود والقيود

Long-term liabilities	
Long-term debt	979,500
Obligations capital lease	345,800
Deferred income taxes	77,909
Total long-term liabilities	1,403,209

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Ex: Included in Paltel Company's December 31, 2017, trial balance are the following accounts: Accounts Payable \$220,000; Pension Asset/Liability \$375,000; Discount on Bonds Payable \$29,000; Unearned Revenue \$41,000; Bonds Payable \$400,000; Salaries and Wages Payable \$27,000; Interest Payable \$12,000; Income Taxes Payable \$29,000. Prepare the long-term liabilities section of the balance sheet.

تم تضمين ميزان المراجعة في 31 كانون الأول (ديسمبر) 2017 لشركة بالتل : الحسابات الدائنة 220.000 دولار ؛ أصل التقاعد / الإلتزامات 375000 دولار ؛ خصم "تنزيلات" على السندات المستحقة الدفع 29000 دولار ؛ الإيرادات غير المكتسبة 41000 دولار ؛ سندات مستحقة الدفع 400000 دولار ؛ الرواتب والأجور المستحقة الدفع 27000 دولار ؛ فائدة مستحقة الدفع 12000 دولار ؛ ضرائب الدخل المستحقة الدفع 29000 دولار. قم بإعداد قسم الإلتزامات طويلة الأجل في الميزانية العمومية.

$$\text{Long-term liabilities} = \text{Pension Asset/liability} + \text{Bonds payable} - \text{Discount on bonds payable} \\ = \$375,000 + 400,000 - 29,000 = \underline{\underline{\$746,000}}$$

حقوق الملكية Owners' Equity

- ❖ **CAPITAL STOCK.** The par or stated value of the shares issued.
أسهم رأس المال القيمة الاسمية أو المعلنة للأسهم المصدر.
- ❖ **ADDITIONAL PAID-IN CAPITAL.** The excess of amounts paid in over the par or stated value.
رأس المال الإضافي المدفوع زيادة المبالغ المدفوعة على القيمة الاسمية أو المذكورة.
- ❖ **RETAINED EARNINGS.** The corporation's undistributed earnings.
الأرباح المحتجزة أرباح الشركة غير الموزعة.
- ❖ **ACCUMULATED OTHER COMPREHENSIVE INCOME.** The aggregate amount of the other comprehensive income items.
الدخل الشامل الآخر المتراكم المبلغ الإجمالي لبنود الدخل الشامل الأخرى.
- ❖ **TREASURY STOCK.** Generally, the cost of shares repurchased.
أسهم الخزنة بشكل عام ، تكلفة الأسهم المعاد شرائها.
- ❖ **NONCONTROLLING INTEREST (MINORITY INTEREST).** A portion of the equity of subsidiaries not wholly owned by the reporting company
مصلحة غير مسيطرة (مصلحة الأقلية). جزء من حقوق ملكية الشركات التابعة غير مملوك بالكامل من قبل الشركة المبلغة

Equity	
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, 3,614,923 shares issued and outstanding	\$ 207,356
Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 707,507,982 shares issued and outstanding	708
Capital in excess of par value	5,444,705
Accumulated other comprehensive income	129,519
Retained earnings	880,703
Total Las Vegas Sands Corp. stockholders' equity	6,662,991
Noncontrolling interests	1,268,197
Total equity	\$7,931,188

الميزانية العمومية المصنفة Classified Balance Sheet

- ◆ **Account form** استثمار الحساب
- ◆ **Report form** نموذج تقرير

Account form استثمار الحساب

The balance sheet is displayed by account in its horizontal display: the assets are on the left side only and their sum, while the liabilities and equity are on the right side and their sum is equal to the total assets on the left side

يتم عرض الميزانية العمومية حسب الحساب في عرضه الأفقي: الأصول موجودة على الجانب الأيسر فقط ومجموعها ، بينما الإلتزامات وحقوق الملكية على الجانب الأيمن ومجموعها يساوي إجمالي الأصول على الجانب الأيسر

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Report form نموذج تقرير

The presentation of balance sheet information meets the objective of financial reporting—to provide information about entity resources, claims to resources, and changes in them.

إن عرض معلومات الميزانية العمومية يلبي هدف التقرير المالي - لتوفير معلومات حول موارد الكيان والمطالبات بالموارد والتغيرات فيها.

Here, the data is displayed vertically: assets are at the top, while liabilities and equity are at the bottom
تكون هنا معروضة البيانات بشكل عمودي : تكون الأصول في الأعلى بينما الإلتزامات و حقوق الملكية في الأسفل

Statement of Cash Flows بيان التدفقات النقدية

Usefulness of the Statement of Cash Flows فائدة بيان التدفقات النقدية

Provides information to help assess: يوفر معلومات للمساعدة في تقييم

1. Entity's ability to generate future cash flows. قدرة الكيان على توليد التدفقات النقدية المستقبلية
2. Entity's ability to pay dividends and obligations. قدرة الكيان على دفع أرباح الأسهم والالتزامات
3. Reasons for difference between net income and net cash provided (used) by operating activities. أسباب الاختلاف بين صافي الدخل وصافي النقد المقدم (المستخدم) حسب الأنشطة التشغيلية.
4. Cash investing and financing transactions during the period. عمليات الاستثمار والتمويل النقدي خلال الفترة

Classification of Cash Flows تصنيف التدفقات النقدية

1. **Operating Activities: Income Statement Items** أنشطة التشغيل: بنود قائمة الدخل
2. **Investing Activities: Changes in Investments and Long-Term Asset Items** أنشطة الاستثمار: التغييرات في الاستثمارات وبنود الأصول طويلة الأجل
3. **Financing Activities: Changes in Long-Term Liabilities and Stockholders' Equity Items** أنشطة التمويل: التغييرات في المطلوبات طويلة الأجل وبنود حقوق المساهمين

1. Operating activities—Income statement items أنشطة التشغيل - بنود بيان الدخل

Cash inflows: التدفقات النقدية الداخلة

From sale of goods or services.

من بيع السلع أو الخدمات

From interest received and dividends received. من الفوائد المستلمة والأرباح المستلمة

Cash outflows: التدفقات النقدية الخارجة

To suppliers for inventory.

للموردين للمخزون

To employees for wages.

للموظفين الأجور

To government for taxes.

للحكومة للضرائب

To lenders for interest.

للمقرضين من أجل الفائدة

To others for expenses.

للمصاريف الأخرى

2. Investing activities—Changes in investments and long-term assets

أنشطة الاستثمار - التغييرات في الاستثمارات والأصول طويلة الأجل

Cash inflows: التدفقات النقدية الداخلة

From sale of property, plant, and equipment.

من بيع الممتلكات والألات والمعدات

From sale of investments in debt or equity securities of other entities.

من بيع استثمارات في سندات دين أو حقوق ملكية لكيانات أخرى

From collection of principals on loans to other entities.

من تحصيل أصل القروض إلى كيانات أخرى

Cash outflows: التدفقات النقدية الخارجة

To purchase property, plant, and equipment.

لشراء الممتلكات والألات والمعدات

To purchase investments in debt or equity securities of other entities.

لشراء استثمارات في سندات دين أو حقوق ملكية لكيانات أخرى

To make loans to other entities.

لتقديم قروض لجهات أخرى

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3. Financing activities—Changes in long-term liabilities and stockholders' equity

أنشطة التمويل - التغييرات في المطلوبات طويلة الأجل وحقوق المساهمين

Cash inflows: التدفقات النقدية الداخلة

From sale of common stock.

من بيع الأسهم العادية

From issuance of debt (bonds and notes). من إصدار الدين (سندات و مذكرات "كيميالات")

Cash outflows: التدفقات النقدية الخارجة

To stockholders as dividends.

للمساهمين كأرباح

To redeem long-term debt or reacquire capital stock (treasury stock).

لاسترداد الديون طويلة الأجل أو إعادة شراء رأس المال (أسهم الخزينة)

Significant Noncash Activities أنشطة غير نقدية مهمة

1. Direct issuance of common stock to purchase assets. الإصدار المباشر للأسهم العادية لشراء الأصول
2. Conversion of bonds into common stock. تحويل السندات إلى أسهم عادية
3. Issuance of debt to purchase assets. إصدار دين لشراء الأصول
4. Exchanges of plant assets. تبادل أصول المصنع

Companies report noncash activities in either a

تبلغ الشركات عن الأنشطة غير النقدية في أي من

◆ separate schedule (bottom of the statement) or

جدول منفصل (أسفل البيان) أو

◆ separate note to the financial statements.

ملاحظة منفصلة على البيانات المالية

Cash Flows Methods: طرق حساب التدفقات النقدية

- Direct Method الطريقة المباشرة
- Indirect Method الطريقة غير المباشرة

ملاحظة : نسبة استخدام الطريقة غير المباشرة في التدفقات النقدية هي 98% بينما الطريقة المباشرة 2%

اعداد بيان التدفقات النقدية Preparing the Statement of Cash Flows

Three Sources of Information:

ثلاثة مصادر للمعلومات

1. Comparative balance sheets مقارنة الميزانيات
2. Current income statement بيان الدخل الحالي
3. Additional information معلومات إضافية

Companies favor the indirect method for two reasons:

تفضل الشركات الطريقة غير المباشرة لسببين

1. Easier and less costly to prepare. أسهل وأقل تكلفة للتحضير
2. Focuses on differences between net income and net cash flow from operating activities

يركز على الفروق بين صافي الدخل وصافي التدفق النقدي من الأنشطة التشغيلية

Indirect Method

XYZ COMPANY Income Statement For the Year Ended December 31,2014		
Sales Revenue		\$507,000
Cost of Goods Sold	\$150,000	
Operating Expenses (excluding Depreciation)	111,000	
Depreciation Expense	9,000	
Loss on disposal of equipment	3,000	
Interest Expense	<u>42,000</u>	<u>315,000</u>
Income Before income Tax		192,000
Income Tax Expense		<u>47,000</u>
Net Income		\$145,000

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XYZ COMPANY Comparative Balance Sheets December 31			
Assets	2014	2013	Change in Account Balance Increase/Decrease
Current assets			
Cash	\$ 55,000	\$ 33,000	\$ 22,000 Increase
Accounts receivable	20,000	30,000	10,000 Decrease
Inventory	15,000	10,000	5,000 Increase
Prepaid expenses	5,000	1,000	4,000 Increase
Property, plant, and equipment			
Land	130,000	20,000	110,000 Increase
Buildings	160,000	40,000	120,000 Increase
Accumulated depreciation—buildings	(11,000)	(5,000)	6,000 Increase
Equipment	27,000	10,000	17,000 Increase
Accumulated depreciation—equipment	(3,000)	(1,000)	2,000 Increase
Total assets	\$398,000	\$138,000	
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 28,000	\$ 12,000	\$ 16,000 Increase
Income taxes payable	6,000	8,000	2,000 Decrease
Long-term liabilities			
Bonds payable	130,000	20,000	110,000 Increase
Stockholders' equity			
Common stock	70,000	50,000	20,000 Increase
Retained earnings	164,000	48,000	116,000 Increase
Total liabilities and stockholders' equity	\$398,000	\$138,000	

Additional information for 2014:

معلومات إضافية لعام 2014

- Depreciation expense was comprised of \$6,000 for building and \$3,000 for equipment.
تتألف مصروفات الإستهلاك من 6000 دولار للمبنى و 3000 دولار للمعدات.
- The company sold equipment with a book value of \$7,000 (cost \$8,000, less accumulated depreciation \$1,000) for \$4,000 cash.
باعت الشركة معدات بقيمة دفترية قدرها \$7000 (تكلفتها \$8000 ، مطروحًا منها الإستهلاك المتراكم \$1000) مقابل \$4000 نقدًا
- Issued \$110,000 of long-term bonds in direct exchange for land.
إصدار 110.000 دولار من السندات طويلة الأجل في تبادل مباشر للأرض.
- A building costing \$120,000 was purchased for cash. Equipment costing \$25,000 was also purchased for cash.
تم شراء مبنى تكلفته 120.000 دولار نقدًا. كما تم شراء معدات تبلغ تكلفتها 25000 دولار نقدًا
- Issued common stock for \$20,000 cash.
أصدرت الأسهم العادية بمبلغ 20000 دولار نقدا
- The company declared and paid a \$29,000 cash dividend.
أعلنت الشركة عن توزيع أرباح نقدية بقيمة 29 ألف دولار ودفعتها

Answer:

Step 1: Operating Activities الخطوة 1: أنشطة التشغيل

Determine net cash provided/used by operating activities by **converting** net income from accrual basis to cash basis.

تحديد صافي النقد المقدم / المستخدم بواسطة الأنشطة التشغيلية عن طريق تحويل صافي الدخل من أساس الاستحقاق إلى الأساس النقدي.

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Common adjustments to Net Income (Loss):

التعديلات الشائعة لصافي الدخل (الخسارة)

- ◆ Add back non-cash expenses (depreciation, amortization, or depletion expense).
أضف المصروفات غير النقدية مرة أخرى (مصروفات الاستهلاك).
- ◆ Deduct gains and add losses.
اقتطع "نقص" المكاسب واضف الخسائر
- ◆ Changes in noncash current assets and current liabilities.
التغيرات في الأصول المتداولة غير النقدية والمطلوبات المتداولة.

Depreciation Expense مصاريف الاستهلاك

Although depreciation expense reduces net income, it does not reduce cash. The company must add it back to net income.

على الرغم من أن مصروفات الاستهلاك تقلل من صافي الدخل ، إلا أنها لا تقلل من النقد. يجب على الشركة إضافته مرة أخرى إلى صافي الدخل.

Loss on Disposal of Equipment الخسارة الناتجة عن التخلص من المعدات

Companies report as a source of cash in the investing activities section the actual amount of cash received from the sale.

- تقوم الشركات بالإبلاغ كمصدر للنقد في قسم الأنشطة الاستثمارية عن المبلغ الفعلي للنقد المستلم من البيع
- ◆ Any **loss** on disposal is **added** to net income in the operating section.
يتم إضافة أي خسارة ناتجة عن الاستبعاد إلى صافي الدخل في قسم التشغيل.
 - ◆ Any **gain** on disposal is **deducted** from net income in the operating section.
يتم خصم أي مكاسب ناتجة عن الاستبعاد من صافي الدخل في قسم التشغيل.

Changes to Noncash Current Asset Accounts التغييرات في حسابات الأصول الجارية غير النقدية

- ▶ When the **Accounts Receivable** balance **decreases**, cash receipts are higher than revenue earned under the accrual basis.

عندما **ينخفض** رصيد الحسابات المدينة ، تكون الإيصالات النقدية أعلى من الإيرادات المحققة بموجب أساس الاستحقاق.

Accounts Receivable			
1/1/014	Balance	30,000	Receipts from customers 517,000
	Revenues	507,000	
12/31/14	Balance	20,000	

Company adds to net income the amount of the decrease in accounts receivable.

تضيف الشركة إلى صافي الدخل مبلغ الانخفاض في الذمم المدينة.

- ▶ When the **Inventory** balance **increases**, the cost of merchandise purchased exceeds the cost of goods sold.

عندما **يزيد** رصيد المخزون ، تتجاوز تكلفة البضائع المشتراة تكلفة البضائع المباعة.

Inventory			
1/1/14	Balance	10,000	Cost of goods sold 150,000
	Purchases	155,000	
12/31/14	Balance	15,000	

Cost of goods sold does not reflect cash payments made for merchandise. The company deducts from net income this inventory increase.

لا تعكس تكلفة البضائع المباعة المدفوعات النقدية التي يتم سدادها مقابل البضائع. تقوم الشركة بخصم هذه الزيادة في المخزون من صافي الدخل.

- ▶ When the **Prepaid Expense** balance **increases**, cash paid for expenses is higher than expenses reported on an accrual basis. The company **deducts the decrease** from net income to arrive at net cash provided by operating activities.

عندما **يزيد** رصيد المصروفات المدفوعة مسبقًا ، يكون النقد المدفوع للمصروفات أعلى من المصروفات المبلغ عنها على أساس الاستحقاق. تقوم الشركة **بخصم النقص** من صافي الدخل للوصول إلى صافي النقد الناتج عن الأنشطة التشغيلية.

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If **prepaid expenses decrease**, reported expenses are higher than the expenses paid.

في حالة انخفاض النفقات المدفوعة مسبقًا ، تكون النفقات المبلغ عنها أعلى من النفقات المدفوعة.

- ▶ When **Accounts Payable increases**, the company received more in goods than it actually paid for. The **increase is added** to net income to determine net cash provided by operating activities.

عندما تزداد الحسابات الدائنة ، تلقت الشركة في البضائع أكثر مما دفعته بالفعل. تضاف الزيادة إلى صافي الدخل لتحديد صافي النقد الناتج عن الأنشطة التشغيلية.

- ▶ When **Income Tax Payable decreases**, the income tax expense reported on the income statement was less than the amount of taxes paid during the period. The **decrease is subtracted** from net income to determine net cash provided by operating activities.

عندما تنخفض ضريبة الدخل المستحقة الدفع ، كانت مصروفات ضريبة الدخل المدرجة في بيان الدخل أقل من مبلغ الضرائب المدفوعة خلال الفترة. يتم طرح الانخفاض من صافي الدخل لتحديد صافي النقد الناتج عن الأنشطة التشغيلية.

Cash flows from operating activities:	
Net income	\$ 145,000
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	9,000
Loss on disposal of equipment	3,000
Decrease in accounts receivable	10,000
Increase in inventory	(5,000)
Increase in prepaid expenses	(4,000)
Increase in accounts payable	16,000
Decrease in income taxes payable	(2,000)
Net cash provided by operating activities	\$ 172,000

Summary of Conversion to Net Cash Provided by Operating Activities—Indirect Method

ملخص التحويل إلى صافي النقد الذي توفره أنشطة التشغيل - الطريقة غير المباشرة

NON-Cash Charges	Depreciation, Depletion, Amortization expense	Add
Gains And Losses	Loss on disposal of plant assets	Add
	Gain on disposal of plant assets	Deduct
Changes in Current Assets and Current Liabilities	Increase in current asset account	Deduct
	Decrease in current asset account	Add
	Increase in current liability account	Add
	Decrease in current liability account	Deduct

Step 2: Investing Activities الخطوة الثانية: أنشطة الاستثمار

- ▶ Company purchased **land** of \$110,000 by issuing **long-term bonds**. This is a significant noncash **investing and financing** activity that merits disclosure in a separate schedule.

اشترت الشركة أرضًا بقيمة 110 آلاف دولار عن طريق إصدار سندات طويلة الأجل. هذا نشاط استثماري وتمويلي كبير غير نقدي يستحق الإفصاح عنه في جدول منفصل.

Land			
1/1/14	Balance	20,000	
	Issued bonds	110,000	
12/31/14	Balance	130,000	

Bonds Payable			
	1/1/14	Balance	20,000
		For land	110,000
	12/31/14	Balance	130,000

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- From the additional information, the company acquired an **office building** for \$120,000 cash. This is a cash outflow reported in the investing section.

من المعلومات الإضافية ، استحوذت الشركة على مبنى إداري بمبلغ 120 ألف دولار نقدًا. هذا هو التدفق النقدي الخارج المبلغ عنه في قسم الاستثمار.

Building			
1/1/14	Balance	40,000	
	Office building	120,000	
12/31/14	Balance	160,000	

- The additional information explains that the equipment increase resulted from two transactions: (1) a purchase of equipment of \$25,000, and (2) the sale for \$4,000 of equipment costing \$8,000.

توضح المعلومات الإضافية أن زيادة المعدات نتجت عن معاملتين: (1) شراء معدات بمبلغ 25000 دولار ، و (2) بيع معدات بمبلغ 4000 دولار بتكلفة 8000 دولار.

Equipment			
1/1/14	Balance	10,000	Equipment sold
	Purchase	25,000	8,000
12/31/14	Balance	27,000	

Journal Entry: Cash 4,000
 Accumulated depreciation 1,000
 Loss on disposal of equipment 3,000
Equipment 8,000

Cash flows from investing activities:	
Purchase of building	(120,000)
Purchase of equipment	(25,000)
Sale of equipment	4,000
Net cash used by investing activities	(141,000)

الخطوة الثالثة: أنشطة التمويل Step 3: Financing Activities

- The increase in common stock resulted from the issuance of new shares.

نتجت الزيادة في الأسهم العادية عن إصدار أسهم جديدة.

Common Stock			
1/1/14	Balance	50,000	
	Shares sold	20,000	
12/31/14	Balance	70,000	

- Retained earnings increased \$116,000 during the year. This increase can be explained by two factors: (1) Net income of \$145,000 increased retained earnings, and (2) Dividends of \$29,000 decreased retained earnings.

زادت الأرباح المحتجزة بمقدار 116 ألف دولار خلال العام. يمكن تفسير هذه الزيادة من خلال عاملين: (1) صافي الدخل البالغ 145000 دولار زيادة في الأرباح المحتجزة ، و (2) توزيعات أرباح بقيمة 29000 دولار انخفضت الأرباح المحتجزة.

Retained Earnings			
		1/1/14	Balance
			48,000
Dividends	29,000		Net income
			145,000
		12/31/14	Balance
			164,000

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Cash flows from financing activities:	
Issuance of common stock	20,000
Payment of cash dividends	(29,000)
Net cash used by financing activities	(9,000)

هسا احنا منجمعهم ومنطلع التدفقات النقدية خلال عام 2014

Cash flows from operating activities:	
Net income	\$ 145,000
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	9,000
Loss on disposal of equipment	3,000
Decrease in accounts receivable	10,000
Increase in inventory	(5,000)
Increase in prepaid expenses	(4,000)
Increase in accounts payable	16,000
Decrease in income taxes payable	(2,000)
Net cash provided by operating activities	172,000
Cash flows from investing activities:	
Purchase of building	(120,000)
Purchase of equipment	(25,000)
Sale of equipment	4,000
Net cash used by investing activities	(141,000)
Cash flows from financing activities:	
Issuance of common stock	20,000
Payment of cash dividends	(29,000)
Net cash used by financing activities	(9,000)
Net increase in cash	22,000

الخطوة 4: صافي التغير في النقد Step 4: Net Change in Cash

Compare the net change in cash on the Statement of Cash Flows with the change in the cash account reported on the Balance Sheet to make sure the amounts agree.

قارن صافي التغير النقدي في بيان التدفقات النقدية بالتغيير في الحساب النقدي المسجل في الميزانية العمومية للتأكد من توافق المبالغ.

Net increase in cash	22,000
Cash at beginning of period	33,000
Cash at end of period	\$55,000

إذا الرقم زي ما اخذنا من المقارنة في الأصول معناها شغلنا صح ، غير هيك لأ

استخدام التدفقات النقدية لتقييم الشركة Using Cash Flows to Evaluate a Company

Free Cash Flow = Net cash Provided by operating Activities – capital Expenditures – Cash dividend

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Ex: Required: Calculate Microsoft's free cash flow.

MICROSOFT CORPORATION Statement of Cash Flows (partial) 2011		
Cash provided by operating activities		\$26,944
Cash flows from investing activities		
Additions to property and equipment	\$ (2,355)	
Purchases of investments	(35,993)	
Sales of investments	15,880	
Acquisitions of companies	(71)	
Maturities of investments	6,897	
Other	<u>1,026</u>	
Cash used by investing activities		(14,616)
Cash paid for dividends		(5,180)

Free Cash Flow = Net cash Provided by operating Activities – capital Expenditures – Cash dividend .
= \$26,944 – 2,355 – 5,180 = **\$19,459**

Usefulness of the Statement of Cash Flows فوائد بيان التدفقات النقدية

Without cash, a company will not survive.

بدون النقود ، لن تقدم الشركة خدماتها

Cash flow from Operations: التدفقات النقدية من العمليات

- ◆ **High amount** – company is able to generate sufficient cash to pay its bills.

مبلغ كبير - الشركة قادرة على توليد نقود كافية لدفع فواتيرها.

- ◆ **Low amount** - company may have to borrow or issue equity securities to pay bills.

مبلغ منخفض - قد تضطر الشركة إلى الاقتراض أو إصدار أوراق مالية لسداد الفواتير.

Financial Liquidity السيولة المالية

$$\text{Current Cash Debt Coverage Ratio} = \frac{\text{Net Cash Provided by Operating Activities}}{\text{Average Current Liabilities}}$$

- ▶ Ratio indicates whether the company can pay off its current liabilities from internally generated cash flows. A ratio near 1:1 is good.

تشير النسبة إلى ما إذا كان بإمكان الشركة سداد التزاماتها الحالية من التدفقات النقدية المتولدة داخليًا. النسبة القريبة من 1:1 جيدة.

Financial Flexibility المرونة المالية

$$\text{Cash Debt Coverage Ratio} = \frac{\text{Net Cash Provided by Operating Activities}}{\text{Average Total Liabilities}}$$

- ▶ This ratio indicates a company's ability to repay its liabilities from net cash provided by operating activities, without having to liquidate the assets employed in its operations.

تشير هذه النسبة إلى قدرة الشركة على سداد التزاماتها من صافي النقد المقدم من الأنشطة التشغيلية ، دون الحاجة إلى تصفية الأصول المستخدمة في عملياتها.

Supplemental Disclosures الإفصاحات التكميلية

1. **CONTINGENCIES.** Material events that have an uncertain outcome.

حالات غير متوقعة الأحداث المادية التي لها نتائج غير مؤكدة.

2. **ACCOUNTING POLICIES.** Explanations of the valuation methods used or the basic assumptions made concerning inventory valuations, depreciation methods, investments in subsidiaries, etc.

السياسات المحاسبية تفسيرات طرق التقييم المستخدمة أو الافتراضات الأساسية المتعلقة بتقييم المخزون ، وطرق الاستهلاك ، والاستثمارات في الشركات التابعة ، وما إلى ذلك.

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3. **CONTRACTUAL SITUATIONS.** Explanations of certain restrictions or covenants attached to specific assets or, more likely, to liabilities.
الحالات التعاقدية تفسيرات لبعض القيود أو التعهدات المرتبطة بأصول محددة أو ، على الأرجح ، بالالتزامات.
4. **FAIR VALUES.** Disclosures of fair values, particularly for financial instruments.
القيم العادلة الإفصاح عن القيم العادلة وخاصة الأدوات المالية.

Techniques of Disclosure تقنيات الإفصاح

- ◆ Parenthetical Explanations التفسيرات الخاصة
- ◆ Notes ملاحظات
- ◆ Cross-Reference and Contra Items المراجع التبادلية و العناصر المقابلة
- ◆ Supporting Schedules الجداول التدميمية
- ◆ Terminology المصطلحات

- A **contra account** on a balance sheet reduces either an asset, liability, or owners' equity account.
Examples include

حساب مقابل في الميزانية العمومية يقلل من الأصول أو المسؤولية أو حساب حقوق الملكية. الامثلة تشمل

- ◆ Accumulated Depreciation—Equipment and Discount on Bonds Payable.

الاستهلاك المتراكم - المعدات والخصم على السندات المستحقة الدفع.

- An **adjunct account** increases either an asset, liability, or owners' equity account. An example is

يزيد الحساب المساعد من أصل أو التزام أو حساب حقوق الملكية. مثال

- ◆ Premium on Bonds Payable.

أقساط السندات المستحقة الدفع

Additional Question الأسئلة الإضافية

Q1: Circle the correct answer

1. The current cash debt coverage ratio is often used to assess
 - a. financial flexibility.
 - b. liquidity.**
 - c. profitability.
 - d. solvency.
2. The correct order to present current assets (Order of Liquidity) is
 - a. Cash, accounts receivable, prepaid items, inventories.
 - b. Cash, accounts receivable, inventories, prepaid items.
 - c. Cash, inventories, accounts receivable, prepaid items.**
 - d. Cash, inventories, prepaid items, accounts receivable.
3. Which is an example of a cash flow from an operating activity?
 - a. Payment of cash to lenders for interest.**
 - b. Receipt of cash from the sale of capital stock.
 - c. Payment of cash dividends to the company's stockholders.
 - d. None of the above.
4. Which is an example of a cash flow from an investing activity?
 - a. Receipt of cash from the issuance of bonds payable.
 - b. Payment of cash to repurchase outstanding capital stock.
 - c. Receipt of cash from the sale of equipment.**
 - d. Payment of cash to suppliers for inventory.

ضياء الدين صبح

5. In preparing a statement of cash flows, which of the following transactions would be considered an investing activity?
 - a. **Sale of equipment at book value**
 - b. Sale of merchandise on credit
 - c. Declaration of a cash dividend
 - d. Issuance of bonds payable at a discount.
6. The balance sheet is useful for analyzing all of the following except
 - a. liquidity.
 - b. solvency.
 - c. **profitability.**
 - d. financial flexibility.
7. Balance sheet information is useful for all of the following except
 - a. assessing a company's risk
 - b. evaluating a company's liquidity
 - c. evaluating a company's financial flexibility
 - d. **determining free cash flows.**
8. The amount of time that is expected to elapse until an asset is realized or otherwise converted into cash is referred to as
 - a. solvency.
 - b. financial flexibility.
 - c. **liquidity.**
 - d. exchangeability.
9. The net assets of a business are equal to
 - a. current assets minus current liabilities.
 - b. total assets plus total liabilities.
 - c. total assets minus total stockholders' equity.
 - d. **none of these.**
10. The current assets section of the balance sheet should include
 - a. machinery.
 - b. patents.
 - c. goodwill.
 - d. **inventory.**
11. Which of the following is *not* a long-term investment?
 - a. Cash surrender value of life insurance
 - b. **Franchise**
 - c. Land held for speculation
 - d. A sinking fund
12. Which item below is *not* a current liability?
 - a. Unearned revenue
 - b. **Stock dividends distributable**
 - c. The currently maturing portion of long-term debt
 - d. Trade accounts payable
13. Which of the following is a contra account?

a. Premium on bonds payable	b. Unearned revenue
c. Patents	d. Accumulated depreciation

ضياء الدين صبح

14. Long-term liabilities include

- a. obligations not expected to be liquidated within the operating cycle.
- b. obligations payable at some date beyond the operating cycle.
- c. deferred income taxes and most lease obligations.
- d. all of these.**

15. Treasury stock should be reported as a(n)

- a. current asset.
- b. investment.
- c. other asset.
- d. reduction of stockholders' equity.**

16. The stockholders' equity section is usually divided into what three parts?

- a. Preferred stock, common stock, treasury stock
- b. Preferred stock, common stock, retained earnings
- c. Capital stock, additional paid-in capital, retained earnings**
- d. Capital stock, appropriated retained earnings, unappropriated retained earnings

17. The statement of cash flows reports all of the following except

- a. the net change in cash for the period.
- b. the cash effects of operations during the period.
- c. the free cash flows generated during the period.**
- d. investing transactions.

18. If common stock was issued to acquire an \$8,000 machine, how would the transaction appear on the statement of cash flows?

- a. It would depend on whether you are using the direct or the indirect method.
- b. It would be a positive \$8,000 in the financing section and a negative \$8,000 in the investing section.
- c. It would be a negative \$8,000 in the financing section and a positive \$8,000 in the investing section.**
- d. It would not appear on the statement of cash flows but rather on a schedule of noncash investing and financing activities.

19. Making and collecting loans and disposing of property, plant, and equipment are

- a. operating activities.
- b. investing activities.**
- c. financing activities.
- d. liquidity activities.

20. In preparing a statement of cash flows, cash flows from operating activities

- a. are always equal to accrual accounting income.
- b. are calculated as the difference between revenues and expenses.
- c. can be calculated by appropriately adding to or deducting from net income those items in the income statement that do not affect cash.**
- d. can be calculated by appropriately adding to or deducting from net income those items in the income statement that do affect cash.

21. The cash debt coverage ratio is computed by dividing net cash provided by operating activities by

- a. average long-term liabilities.
- b. average total liabilities.**
- c. ending long-term liabilities.
- d. ending total liabilities.

ضياء الدين صبح

22. The current cash debt coverage ratio is often used to assess
- financial flexibility.
 - liquidity.**
 - profitability.
 - solvency.
23. Free cash flow is calculated as net cash provided by operating activities less
- capital expenditures.
 - dividends.
 - capital expenditures and dividends.**
 - capital expenditures and depreciation.
24. Which of the following balance sheet classifications would normally require the greatest amount of supplementary disclosure?
- Current assets
 - Current liabilities
 - Plant assets
 - Long-term liabilities**
25. For Grimmatt Company, the following information is available:
- | | |
|-----------------------|-----------|
| Capitalized leases | \$600,000 |
| Trademarks | 195,000 |
| Long-term receivables | 225,000 |
- In Grimmatt's balance sheet, intangible assets should be reported at
- \$195,000.**
 - \$225,000.
 - \$795,000.
 - \$825,000.
26. Olmsted Company has the following items: common stock, \$900,000; treasury stock, \$105,000; deferred taxes, \$125,000 and retained earnings, \$454,000. What total amount should Olmsted Company report as stockholders' equity?
- \$1,124,000.
 - \$1,249,000.**
 - \$1,374,000.
 - \$1,499,000.

Expiation: $\$900,000 - \$105,000 + \$454,000 = \$1,249,000$.

27. During 2012 the DLD Company had a net income of \$55,000. In addition, selected accounts showed the following changes:

Accounts Receivable	\$3,000 increase
Accounts Payable	1,000 increase
Building	4,000 decrease
Depreciation Expense	1,500 increase
Bonds Payable	8,000 increase

What was the amount of cash provided by operating activities?

- \$54,500**
- \$55,000
- \$56,500
- \$64,500

Expiation: $\$55,000 - \$3,000 + \$1,000 + \$1,500 = \$54,500$.

ضياء الدين صبح

28. Packard Corporation reports the following information:

Net cash provided by operating activities	\$235,000
Average current liabilities	150,000
Average long-term liabilities	100,000
Dividends declared	60,000
Capital expenditures	110,000
Payments of debt	35,000

Packard's cash debt coverage ratio is

- a. **0.94.**
- b. 1.59.
- c. 2.35.
- d. 3.92.

Expiation: $\$235,000 \div (\$150,000 + \$100,000) = 0.94.$

29. Packard Corporation reports the following information:

Net cash provided by operating activities	\$235,000
Average current liabilities	150,000
Average long-term liabilities	100,000
Dividends paid	60,000
Capital expenditures	110,000
Payments of debt	35,000

Packard's free cash flow is

- a. \$50,000.
- b. **\$65,000.**
- c. \$125,000.
- d. \$175,000.

Expiation: $\$235,000 - \$60,000 - \$110,000 = \$65,000.$

30. Pedigo Corporation reports the following information:

Net cash provided by operating activities	\$275,000
Average current liabilities	150,000
Average long-term liabilities	100,000
Dividends paid	60,000
Capital expenditures	110,000
Payments of debt	35,000

Pedigo's cash debt coverage ratio is

- a. **1.10.**
- b. 1.83.
- c. 2.75.
- d. 2.50.

Expiation: $\$275,000 \div (\$150,000 + \$100,000) = 1.10.$

Q2: Indicate whether each of the following statements is true or false.

False 1. Liquidity refers to the ability of an enterprise to pay its debts as they mature.

True 2. The balance sheet omits many items that are of financial value to the business but cannot be recorded objectively.

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- True 3. Financial flexibility measures the ability of an enterprise to take effective actions to alter the amounts and timing of cash flows.
- True 4. Companies frequently describe the terms of all long-term liability agreements in notes to the financial statements.
- False 5. An asset which is expected to be converted into cash, sold, or consumed within one year of the balance sheet date is always reported as a current asset.
- False 6. Land held for speculation is reported in the property, plant, and equipment section of the balance sheet.
- True 7. The account form and the report form of the balance sheet are both acceptable under GAAP.
- False 8. The primary purpose of a statement of cash flows is to report the cash effects of operations during a period.
- False 9. The statement of cash flows reports only the cash effects of operations during a period and financing transactions.
- True 10. Financial flexibility is a company's ability to respond and adapt to financial adversity and unexpected needs and opportunities.
- True 11. Collection of a loan is reported as an investing activity in the statement of cash flows.
- True 12. Companies determine cash provided by operating activities by converting net income on an accrual basis to a cash basis.
- False 13. Significant financing and investing activities that do not affect cash are not reported in the statement of cash flows or any other place.
- True 14. Financial statement readers often assess liquidity by using the current cash debt coverage ratio.
- False 15. Free cash flow is net income less capital expenditures and dividends.
- False 16. Because of the historical cost principle, fair values may not be disclosed in the balance sheet.
- False 17. Companies have the option of disclosing information about the nature of their operations and the use of estimates in preparing financial statements.
- True 18. Companies may use parenthetical explanations, notes, cross references, and supporting schedules to disclose pertinent information.
- False 19. The accounting profession has recommended that companies use the word reserve only to describe amounts deducted from assets.
- False 20. On the balance sheet, an adjunct account reduces either an asset, a liability, or an owners' equity account.

Q3:

- ASSETS
- a. Current assets
 - b. Investments
 - c. Plant and equipment
 - d. Intangibles
 - e. Other assets

- LIABILITIES AND CAPITAL
- f. Current liabilities
 - g. Long-term liabilities
 - h. Preferred stock
 - i. Common stock
 - j. Additional paid-in capital
 - k. Retained earnings
 - l. Items excluded from balance sheet

ضياء الدين صبح

Using the letters above, classify the following accounts according to the preferred and ordinary balance sheet presentation.

- _____ 1. Bond sinking fund
- _____ 2. Common stock dividend distributable
- _____ 3. Appropriation for plant expansion
- _____ 4. Bank overdraft
- _____ 5. Bonds payable (due 2015)
- _____ 6. Premium on common stock
- _____ 7. Securities owned by another company which are collateral for that company's note
- _____ 8. Equity investments (trading)
- _____ 9. Inventory
- _____ 10. Discount on bonds payable
- _____ 11. Patents
- _____ 12. Unearned revenue

Solution

- | | | | | | |
|----|---|----|---|-----|---|
| 1. | b | 5. | g | 9. | a |
| 2. | i | 6. | j | 10. | g |
| 3. | k | 7. | l | 11. | d |
| 4. | f | 8. | a | 12. | f |

Q4: For each event listed below, select the appropriate category which describes the effect of the event on a statement of cash flows:

- a. Cash provided/used by operating activities.
- b. Cash provided/used by investing activities.
- c. Cash provided/used by financing activities.
- d. Not a cash flow.

- _____ 1. Payment on long-term debt
- _____ 2. Issuance of bonds at a premium
- _____ 3. Collection of accounts receivable
- _____ 4. Cash dividends declared
- _____ 5. Issuance of stock to acquire land
- _____ 6. Sale of available-for-sale securities (long-term)
- _____ 7. Payment of employees' wages
- _____ 8. Issuance of common stock for cash
- _____ 9. Payment of income tax payable
- _____ 10. Purchase of equipment
- _____ 11. Purchase of treasury stock (common)
- _____ 12. Sale of real estate held as a long-term investment

Solution

- | | | | | | | | |
|----|---|----|---|----|---|-----|---|
| 1. | c | 4. | d | 7. | a | 10. | b |
| 2. | c | 5. | d | 8. | c | 11. | c |
| 3. | a | 6. | b | 9. | a | 12. | b |

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Q5: Selected financial statement information and additional data for Stanislaus Co. is presented below. Prepare a statement of cash flows for the year ending December 31, 2012

	December 31	
	2011	2012
Cash	\$42,000	\$75,000
Accounts receivable (net)	84,000	144,200
Inventory	168,000	201,600
Land.....	58,800	16,000
Equipment.....	<u>504,000</u>	<u>789,600</u>
TOTAL.....	<u>\$856,800</u>	<u>\$1,226,400</u>
Accumulated depreciation.....	\$84,000	\$115,600
Accounts payable	50,400	86,000
Notes payable - Short-term.....	67,200	29,400
Notes payable - Long-term	168,000	302,400
Common stock.....	420,000	487,200
Retained earnings.....	<u>67,200</u>	<u>205,800</u>
TOTAL.....	<u>\$856,800</u>	<u>\$1,226,400</u>

Additional data for 2012:

1. Net income was \$240,200.
2. Depreciation was \$31,600.
3. Land was sold at its original cost.
4. Dividends of \$101,600 were paid.
5. Equipment was purchased for \$84,000 cash.
6. A long-term note for \$201,600 was used to pay for an equipment purchase.
7. Common stock was issued to pay a \$67,200 long-term note payable.

Solution

Stanislaus Co.
Statement of Cash Flows
For the year ended December 31, 2012

Net Income		\$240,200
Cash flow from operating activities		
Depreciation expense	31,600	
Increase in accounts receivable	(60,200)	
Increase in inventory	(33,600)	
Increase in accounts payable	35,600	
Decrease in short-term notes payable	(37,800)	(64,400)
Net cash provided by operating activities		175,800
Cash flow from investing activities		
Purchase equipment	(84,000)	
Sale of land	<u>42,800</u>	
Net cash used by investing activities		(41,200)
Cash flow from financing activities		
Payment of cash dividend	(101,600)	
Net cash used by financing activities		(101,600)
Net increase in cash		33,000
Cash at beginning of year		<u>42,000</u>
Cash at end of the year		75,000

Q6: Classification in the Balance Sheet

A. Investment in preferred stock	
B. Treasury stock	
C. Common stock	
D. Cash dividends payable	
E. Accumulated depreciation	
F. Interest payable	
G. Deficit	
H. Trading securities	
I. Unearned revenue	

Answer:

J. Investment in preferred stock	Current asset/Investment
K. Treasury stock	Stockholders' Equity
L. Common stock	Stockholders' Equity
M. Cash dividends payable	Current liability
N. Accumulated depreciation	Contra-asset
O. Interest payable	Current liability
P. Deficit	Stockholders' Equity
Q. Trading securities	Current asset
R. Unearned revenue	Current liability

Q7: Classify each of these transactions by type of cash flow activity.

Issued 100,000 shares of \$5 par value common stock for \$800,000 cash.	
Borrowed \$200,000, signing a 5-year note bearing 8% interest.	
Purchased two semi-trailer trucks for \$170,000 cash.	
Paid employees \$12,000 for salaries and wages.	
Collected \$20,000 cash for services performed.	

Answer:

Issued 100,000 shares of \$5 par value common stock for \$800,000 cash.	Financing
Borrowed \$200,000, signing a 5-year note bearing 8% interest.	Financing
Purchased two semi-trailer trucks for \$170,000 cash.	Investing
Paid employees \$12,000 for salaries and wages.	Operating
Collected \$20,000 cash for services performed.	Operating

Q8: Presented below is the balance sheet of Sargent Corporation for the current year, 2017.

SARGENT CORPORATION BALANCE SHEET DECEMBER 31, 2017			
Current assets	\$ 485,000	Current liabilities	\$ 380,000
Investments	640,000	Long-term liabilities	1,000,000
Property, plant, and equipment	1,720,000	Stockholders' equity	1,770,000
Intangible assets	305,000		\$3,150,000
	\$3,150,000		

CH5 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

The following information is presented.

1. The current assets section includes cash \$150,000, accounts receivable \$170,000 less \$10,000 for allowance for doubtful accounts, inventories \$180,000, and unearned rent revenue \$5,000. Inventory is stated on the lower-of-FIFO-cost-or-net realizable value.
2. The investments section includes the cash surrender value of a life insurance contract \$40,000; investments in common stock, short-term \$80,000 and long-term \$270,000; and bond sinking fund \$250,000. The cost and fair value of investments in common stock are the same.
3. Property, plant, and equipment includes buildings \$1,040,000 less accumulated depreciation \$360,000, equipment \$450,000 less accumulated depreciation \$180,000, land \$500,000, and land held for future use \$270,000.
4. Intangible assets include a franchise \$165,000, goodwill \$100,000, and discount on bonds payable \$40,000.
5. Current liabilities include accounts payable \$140,000, notes payable—short-term \$80,000 and long-term \$120,000, and income taxes payable \$40,000.
6. Long-term liabilities are composed solely of 7% bonds payable due 2025.
7. Stockholders' equity has preferred stock, no par value, authorized 200,000 shares, issued 70,000 shares for \$450,000; and common stock, \$1.00 par value, authorized 400,000 shares, issued 100,000 shares at an average price of \$10. In addition, the corporation has retained earnings of \$320,000.

Instructions Prepare a balance sheet in good form, adjusting the amounts in each balance sheet classification as affected by the information given above.

SARGENT CORPORATION			
Balance Sheet			
December 31, 2017			
Assets			
Current assets			
Cash		\$150,000	
Equity investments		80,000	
Accounts receivable	\$ 170,000		
Less: Allowance for doubtful accounts	<u>10,000</u>	160,000	
Inventory (lower-of-FIFO- or-net realizable value)		<u>180,000</u>	
Total current assets			\$ 570,000
Long-term investments			
Equity investments (at fair value)		270,000	
Bond sinking fund		250,000	
Cash surrender value of life insurance		40,000	
Land held for future use		<u>270,000</u>	830,000
Property, plant, and equipment			
Land		500,000	
Buildings	1,040,000		
Less: Accum. depreciation—buildings	<u>360,000</u>	680,000	
Equipment	450,000		
Less: Accum. depreciation—equipment	<u>180,000</u>	<u>270,000</u>	1,450,000
Intangible assets			
Franchise		165,000	
Goodwill		<u>100,000</u>	<u>265,000</u>
Total assets			<u>\$3,115,000</u>

CH5 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable		\$ 140,000	
Notes payable		80,000	
Income taxes payable		40,000	
Unearned rent revenue		5,000	
Total current liabilities			\$ 265,000
Long-term liabilities			
Notes payable		120,000	
7% bonds payable, due 2025	\$1,000,000		
Less: Discount on bonds payable	40,000	960,000	1,080,000
Total liabilities			1,345,000
Stockholders' equity			
Capital stock			
Preferred stock, no par value; 200,000 shares authorized, 70,000 issued and outstanding	450,000		
Common stock, \$1 par value; 400,000 shares authorized, 100,000 issued and outstanding	100,000		
Paid-in capital in excess of par— common stock [100,000 X (\$10.00 – \$1.00)]	900,000	1,450,000	
Retained earnings		320,000	
Total stockholders' equity			1,770,000
Total liabilities and stockholders' equity			\$3,115,000

Q9: Aero Inc. had the following balance sheet at December 31, 2016.

AERO CORPORATION BALANCE SHEET DECEMBER 31, 2016			
Cash	\$ 20,000	Accounts payable	\$ 30,000
Account Receivable	21,200	Bonds payable	41,000
Investments	32,000	Common stock	100,000
Plant assets (net)	81,000	Retained earnings	23,200
Land	40,000		\$194,200
	\$194,200		

During 2017, the following occurred.

1. Aero liquidated its available-for-sale debt investment portfolio at a loss of \$5,000.
2. A tract of land was purchased for \$38,000.
3. An additional \$30,000 in common stock was issued at par.
4. Dividends totaling \$10,000 were declared and paid to stockholders.
5. Net income for 2017 was \$35,000, including \$12,000 in depreciation expense.
6. Land was purchased through the issuance of \$30,000 in additional bonds.
7. At December 31, 2017, Cash was \$70,200, Accounts Receivable was \$42,000, and Accounts Payable was \$40,000

Instructions: Prepare a statement of cash flows for the year 2017 for Aero

Solution:

AERO INC. Statement of Cash Flows For the Year Ended December 31, 2017		
Cash flows from operating activities		
Net income		\$35,000
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	\$12,000	
Loss on sale of investments	5,000	
Increase in accounts payable (\$40,000 – \$30,000)	10,000	
Increase in accounts receivable (\$42,000 – \$21,200)	<u>(20,800)</u>	<u>6,200</u>
Net cash provided by operating activities		41,200
Cash flows from investing activities		
Sale of debt investments	27,000	
Purchase of land	<u>(38,000)</u>	
Net cash used by investing activities		(11,000)
Cash flows from financing activities		
Issuance of common stock	30,000	
Payment of cash dividends	<u>(10,000)</u>	
Net cash provided by financing activities		<u>20,000</u>
Net increase in cash		50,200
Cash at beginning of year		<u>20,000</u>
Cash at end of year		<u>\$70,200</u>

Q10: Condensed financial data Al-Pinar company appear below:

AL – PINAR COMPANY		
Comparative Balance Sheet		
December 31		
	2022	2023
Assets		
Cash	\$ 41,000	\$ 35,000
Account Receivable	75,000	53,000
Inventories	120,000	132,000
Prepaid expenses	19,000	25,000
Investment	100,000	75,000
Plant Assets	325,000	250,000
Accumulated depreciation	(65,000)	(60,000)
Total	\$615,000	\$510,000
Liabilities and stockholders' Equity		
Accounts payable	\$ 93,000	\$ 75,000
Accrued expenses payable	29,000	24,000
Bonds payable	120,000	160,000
Common stock	275,000	170,000
Retained earning	98,000	81,000
Total	\$615,000	\$510,000

AL – PINAR COMPANY		
Income Statement		
For the Year Ended December 31,2022		
Sales	\$450,000	
Less: Cost of goods sold	\$300,000	
Operating expenses	60,000	
Depreciation expense	17,000	
Income Tax	20,000	
Interest expense	18,000	
Loss on sale of plant assets	3,000	\$418,000
Net Income		\$ 32,000

Additional information:

1. New plant assets costing \$100,000 were purchased for cash in 2022.
2. Old plant assets costing \$25,000 were sold for \$10,000 cash when book value was \$13,000.
3. Bonds with a face value of \$40,000 were converted into \$40,000 of common stock.
4. A cash dividend of \$15,000 was declared and paid during the year.
5. Issuance of common stock for cash \$65,000.

Required: Using the format provided on the next page, prepare a statement of cash flows (using the indirect method) for 2022 for Al - Pinar Company.

Solution:

AL – PINAR COMPANY Statement of cash flows For the Year Ended December 31,2022		
cash flows from operating activities		
Net Income	\$32,000	
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Add: Depreciation Expense	17,000	
Add: Loss on sale of plant assets	3,000	
Deduct: increase in Account Receivable	(22,000)	
Add: Decrease in inventories	12,000	
Add: Decrease in Prepaid insurance	6,000	
Add: increase in Account Payable	18,000	
Add: increase in Account expenses Payable	5,000	
Net Cash Provided (used) by operating activities		\$71,000
cash flows from Investing activities		
Purchase of plant assets	(100,000)	
Sale of plant assets	10,000	
Purchase of investment	(25,000)	
Net Cash Provided (used) by Investing activities		(115,000)
cash flows from financing activities		
Issuance of common stock	65,000	
Payment of Dividends	(15,000)	
Net Cash Provided (used) by financing activities		50,000
Net increase (decrease) in cash		6,000
Cash, January 1,2018		35,000
Cash, December 31,2018		41,000
Noncash Investing & Financing Activities		
Bonds Conversation to common stock		\$40,000

END OF CHAPTER 5

CHAPTER 6

Accounting and the Time Value of Money

المحاسبة والقيمة الزمنية
للنقود

ضياء الدين صبح

Time Value of Money القيمة الزمنية للمال

- ◆ A relationship between **time** and **money**. علاقة بين الوقت والمال
- ◆ A dollar received **today** is worth more than a dollar promised at some time in the **future**. الدولار المستلم اليوم يساوي أكثر من الدولار الموعود به في وقت ما في المستقبل.

Applications of Time Value Concepts تطبيقات مفاهيم القيمة الزمنية

Present Value-Based Accounting Measurements مقاييس المحاسبة الحالية على أساس القيمة

- | | |
|---|-------------------------------------|
| 1. Notes | الأوراق كالكمبيولات |
| 2. Leases | عقود الإيجار |
| 3. Pensions and Other Postretirement Benefits | معاشات ومزايا ما بعد التقاعد الأخرى |
| 4. Long-Term Assets | الأصول طويلة الأجل |
| 5. Shared-Based Compensation | التعويض المشترك |
| 6. Business Combinations | دمج الأعمال |
| 7. Disclosures | الإفصاحات |
| 8. Environmental Liabilities | الإلتزامات البيئية |

BASIC TIME VALUE CONCEPTS مفاهيم أساسية لقيمة الوقت

The Nature of Interest طبيعة الفائدة

- ◆ Payment for the use of money. الدفع مقابل استخدام المال
- ◆ Excess cash received or repaid over the amount lent or borrowed (principal). المبالغ النقدية الزائدة المقبوضة أو المسددة على المبلغ المقرض أو المقرض (الأصل)

VARIABLES IN INTEREST COMPUTATION متغيرات في حساب الفائدة

1. **PRINCIPAL** The amount borrowed or invested. رئيسي/ الأصلي. المبلغ المقرض أو المستثمر
2. **INTEREST RATE** A percentage of the outstanding principal. معدل الفائدة. نسبة من أصل المبلغ المستحق
3. **TIME** The number of years or fractional portion of a year that the principal is outstanding. الوقت عدد السنوات أو جزء من السنة التي يكون فيها الأصل معلقاً

Simple Interest الفائدة البسيطة

- ◆ Interest computed on the principal only. الفائدة محسوبة على رأس المال فقط

Ex: Barstow Electric Inc. borrows \$10,000 for 3 years at a simple interest rate of 8% per year. Compute the total interest to be paid for the

تقترض شركة Barstow Electric مبلغ 10000 دولار لمدة 3 سنوات بمعدل فائدة بسيط يبلغ 8٪ سنوياً. احسب إجمالي الفائدة التي يتعين دفعها مقابل

1. 1 year
2. 3 years
3. 3 months

Answer:

1. Interest annually = $p \times i \times n = = \$10,000 \times .08 \times 1 = \underline{\$800}$
2. Interest total = $p \times i \times n = = \$10,000 \times .08 \times 3 = \underline{\$2,400}$
3. Interest Partial = $p \times i \times n = = \$10,000 \times .08 \times 3/12 = \underline{\$200}$

Compound Interest

- ◆ Computes interest on **principal and interest** earned that has not been paid or withdrawn. يحسب الفائدة على الأساسي "الرئيسي" والفائدة المكتسبة التي لم يتم دفعها أو سحبها
- ◆ Typical interest computation has not been in business situations. يتم تطبيق حساب الفائدة النموذجي في مواقف العمل

ضياء الدين صبح

Ex: Tokarczyk Company deposits \$10,000 in the Last National Bank, where it will earn simple interest of 9% per year. It deposits another \$10,000 in the First State Bank, where it will earn compound interest of 9% per year compounded annually. In both cases, Tokarczyk will not withdraw any interest until 3 years from the date of deposit.

تودع شركة Tokarczyk مبلغ 10000 دولار في البنك الوطني ، حيث ستكسب فائدة بسيطة بنسبة 9 ٪ سنويًا. يقوم بإيداع 10٠000 دولار أخرى في البنك الوطني الأول ، حيث سيحصل على فائدة مركبة بنسبة 9٪ سنويًا. في كلتا الحالتين ، لن تسحب Tokarczyk أي فائدة حتى 3 سنوات من تاريخ الإيداع.

Answers:

1. Simple interest total = $p \times i \times n = \$10,000 \times .09 \times 3 = \mathbf{\$2,700}$
2. compound interest annually (year1) = $p \times i \times n = \$10,000 \times .09 \times 1 = \mathbf{\$900}$
 compound interest annually (year2) = $p \times i \times n = \$10,900 \times .09 \times 1 = \mathbf{\$981}$
 compound interest annually (year3) = $p \times i \times n = \$11,881 \times .09 \times 1 = \mathbf{\$1,069.29}$
 compound interest Total (year1+2+3) = $900 + \$981 + \$1,069.29 = \mathbf{\$2,950.29}$

Compound Interest Tables جداول الفوائد المركبة

ملاحظة مهمة: هذول الجداول مش للحفظ وبس مطلوب منك تطلع الجواب حسب " النسبة + عدد الفترات من السؤال"

- | | |
|---|--|
| Table 6-1 - Future Value of 1 | الجدول 1-6 - القيمة المستقبلية لـ 1 |
| Table 6-2 - Present Value of 1 | الجدول 2-6 - القيمة الحالية لـ 1 |
| Table 6-3 - Future Value of an Ordinary Annuity of 1 | الجدول 3-6 - القيمة المستقبلية للدفع العادي قدره 1 |
| Table 6-4 - Present Value of an Ordinary Annuity of 1 | الجدول 4-6 - القيمة الحالية للدفع العادي قدره 1 |
| Table 6-5 - Present Value of an Annuity Due of 1 | الجدول 5-6 - القيمة الحالية للدفع المستحق 1 |

ملاحظة: مش رح يكونوا واضحات هسا ، تبع شوي شوي تحت وبتشوف الجداول ورح نفهم.

Number of Periods = number of years x the number of compounding periods per year.

عدد الفترات = عدد السنوات × عدد الفترات المركبة في السنة.

Compounding Period Interest Rate = annual rate divided by the number of compounding periods per year.

معدل فائدة الفترة المركبة = المعدل السنوي مقسومًا على عدد الفترات المركبة في السنة.

Formula to determine the future value factor (FVF) for 1: صيغة لتحديد عامل القيمة المستقبلية لـ 1

$$FVF_{n,i} = (1 + i)^n$$

Where:

- | | |
|---|---|
| $FVF_{n,i}$ = future value factor for n periods at i interest | عامل القيمة المستقبلية لعدد الفترات عند الفائدة |
| n = number of periods | عدد الفترات |
| i = rate of interest for a single period | معدل الفائدة لفترة واحدة |

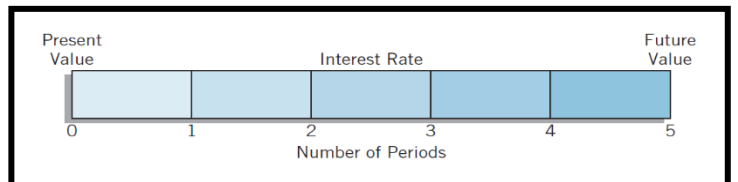
Determine the number of periods by multiplying the number of years involved by the number of compounding periods per year. حدد عدد الفترات بضرب عدد السنوات المتضمنة في عدد الفترات المركبة في السنة.

For Ex: When the Annually Rate 12% and the years of 5. What is interest period rate and periods of:

1. 1 year = $12\% \div 1 + 1 \times 5 = \mathbf{12\% \text{ Rate \& 5 periods}}$
2. Semiannually: $12\% \div 2 + 2 \times 5 = \mathbf{6\% \text{ Rate \& 10 periods}}$
3. Quartile: $12\% \div 4 + 4 \times 5 = \mathbf{3\% \text{ Rate \& 20 periods}}$
4. Monthly: $12\% \div 12 + 12 \times 5 = \mathbf{1\% \text{ Rate \& 60 periods}}$

Fundamental Variables المتغيرات الأساسية

- ◆ Rate of Interest معدل الفائدة
- ◆ Number of Time Periods عدد الفترات الزمنية
- ◆ Future Value القيمة المستقبلية
- ◆ Present Value القيمة الحالية

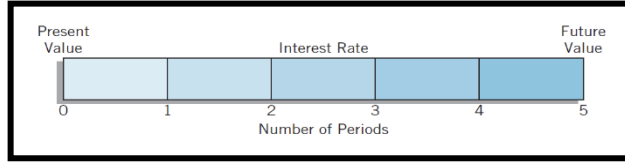


تلخيص CH6 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

SINGLE-SUM PROBLEMS لما يكون عنا جهة وحدة مفقودة

Two Categories عنا هون حالتين



هون يا يكون عنا مجهول القيمة الحالية PV أو القيمة المستقبلية FV ومنظلمهم بالإعتماد على الجداول

Future Value of a Single Sum أولاً من ناحية القيمة المستقبلية

Value at a future date of a given amount invested, assuming compound interest.

القيمة في تاريخ مستقبلي لمبلغ معين مستثمر ، بافتراض الفائدة المركبة.

$$Fv = PV (FVF_{n,i})$$

FV = future value

PV = present value (principal or single sum)

FVF_{n,i} = future value factor for n periods at i interest

القيمة المستقبلية

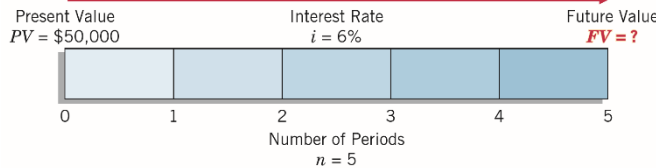
القيمة الحالية (رئيسي أو مجموع واحد)

عامل القيمة المستقبلية لفترات عند الفائدة

Ex: Bruegger Co. wants to determine the future value of \$50,000 invested for 5 years compounded annually at an interest rate of 6%.

تريد شركة Bruegger تحديد القيمة المستقبلية البالغة 50000 دولار المستثمرة لمدة 5 سنوات مركبة سنوياً بمعدل فائدة 6%.

Answer:



$$Fv = PV (FVF_{n,i}) = \$50,000 (FVF_{5,6\%}) = \$50,000 (1+0.06)^5 = \$50,000 (1.33823) = \$66,912$$

طيب كيف حليناها والارقام هاي من وين جنبها بطريقة ثانية واسهل وافضل ؟

حسب معطيات السؤال i=6%, n=5

TABLE 6-1 FUTURE VALUE OF 1 (FUTURE VALUE OF A SINGLE SUM)

(n) Periods	FVF _{n,i} = (1 + i) ⁿ					
	2%	2½%	3%	4%	5%	6%
1	1.02000	1.02500	1.03000	1.04000	1.05000	1.06000
2	1.04040	1.05063	1.06090	1.08160	1.10250	1.12360
3	1.06121	1.07689	1.09273	1.12486	1.15763	1.19102
4	1.08243	1.10381	1.12551	1.16986	1.21551	1.26248
5	1.10408	1.13141	1.15927	1.21665	1.27628	1.33823
6	1.12616	1.15969	1.19405	1.26532	1.34010	1.41852
7	1.14869	1.18869	1.22987	1.31593	1.40710	1.50363
8	1.17166	1.21840	1.26677	1.36857	1.47746	1.59385

منروح ع جدول FV ومنطول عند السنة الخامسة "الفترة الخامسة" + لما يكون عندي الفائدة 6% بطلع الرقم **1.33823** ومنسومي

$$Fv = 50,000 * 1.33823 = \$66,912$$

Ex: Assume that Commonwealth Edison Company deposited \$250 million in an escrow account with Northern Trust Company at the beginning of 2017 as a commitment toward a power plant to be completed December 31, 2020. How much will the company have on deposit at the end of 4 years if interest is 10%, compounded **semiannually**?

لنفترض أن شركة كومونولث إديسون أودعت 250 مليون دولار في حساب ضمان لدى شركة نورثرن ترست في بداية عام 2017 كالالتزام تجاه إنشاء محطة للطاقة في 31 ديسمبر 2020. كم ستودع الشركة في نهاية 4 سنوات إذا كانت الفائدة 10% تتضاعف نصف سنوي؟

قبل ما نبشش بالسؤال وحله ركز بالقراءة ، هون حاكيلك نصف سنوي يعني الفائدة 2/ = 5% و الفترة 2* = 8 Period

منروح ع الجدول مندور فوق على عندما تكون الفترة 8 و الفائدة 5%

$$\text{Answer: } Fv = \$250,000,000 * 1.147746 = \$369,395,000 \text{ من الجدول الي فوق}$$

ضياء الدين صبح

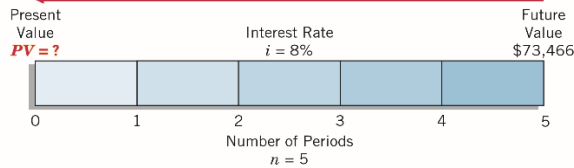
Present Value of a Single Sum من الجهة الثانية في القيمة الحالية

Value now of a given amount to be paid or received in the future, assuming compound interest.

القيمة الآن لمبلغ معين سيتم دفعه أو استلامه في المستقبل ، بافتراض الفائدة المركبة.

$$Pv = FV (PVF_{n,i})$$

Ex: What is the present value of \$73,466 to be received or paid in 5 years discounted at 8% compounded annually? ما هي القيمة الحالية وقدرها 73.466 دولار يتم استلامها أو دفعها في 5 سنوات مخصومة بنسبة 8% مركبة سنويًا؟



$$Pv = FV (PVF_{n,i})$$

$$Pv = \$73,466 (PVF_{5,8\%})$$

$$Pv = 73,466 (1/(1 + 0.08)^5)$$

$$Pv = 73,466 (0.68058) = \$50,000$$

The use the table

منطلع هون ال Factor عند $n=5, i=8$ وهون بطلع عنا حسب الجدول : 0.68058
 $= 73,466 * (0.68058) = \$50,000$

8%	9%	10%	11%	12%	15%	(n) Periods
.92593	.91743	.90909	.90090	.89286	.86957	1
.85734	.84168	.82645	.81162	.79719	.75614	2
.79383	.77218	.75132	.73119	.71178	.65752	3
.73503	.70843	.68301	.65873	.63552	.57175	4
.68058	.64993	.62092	.59345	.56743	.49718	5

Ex: Assume that your rich uncle decides to give you \$2,000 for a trip to Europe when you graduate from college 3 years from now. He proposes to finance the trip by investing a sum of money now at 8% compound interest that will provide you with \$2,000 upon your graduation. The only conditions are that you graduate and that you tell him how much to invest now.

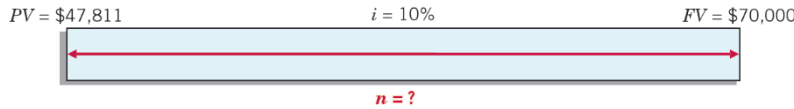
افترض أن عمك الثري قرر منحك 2000 دولار لرحلة إلى أوروبا عندما تتخرج من الكلية بعد 3 سنوات من الآن. يقترح تمويل الرحلة عن طريق استثمار مبلغ من المال الآن بفائدة مركبة بنسبة 8% والتي ستوفر لك 2000 دولار عند تخرجك. الشروط الوحيدة هي أن تتخرج وأن تخبره بالمبلغ الذي يجب أن يستثمره الآن.

احنا هون لما يكون عنا النسبة 8% ، وكمان 3 سنوات لذلك لما نروح ع الجدول نلاقى رقم 0.79383

Answer: $\$2,000 * 0.79383 = \$1,587.66$

Ex: The Village of Somonauk wants to accumulate \$70,000 for the construction of a veterans monument in the town square. At the beginning of the current year, the Village deposited \$47,811 in a memorial fund that earns 10% interest compounded annually. How many years will it take to accumulate \$70,000 in the memorial fund?

تريد قرية Somonauk جمع 70 ألف دولار لبناء نصب تذكاري للمحاربين القدامى في ساحة البلدة. في بداية العام الحالي ، أودعت القرية 47,811 دولارًا في صندوق تذكاري يربح 10% فائدة مركبة سنويًا. كم سنة سيستغرق تجميع 70000 دولار في الصندوق التذكاري؟



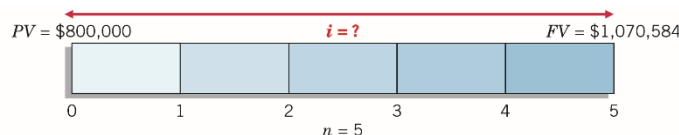
$FVF_{n,10\%} = \$70,000 / \$47,811 = 1.46410$ Period in the table = **4 Periods**

Another Answer:

$PVF_{n,10\%} = \$47,811 / \$70,000 = 0.68301$ Period in the table = **4 Periods**

Ex: Advanced Design, Inc. needs \$1,070,584 for basic research 5 years from now. The company currently has \$800,000 to invest for that purpose. At what rate of interest must it invest the \$800,000 to fund basic research projects of \$1,070,584, 5 years from now?

تحتاج شركة Advanced Design إلى 1,070,584 دولارًا للبحث الأساسي بعد 5 سنوات من الآن. تمتلك الشركة حاليًا 800,000 دولار للاستثمار لهذا الغرض. بأي معدل فائدة يجب أن تستثمر 800,000 دولار لتمويل مشاريع البحث الأساسية البالغة 1,070,584 دولارًا ، بعد 5 سنوات من الآن؟



تلخيص CH6 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

$$FVF_{n,10\%} = \$1,070,584 / \$800,000 = \underline{1.33823} \dots \text{Period in the table} = \underline{6\% \text{ Rate}}$$

Another Answer:

$$PVF_{n,10\%} = \$800,000 / \$1,070,584 = \underline{0.74726} \dots \text{Period in the table} = \underline{6\% \text{ Rate}}$$

ANNUITIES الأقساط

Annuity requires: الأقساط تتطلب

(1) Periodic payments or receipts (called **rents**) of the same amount,

المدفوعات أو الإيصالات الدورية (تسمى الإيجارات) بنفس المبلغ ،

(2) Same-length interval between such rents, and

الفاصل الزمني بنفس الطول بين هذه الإيجارات ، و

(3) Compounding of **interest** once each interval.

مضاعفة الفائدة مرة واحدة كل فترة

Two Types لها نوعين

Ordinary Annuity - rents occur at the **end** of each period.

القسط العادي - الإيجارات تحدث في نهاية كل فترة

Annuity Due - rents occur at the **beginning** of each period.

القسط المستحق - الإيجارات تحدث في بداية كل فترة

Ordinary Annuity القسط العادي

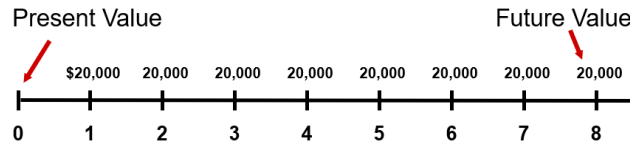
Future Value of an Ordinary Annuity القيمة المستقبلية لقسط عادي

◆ Rents occur at the end of each period.

الإيجارات تحدث في نهاية كل فترة

◆ No interest during 1st period.

لا فائدة خلال الفترة الأولى



Ex: Assume that \$1 is deposited at the **end** of each of 5 years (an ordinary annuity) and earns 5% interest compounded annually. Following is the computation of the future value, using the "future value of 1" table (Table 6-1) for each of the five \$1 rents.

افترض أنه تم إيداع 1 دولار في نهاية كل 5 سنوات (راتب سنوي عادي) وربح 5٪ فائدة مركبة سنويًا. فيما يلي حساب القيمة المستقبلية ، باستخدام جدول "القيمة المستقبلية 1" (الجدول 6-1) لكل من الإيجارات الخمسة التي تبلغ 1 دولار.

END OF PERIOD IN WHICH \$1.00 IS TO BE INVESTED						Value at End of Year 5
Present	1	2	3	4	5	
	\$1.00					\$1.21551
		\$1.00				1.15762
			\$1.00			1.10250
				\$1.00		1.05000
					\$1.00	1.00000
Total (future value of an ordinary annuity of \$1.00 for 5 periods at 5%)						\$5.52563

A formula provides a more efficient way of expressing the **future value of an ordinary annuity of 1**.

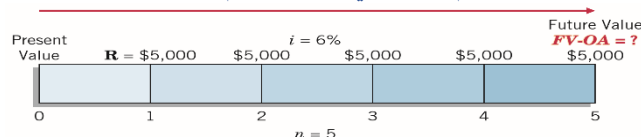
توفر الصيغة طريقة أكثر فاعلية للتعبير عن القيمة المستقبلية لمقابل سنوي عادي بقيمة 1.

$$R(FVF - OA_{n,i})$$

$$FVF - OA_{n,i} = \frac{(1 + i)^n - 1}{i}$$

Ex: What is the future value of five \$5,000 deposits made at the end of each of the next 5 years, earning interest of 6%?

ما هي القيمة المستقبلية لخمس ودائع بقيمة 5000 دولار تم إيداعها في نهاية كل عام من السنوات الخمس المقبلة ، بفائدة بنسبة 6٪؟



تلخيص CH6 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

Future value of an ordinary annuity = $R(FVF - OA_{n,i}) = 5,000 (FVF - OA_{5,6\%})$
 $= 5,000 \left(\frac{(1+0.06)^5 - 1}{0.06} \right) = \$5,000 (5.63709) = \underline{\$28,185.45}$

What table do we use? **The table Future value of an ordinary annuity 1**

TABLE 6-3 FUTURE VALUE OF AN ORDINARY ANNUITY OF 1

(n) Periods	$FVF-OA_{n,i} = \frac{(1+i)^n - 1}{i}$					
	2%	2½%	3%	4%	5%	6%
1	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2	2.02000	2.02500	2.03000	2.04000	2.05000	2.06000
3	3.06040	3.07563	3.09090	3.12160	3.15250	3.18360
4	4.12161	4.15252	4.18363	4.24646	4.31013	4.37462
5	5.20404	5.25633	5.30914	5.41632	5.52563	5.63709

i=6%, n=5

$\$5,000 * 5.63709 = \underline{\$28,185.45}$

Ex: Hightown Electronics deposits \$75,000 at the end of each 6-month period for the next 3 years, to accumulate enough money to meet debts that mature in 3 years. What is the future value that the company will have on deposit at the end of 3 years if the annual interest rate is 10%?

تقوم شركة Hightown Electronics بإيداع 75000 دولار في نهاية كل فترة 6 أشهر على مدار السنوات الثلاث المقبلة ، لتجميع أموال كافية للوفاء بالديون التي تستحق خلال 3 سنوات. ما هي القيمة المستقبلية التي ستحصل عليها الشركة عند الإيداع في نهاية 3 سنوات إذا كان معدل الفائدة السنوي 10%؟

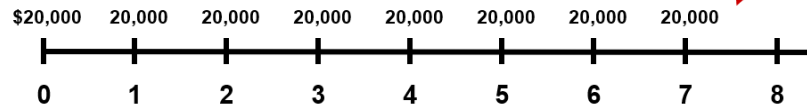
What table do we use? **The table Future value of an ordinary annuity 1**

$\$75,000 * 6.80191 = \underline{\$510,143.25}$

Future Value of an Annuity Due القيمة المستقبلية للقسط المستحق

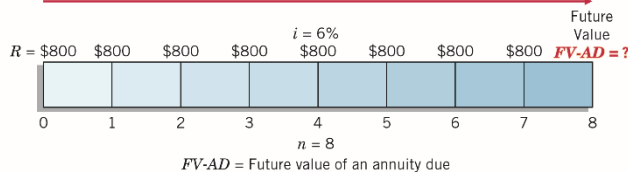
- ◆ Rents occur at the **beginning** of each period. الإيجارات تحدث في بداية كل فترة
- ◆ Interest will accumulate during 1st period. سوف تتراكم الفائدة خلال الفترة الأولى
- ◆ Annuity Due has one more interest period than Ordinary Annuity. الأقساط المستحقة لها فترة فائدة واحدة أكثر من الأقساط العادية
- ◆ Factor = multiply future value of an ordinary annuity factor by 1 plus the interest rate. العامل = اضرب القيمة المستقبلية لعامل سنوي عادي بمقدار 1 بالإضافة إلى معدل الفائدة.

Future Values



Ex: To illustrate the use of the ordinary annuity tables in converting to an annuity due, assume that Sue Lotadough plans to deposit \$800 a year on each birthday of her son Howard. She makes the first deposit on his tenth birthday, at 6% interest compounded annually. Sue wants to know the amount she will have accumulated for college expenses by her son's eighteenth birthday.

لتوضيح استخدام جداول الأقساط العادية في التحويل إلى راتب سنوي مستحق ، افترض أن سو لوتادو تخطط لإيداع 800 دولار سنويًا في كل عيد ميلاد لابنها هوارد. تقوم بأول إيداع في عيد ميلاده العاشر ، بفائدة 6% تتضاعف سنويًا. تريد سو معرفة المبلغ الذي ستجمعه لنفقات الكلية بحلول عيد ميلاد ابنها الثامن عشر.



Answer: Referring to the "future value of an ordinary annuity of 1" table for 8 periods at 6%, Sue finds a factor of 9.89747. She then multiplies this factor by (1 + .06) to arrive at the future value of an annuity due factor. As a result, the accumulated value on Howard's eighteenth birthday is **\$8,393.06**

بالإشارة إلى جدول "القيمة المستقبلية لمقابل سنوي عادي قدره 1" لمدة 8 فترات بنسبة 6% ، وجدت سو عاملاً قدره 9.89747. ثم قامت بضرب هذا العامل في (1 + 06) للوصول إلى القيمة المستقبلية لعامل المعاش المستحق. نتيجة لذلك ، تبلغ القيمة المتراكمة في عيد ميلاد هوارد الثامن عشر 8,393.06 دولارًا

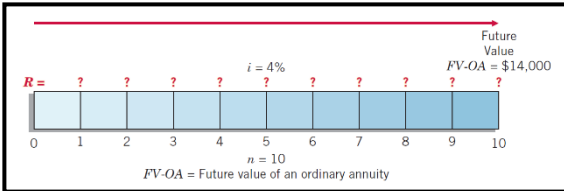
CH6 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

1. Future value of an ordinary annuity of 1 for 8 periods at 6% (Table 6-3)	9.89747
2. Factor $(1 + .06)$	× 1.06
3. Future value of an annuity due of 1 for 8 periods at 6%	10.49132
4. Periodic deposit (rent)	× \$800
5. Accumulated value on son's 18th birthday	\$8,393.06

Ex: Assume that you plan to accumulate \$14,000 for a down payment on a condominium apartment 5 years from now. For the next 5 years, you earn an annual return of 8% compounded **semiannually**. How much should you deposit at the end of each 6-month period?

افتراض أنك تخطط لتجميع 14000 دولار كدفعة مقدمة على شقة سكنية بعد 5 سنوات من الآن. على مدى السنوات الخمس المقبلة ، تكسب عائداً سنوياً قدره 8 ٪ مركباً كل نصف سنة. كم يجب أن تودع في نهاية كل فترة 6 أشهر؟



future value of an ordinary annuity = $R (FVF - OA_{n,i})$
 $\$14,000 = R (FVF - OA_{10,4\%})$
 $\$14,000 = R (12.00611)$
 $R = \mathbf{\$1,166.07}$

Or use the table with 10 Period and 4% Rate = **12.00611**

Ex: Suppose that a company's goal is to accumulate \$117,332 by making periodic deposits of \$20,000 at the end of each year, which will earn 8% compounded annually while accumulating. How many deposits must it make?

لنفترض أن هدف الشركة هو تجميع 117,332 دولاراً عن طريق إجراء ودائع دورية قدرها 20000 دولار في نهاية كل عام ، والتي ستكسب 8 ٪ مركبة سنوياً أثناء التراكم. كم عدد الودائع التي يجب أن تقوم بها؟

future value of an ordinary annuity = $R (FVF - OA_{n,i})$
 $\$117,332 = \$20,000 (FVF - OA_{n,8\%})$
 $FVF - OA_{n,8\%} = \$117,332 / \$20,000 = \mathbf{5.86660}$

Ex: Mr. Goodwrench deposits \$2,500 today in a savings account that earns 9% interest. He plans to deposit \$2,500 every year for a total of 30 years. How much cash will Mr. Goodwrench accumulate in his retirement savings account, when he retires in 30 years?

قام السيد Goodwrench بإيداع 2500 دولار اليوم في حساب توفير يحقق فائدة 9٪. يخطط لإيداع 2500 دولار كل عام لمدة 30 عامًا. ما مقدار النقد الذي سيجمعه السيد Goodwrench في حساب مدخرات التقاعد الخاص به ، عندما يتقاعد في غضون 30 عامًا؟

Answer:

1. Future value of an ordinary annuity of 1 for 30 periods at 9%	136.30754
2. Factor $(1 + .09)$	× 1.09
3. Future value of an annuity due of 1 for 30 periods at 9%	148.57522
4. Periodic rent	× \$2,500
5. Accumulated value at end of 30 years	\$371,438

Ex: Bayou Inc. will deposit \$20,000 in a 5% fund at the **beginning** of each year for 7 years beginning January 1, Year

سوف تقوم شركة Bayou Inc. بإيداع 20000 دولار في صندوق 5٪ في بداية كل عام لمدة 7 سنوات تبدأ في 1 يناير ، السنة الأولى.

1. What amount will be in the fund at the end of Year 7?

ما هو المبلغ الذي سيكون في الصندوق في نهاية السنة 7؟

Use future value of ordinary annuity table. استخدم القيمة المستقبلية لجدول الأقساط العادية

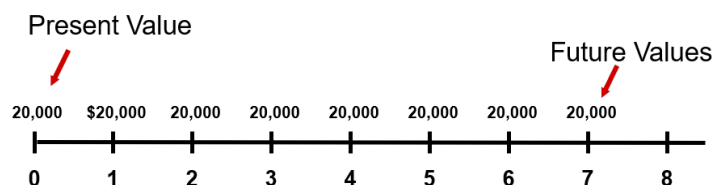


TABLE 6-3 FUTURE VALUE OF AN ORDINARY ANNUITY OF 1

$$FVF-OA_{n,i} = \frac{(1+i)^n - 1}{i}$$

(n) Periods	2%	2½%	3%	4%	5%	6%
1	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
2	2.02000	2.02500	2.03000	2.04000	2.05000	2.06000
3	3.06040	3.07563	3.09090	3.12160	3.15250	3.18360
4	4.12161	4.15252	4.18363	4.24646	4.31013	4.37462
5	5.20404	5.25633	5.30914	5.41632	5.52563	5.63709
6	6.30812	6.38774	6.46841	6.63298	6.80191	6.97532
7	7.43428	7.54743	7.66246	7.89829	8.14201	8.39384
8	8.58297	8.73612	8.89234	9.21423	9.54911	9.89747

When i=5%, n=7 Period **8.14201**

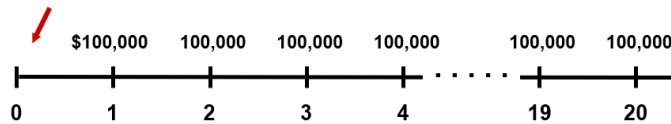
$$8.14201 * (1 + i) = 8.14201 * 1.05 = 8.14201$$

$$\text{Future Value} = \$20,000 * 8.5491105 = \underline{\underline{\$170,982.21}}$$

Present Value of an Ordinary Annuity القيمة الحالية لقسط عادي

- ◆ Present value of a series of equal amounts to be withdrawn or received at equal intervals. القيمة الحالية لسلسلة من المبالغ المتساوية يتم سحبها أو استلامها على فترات متساوية.
- ◆ Periodic rents occur at the **end** of the period. الإيجارات الدورية تحدث في **نهاية** الفترة.

Present Value



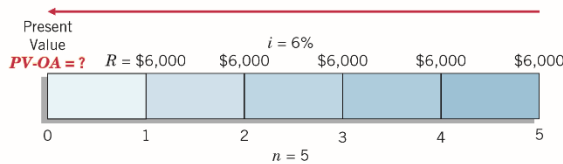
A formula provides a more efficient way of expressing the present value of an ordinary annuity of 1.

توفر الصيغة طريقة أكثر فاعلية للتعبير عن القيمة الحالية لمعاش سنوي عادي قدره 1.

$$PVF - OA_{n,i} = \frac{1 - \frac{1}{(1+i)^n}}{i}$$

Present value of an ordinary annuity = R (PVF - OA_{n,i})

What is the present value of rental receipts of \$6,000 each, to be received at the end of each of the next 5 years when discounted at 6%?



الحل حسب القانون :

$$\begin{aligned} \text{Present value of an ordinary annuity} &= R (PVF - OA_{n,i}) \\ &= \$6,000 (PVF - OA_{5,6\%}) \\ &= \$6,000 (4.21236) \\ &= \underline{\underline{\$25,274.16}} \end{aligned}$$

Ex: Jaime Yuen wins \$2,000,000 in the state lottery. She will be paid \$100,000 at the end of each year for the next 20 years. How much has she actually won? Assume an appropriate interest rate of 8%.

خايمي يوين يفوز بمبلغ مليوني دولار في يانصيب الولاية. ستحصل على 100000 دولار في نهاية كل عام على مدار العشرين عامًا القادمة. كم فازت فعلاً؟ افترض معدل فائدة مناسب 8٪.

What table do we use? **Present Value of an Ordinary Annuity**

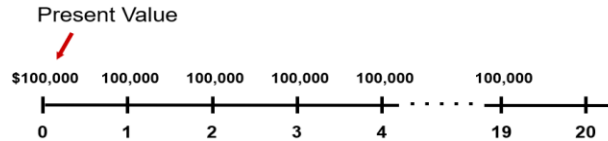
When i=8% and n=20 = **9.81815**

$$\text{Present value} = \$100,000 \times 9.81815 = \underline{\underline{\$981,815}}$$

ضياء الدين صبح

Present Value of an Annuity Due القيمة الحالية لقسط مستحق

- Present value of a series of equal amounts to be withdrawn or received at equal intervals.
القيمة الحالية لسلسلة من المبالغ المتساوية يتم سحبها أو استلامها على فترات متساوية.
- Periodic rents occur at the beginning of the period الإيجارات الدورية تحدث في بداية الفترة

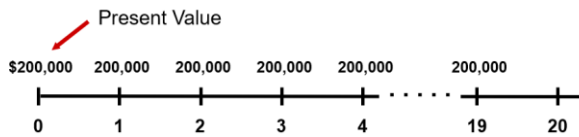


Ex: Space Odyssey, Inc., rents a communications satellite for 4 years with annual rental payments of \$4.8 million to be made at the beginning of each year. If the relevant annual interest rate is 5%, what is the present value of the rental obligations?

تقوم شركة Space Odyssey باستئجار قمر صناعي للاتصالات لمدة 4 سنوات بدفعات إيجار سنوية قدرها 4.8 مليون دولار في بداية كل عام. إذا كانت نسبة الفائدة السنوية ذات الصلة 5%، فما هي القيمة الحالية للالتزامات الإيجارية؟

1. Present value of an ordinary annuity of 1 for 4 periods at 5% (Table 6-4)	3.54595
2. Factor (1 + .05)	× 1.05
3. Present value of an annuity due of 1 for 4 periods at 5%	3.72325
4. Periodic deposit (rent)	× \$4,800,000
5. Present value of payments	<u>\$17,871,600</u>

Ex: Jaime Yuen wins \$4,000,000 in the state lottery. She will be paid \$200,000 at the beginning of each year for the next 20 years. How much has she actually won? Assume an appropriate interest rate of 8%.
جايمي يوين يفوز بمبلغ 4,000,000 دولار في يانصيب الولاية. ستحصل على 200,000 دولار في بداية كل عام على مدى السنوات العشرين القادمة. كم فازت فعلاً؟ افترض معدل فائدة مناسب 8%.



What table do we use? **Present Value of an Annuity Due**

$$Pv = \$200,000 \times 10.60360 = \underline{\$2,120,720}$$

Ex of Computation of the Interest Rate حساب سعر الفائدة

Assume you receive a statement from MasterCard with a balance due of \$528.77. You may pay it off in 12 equal monthly payments of \$50 each, with the first payment due one month from now. What rate of interest would you be paying?

افترض أنك تلقيت بياناً من MasterCard برصيد مستحق قدره 528.77 دولارًا. يمكنك سدادها على 12 دفعة شهرية متساوية بقيمة 50 دولارًا لكل منها، مع استحقاق الدفعة الأولى بعد شهر من الآن. ما معدل الفائدة الذي ستدفعه؟

$$\begin{aligned} \text{Present value of an ordinary annuity} &= R (PVF - OA_{n,i}) \\ \$528.77 &= \$50 (PVF - OA_{12,i}) \\ (PVF - OA_{12,i}) &= \$528.77 / \$50 = \underline{10.57540} \end{aligned}$$

Referring to Table 6-4 and reading across the 12-period row, you find 10.57534 in the **2% column**. Since 2% is a monthly rate, the nominal annual rate of interest is 24% (12 x 2%). The effective annual rate is 26.82413% [(1 + .02)¹² - 1].

بالرجوع إلى الجدول 6-4 والقراءة عبر صف 12 فترة، ستجد 10.57534 في العمود 2%. نظرًا لأن 2% هو معدل شهري، فإن معدل الفائدة السنوي الاسمي هو 24% (2 × 12). المعدل السنوي الفعلي هو 26.82413% [(1 + 0.02) - 1].

ضياء الدين صبح

Ex of Computation of a Periodic Rent حساب الإيجار الدوري

Norm and Jackie Remmers have saved \$36,000 to finance their daughter Dawna's college education. They deposited the money in the Bloomington Savings and Loan Association, where it earns 4% interest compounded semiannually. What equal amounts can their daughter withdraw at the end of every 6 months during her 4 college years, without exhausting the fund?

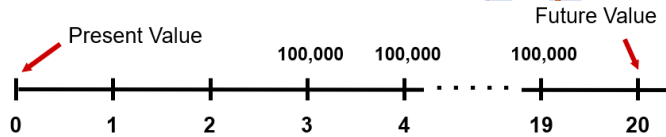
وفر نورم وجاكي ريمرز 36000 دولار لتمويل التعليم الجامعي لابنتهما دونا. قاموا بإيداع الأموال في مؤسسة بلومنغتون للمدخرات والقروض ، حيث تحصل على فائدة 4% مركبة على أساس نصف سنوي. ما هي المبالغ المتساوية التي يمكن لابنتهم سحبها في نهاية كل 6 أشهر خلال سنوات الدراسة الأربع دون استنفاد الصندوق؟

$$\begin{aligned} \text{Present value of an ordinary annuity} &= R (PVF - OA_{n,i}) \\ \$36,000 &= R (PVF - OA_{8,2\%}) \\ \$36,000 &= R (7.32548) \\ R &= \$4,914.35 \end{aligned}$$

OTHER TIME VALUE OF MONEY ISSUES القيمة الزمنية الأخرى للقضايا المالية

Deferred Annuities الأقساط المؤجلة

- ◆ Rents begin after a specified number of periods. تبدأ الإيجارات بعد عدد محدد من الفترات
- ◆ **Future Value of a Deferred Annuity - Calculation same as the future value of an annuity not deferred.** القيمة المستقبلية لقسط مؤجل - حساب مماثل للقيمة المستقبلية لقسط سنوي غير مؤجل
- ◆ **Present Value of a Deferred Annuity - Must recognize the interest that accrues during the deferral period.** القيمة الحالية لقسط مؤجل - يجب الاعتراف بالفائدة التي تتراكم خلال فترة التأجيل



Valuation of Long-Term Bonds تقييم السندات طويلة الأجل

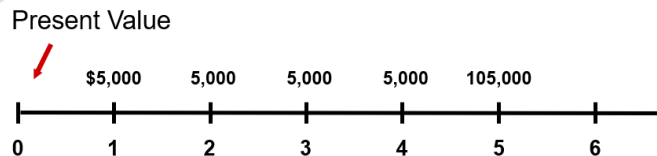
Two Cash Flows: اثنتين من التدفقات النقدية

- ◆ Periodic interest payments (annuity). مدفوعات الفائدة الدورية (الأقساط السنوية)
- ◆ Principal paid at maturity (single-sum). أصل المبلغ المدفوع عند الاستحقاق (مبلغ واحد)

Note: When interest Rate annually higher than Market interest Rate **Bonds Discount**
When Market interest Rate higher than interest Rate annually **Bonds Premium**

Ex: Alltech Corporation on January 1, 2017, issues \$100,000 of 5% bonds due in 5 years with interest payable annually at year-end. The current market rate of interest for bonds of similar risk is 6%. What will the buyers pay for this bond issue?

أصدرت Alltech Corporation في 1 يناير 2017 ، 100000 دولار من سندات 5 % مستحقة في 5 سنوات مع فائدة مستحقة الدفع سنويًا في نهاية العام. معدل الفائدة الحالي في السوق على السندات ذات المخاطر المماثلة هو 6%. ماذا سيدفع المشترون مقابل إصدار السندات هذا؟



PV of Interest = Interest Payment * Factor (When 5 Periods and 6% Rate) On table Ordinary Annuity of 1

$$\text{PV of Interest} = \$5,000 * 4.21236 = \$21,061.80$$

PV of Principal = Principal * Factor (When 5 Periods and 6% Rate) On **table A Single Sum**

$$\text{PV of Principal} = \$100,000 * 0.74726 = \$74,726.00$$

تلخيص (INTERMEDIATE_1) ACCT335 - CH6

ضياء الدين صبح

Bond current market value = PV of Interest + PV of Principal = \$21,061.80 + \$74,726.00 = **\$95,787.80**

The entry:

Cash	95,787.80
Discount on bonds payable	4,212.20
Bonds payable	100,000

** Discount on bonds payable = 100,000 - 95,787.80 = **4,212.20**

Date	Cash Interest payment (A)	Actual Interest expense (B)	Amortization of Bond Discount (C= B - A)	Carrying value of Bond (D= Previous D + C)
01/01/17				95,787.80
31/12/2017	5,000	5747.27	747.27	96,535.07
31/12/2018	5,000	5792.10	792.10	97,327.17
31/12/2019	5,000	5839.63	839.63	98,166.80
31/12/2020	5,000	5890.01	890.01	99,056.81
31/12/2021	5,000	5943.41	943.41	100,000.22
Total	25,000	29,212.42	4,212.42	
	هذه قيمة الفائدة المدفوعة نقدا	هذه قيمة الفائدة الكلية (كلفة التمويل على الشركة)	هذه قيمة الخصم في سعر السندات	قيمة الدين (السندات) في نهاية الفترة

Ex of Premium: XYZ Corporation is to issue \$ 5,000,000 face value bonds, on January 1, 2020. The bonds are to mature exactly in 5 years' time. Stated interest rate on the bonds is 6%, and interest is paid annually, on December 31

ستقوم شركة XYZ بإصدار سندات بقيمة اسمية بقيمة 5,000,000 دولار ، في 1 يناير 2020. ومن المقرر أن تستحق السندات بالضبط في غضون 5 سنوات. يبلغ سعر الفائدة المعلن على السندات 6% ، وتُدفع الفائدة سنويًا في 31 ديسمبر

Face value= **5,000,000**, period= **5 years**, Date= **1/1/2020**, Nominal = Stated= Face value interest= **6%**

Market interest rate= **4%**, Cash interest paid= 5,000,000*6%= **\$300,000**

ملاحظة : رح احل هاد السؤال حسب طريقة حل د.كريم (على أساس ان النسبة 4 سنوات ليس 5 ، والأساسي **5300000**

PV1= 300000*3.6299 = **\$1,088,970** PV2=5300000*0.82193 = **\$4,356,229** ... Total = **5,455,199**

The entry:

Cash	5,455,199
Bonds payable	5,000,000
Premium on bonds payable	455,199

Date	Cash Interest payment (A)	Actual Interest expense (B)	Amortization of Bond Discount (C= A - B)	Carrying value of Bond (D= Previous D - C)
01/01/20				5,445,199.00
31/12/2020	300,000	217807.96	82,192.04	5,363,006.96
31/12/2021	300,000	214520.28	85,479.72	5,277,527.24
31/12/2022	300,000	211101.09	88,898.91	5,188,628.33
31/12/2023	300,000	207545.13	92,454.87	5,096,173.46
31/12/2024	300,000	203846.94	96,153.06	5,000,020.40
Total	1,500,000	1,054,821.40	445,178.60	
	هذه قيمة الفائدة المدفوعة نقدا	هذه قيمة الفائدة الكلية (كلفة التمويل على الشركة)	هذه قيمة الخصم في سعر السندات	قيمة الدين (السندات) في نهاية الفترة

تلخيص CH6 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

Ex: Based on the table above, what the entry on 31/12/2020?

31/12/2020	Interest expense	217,807.96	
	Premium on Bonds payable	82,192.04	
	Cash		300,000

Ex: Based on the table above, what the entry on 31/12/2021, 31/12/2022, 31/12/2023, 31/12/2024?

31/12/2021	Interest expense	214520.28	
	Premium on Bonds payable	85,479.7216	
	Cash		300,000
31/12/2022	Interest expense	211,101.09	
	Premium on Bonds payable	88,898.91	
	Cash		300,000
31/12/2023	Interest expense	207,545.13	
	Premium on Bonds payable	92,454.87	
	Cash		300,000
31/12/2024	Interest expense	203,846.94	
	Premium on Bonds payable	96,153.06	
	Cash		300,000

Ex: what the entry on 1/1/2025?

1/1/2025	Bonds payable	5,000,000	
	Cash		5,000,000

قياس القيمة الحالية Present Value Measurement

اختيار سعر الفائدة المناسب Choosing an Appropriate Interest Rate

Three Components of Interest: ثلاثة مكونات للفائدة:

- ◆ Pure Rate المعدل النقي
- ◆ Expected Inflation Rate معدل التضخم المتوقع
- ◆ Credit Risk Rate معدل مخاطر الائتمان

Risk-free rate of return. FASB states a company should discount expected cash flows by the risk-free rate of return

معدل عائد خالي من المخاطر. ينص FASB على أنه يجب على الشركة خصم التدفقات النقدية المتوقعة من خلال معدل العائد الخالي من المخاطر

Ex: Al's Appliance Outlet offers a 2-year warranty on all products sold. In 2017, Al's Appliance sold \$250,000 of a particular type of clothes dryer. Al's Appliance entered into an agreement with Ralph's Repair to provide all warranty service on the dryers sold in 2017. Since there is not a ready market for these warranty contracts, Al's Appliance uses expected cash flow techniques to value the warranty obligation. Based on prior warranty experience, Al's Appliance estimates the expected cash outflows associated with the dryers sold in 2017, as shown.

تقدم Al's Appliance Outlet ضماناً لمدة عامين على جميع المنتجات المباعة. في عام 2017، باعت Al's Appliance مبلغ 250 ألف دولار من نوع معين من مجففات الملابس. أبرمت Al's Appliance اتفاقية مع Ralph's Repair لتقديم جميع خدمات الضمان على المجففات التي تم بيعها في عام 2017. نظراً لعدم وجود سوق جاهز لعقود الضمان هذه، تستخدم Al's Appliance تقنيات التدفق النقدي المتوقعة لتقييم التزام الضمان. استناداً إلى خبرة الضمان السابقة، تقدر Al's Appliance التدفقات النقدية المتوقعة الخارجة المرتبطة بالمجففات التي تم بيعها في عام 2017، كما هو موضح.

تلخيص CH6 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

	Cash Flow Estimate	×	Probability Assessment	=	Expected Cash Flow
2017	\$3,800		20%		\$ 760
	6,300		50%		3,150
	7,500		30%		2,250
			Total		<u>\$6,160</u>
2018	\$5,400		30%		\$1,620
	7,200		50%		3,600
	8,400		20%		1,680
			Total		<u>\$6,900</u>

هون حلينا السؤال من خلال التدفق النقدي المتوقع منضرب باحتمالية عشان يطلع عنا المتوقع من التدفق النقدي للسنتين

shows the present value of these cash flows, assuming a risk-free rate of 5% and cash flows occurring at the end of the year.

تُظهر القيمة الحالية لهذه التدفقات النقدية ، بافتراض معدل خال من المخاطر بنسبة 5% والتدفقات النقدية التي تحدث في نهاية العام.

Year	Expected Cash Flow	×	PV Factor, $i = 5\%$	=	Present Value
2017	\$6,160		0.95238		\$ 5,866.66
2018	6,900		0.90703		6,258.51
			Total		<u>\$12,125.17</u>

هون عنا منجيب المتوقع من التدفق النقدي للسنتين ومنضربهم من الجدول الي عنا بنسبة 5% لما يكون سنة "فترة" 1 ، ولما يكون في 2018 سنة "فترة" 2 واخر اشي بطلع عندي القيمة المستقبلية

Additional Question الأسئلة الإضافية

Q1: Circle the correct answer

1. What best describes the time value of money?
 - a. The interest rate charged on a loan.
 - b. Accounts receivable that are determined uncollectible.
 - c. An investment in a checking account.
 - d. The relationship between time and money.**

2. Which of the following situations does not base an accounting measure on present values?
 - a. Pensions.
 - b. Prepaid insurance.**
 - c. Leases.
 - d. Sinking funds.

3. What is interest?
 - a. Payment for the use of money.**
 - b. An equity investment.
 - c. Return on capital.
 - d. Loan.

4. Which of the following tables would show the smallest value for an interest rate of 5% for six periods?
 - a. Future value of 1
 - b. Present value of 1**
 - c. Future value of an ordinary annuity of 1
 - d. Present value of an ordinary annuity of 1

5. Which table would you use to determine how much must be deposited now in order to provide for 5 annual withdrawals at the beginning of each year, starting one year hence?
 - a. Future value of an ordinary annuity of 1
 - b. Future value of an annuity due of 1
 - c. Present value of an annuity due of 1
 - d. None of these**

6. A series of equal receipts at equal intervals of time when each receipt is received at the beginning of each time period is called an
 - a. ordinary annuity.
 - b. annuity in arrears.
 - c. annuity due.**
 - d. unearned receipt.

7. An amount is deposited for eight years at 8%. If compounding occurs quarterly, then the table value is found at
 - a. 8% for eight periods.
 - b. 2% for eight periods.
 - c. 8% for 32 periods.
 - d. 2% for 32 periods.**

ضياء الدين صبح

8. Present value is
 - a. the value now of a future amount.
 - b. the amount that must be invested now to produce a known future value.
 - c. always smaller than the future value.
 - d. all of these.**

9. Which of the following is true?
 - a. Rents occur at the beginning of each period of an ordinary annuity.
 - b. Rents occur at the end of each period of an annuity due.
 - c. Rents occur at the beginning of each period of an annuity due.**
 - d. None of these.

10. Sue Gray wants to invest a certain sum of money at the end of each year for five years. The investment will earn 6% compounded annually. At the end of five years, she will need a total of \$40,000 accumulated. How should she compute her required annual investment?
 - a. \$40,000 times the future value of a 5-year, 6% ordinary annuity of 1.
 - b. \$40,000 divided by the future value of a 5-year, 6% ordinary annuity of 1.**
 - c. \$40,000 times the present value of a 5-year, 6% ordinary annuity of 1.
 - d. \$40,000 divided by the present value of a 5-year, 6% ordinary annuity of 1.

11. Charlie Corp. is purchasing new equipment with a cash cost of \$150,000 for an assembly line. The manufacturer has offered to accept \$34,440 payment at the end of each of the next six years. How much interest will Charlie Corp. pay over the term of the loan?
 - a. \$34,440.
 - b. \$150,000.
 - c. \$184,440.
 - d. \$56,640.**

12. Jane wants to set aside funds to take an around the world cruise in four years. Assuming that Jane has \$8,000 to invest today in an account expected to earn 6% per annum, how much will she have to spend on her vacation?
 - a. \$6,336.
 - b. \$10,100.**
 - c. \$34,997.
 - d. \$10,706.

13. What would you pay for an investment that pays you \$20,000 at the end of each year for the next ten years and then returns a maturity value of \$300,000 after ten years? Assume that the relevant interest rate for this type of investment is 8%.
 - a. \$138,958.
 - b. \$134,202.
 - c. \$144,936.
 - d. \$273,158.**

14. Garretson Corporation will receive \$8,000 today (January 1, 2012), and also on each January 1st for the next five years (2013 – 2017). What is the present value of the six \$8,000 receipts, assuming a 12% interest rate?
 - a. \$32,891.
 - b. \$36,838.**
 - c. \$64,922.
 - d. \$72,712.

15. Tipson Corporation will invest \$15,000 every January 1st for the next six years (2012 – 2017). If Linton will earn 12% on the investment, what amount will be in the investment fund on December 31, 2017?
 - a. \$61,671
 - b. \$69,072.
 - c. \$121,728.
 - d. \$136,335.**

16. Renfro Corporation will invest \$50,000 every December 31st for the next six years (2012 – 2017). If Renfro will earn 12% on the investment, what amount will be in the investment fund on December 31, 2017?
 - a. \$205,570
 - b. \$230,240.
 - c. \$405,760.**
 - d. \$454,450.

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17. Jeremy is in the process of purchasing a car. The list price of the car is \$36,000. If Jeremy pays cash for the car, the dealer will reduce the price by 10%. Otherwise, the dealer will provide financing where Jeremy must pay \$7,706 at the end of each of the next five years. Compute the effective interest rate to the nearest percent that Jeremy would pay if he chooses to make the five annual payments?
 a. 5%. **b. 6%.** c. 7%. d. 8%.
18. Charlie Corp. is purchasing new equipment with a cash cost of \$200,000 for the assembly line. The manufacturer has offered to accept \$45,920 payments at the end of each of the next six years. What is the interest rate that Charlie Corp. will be paying?
 a. 8%. b. 9%. **c. 10%.** d. 11%.
19. Stech Co. is issuing \$6.5 million 12% bonds in a private placement on July 1, 2012. Each \$1,000 bond pays interest semi-annually on December 31 and June 30 of each year. The bonds mature in ten years. At the time of issuance, the market interest rate for similar types of bonds was 8%. What is the expected selling price of the bonds?
a. \$8,266,764. b. \$13,566,992. c. \$8,244,598. d. \$8,310,962.
20. Find the present value of an investment in plant and equipment if it is expected to provide annual earnings of \$26,000 for 15 years and to have a resale value of \$50,000 at the end of that period. Assume 10% rate and earnings at year end. The present value of 1 at 10% for 15 periods is .23939. The present value of an ordinary annuity at 10% for 15 periods is 7.60608. The future value of 1 at 10% for 15 periods is 4.17725.
 a. \$197,758 **b. \$209,728** c. \$247,758 d. \$401,970

Q2: On the right are six diagrams representing six different present and future value concepts stated on the left. Identify the diagrams with the concepts by writing the identifying letter of the diagram on the blank line at the left. Assume $n = 4$ and $i = 8\%$.

Concept	Diagram of Concept
____ 1. Future value of 1.	a.
____ 2. Present value of 1.	b.
____ 3. Future value of an annuity due of 1.	c.
____ 4. Future value of an ordinary annuity of 1.	d.
____ 5. Present value of an ordinary annuity of 1.	e.
____ 6. Present value of an annuity due of 1.	f.

Solution 1. e 2. a 3. f 4. b 5. d 6. c

Q3: Find the present value of an investment in equipment if it is expected to provide annual savings of \$20,000 for 10 years and to have a resale value of \$50,000 at the end of that period. Assume an interest rate of 9% and that savings are realized at year end.

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Solution

Present value of \$20,000 for 10 periods at 9% ($6.41766 \times \$20,000$) = \$128,353
 Present value of \$50,000 discounted for 10 periods at 9% ($.42241 \times \$50,000$) = 21,121
 Present value of investment in equipment **\$149,474**

Q4: On January 1, 2012 Lance Co. issued five-year bonds with a face value of \$500,000 and a stated interest rate of 12% payable semiannually on July 1 and January 1. The bonds were sold to yield 10%. Present value table factors are:

Present value of 1 for 5 periods at 10% .62092
 Present value of 1 for 5 periods at 12% .56743
 Present value of 1 for 10 periods at 5% .61391
 Present value of 1 for 10 periods at 6% .55839
 Present value of an ordinary annuity of 1 for 5 periods at 10% 3.79079
 Present value of an ordinary annuity of 1 for 5 periods at 12% 3.60478
 Present value of an ordinary annuity of 1 for 10 periods at 5% 7.72173
 Present value of an ordinary annuity of 1 for 10 periods at 6% 7.36009

Calculate the issue price of the bonds.

Solution

Present value of \$500,000 discounted for 10 periods at 5% ($\$500,000 \times .61391$) = \$306,955
 Present value of \$30,000 for 10 periods at 5% ($\$30,000 \times 7.72173$) = 231,652
 Issue price of the bonds **\$538,607**

Q5: Average length of time to retirement 15 years. Expected life duration after retirement 10 years Payment made at the end of each year to all employees \$700,000 per year after retirement, Interest = 8%

Solution

Annuity= A= 700,000, N 1= 10, N 2= 15, Type= Ordinary annuity, i= 8%
 Pv1= present value of all annuities at point S = 700,000 X 6.7101 = **4,697,070 (PV of annuity)**
 PV2 = Present value at point 0 or today = **4,697,070 X 0.3152 = 1,480,516.46 (Pv of future value)**
1,480,516.46 is the value of obligation today

سؤال 6 + 7 هم حل ال Case الي ودتها الدكتور سامية

Q6: XYZ Corporation is to issue \$ 5,000,000 face value bonds, on January 1, 2020. The bonds are to mature exactly in 5 years time. Stated interest rate on the bonds is 6%, and interest is paid annually, on December 31 of every year. Answer the followings if:

- The market interest rate was 8% on the date of issuance.**

Required:

- What was the issue price of these bonds?
- Journalize the issuance of these bonds.

Date	Account title	Debit	Credit

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c. Fill the required amounts in the following table:

Date	Cash interest paid (\$)	Total Interest Expense (\$)	Amortization of Bond Discount (\$)	Carrying Value of Bonds (\$)
1.1.2020	--	--	--	
31.12.2020				
31.12.2021				
31.12.2022				
31.12.2023				
31.12.2024				

d. Journalize the entries required on 31.12.2020.

Date	Account Title	Debit	Credit

e. The total cost of borrowing (total interest) for the company over the life of this bond is:

\$.....

ملاحظة : هذول الجدولين للسؤالين :

Table 1: The Present Value of an Ordinary Annuity factor

	3%	4%	5%	6%	7%	8%
1	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259
2	1.9135	1.8861	1.8594	1.8334	1.8080	1.7833
3	2.8286	2.7751	2.7232	2.6730	2.6243	2.5771
4	3.7171	3.6299	3.5460	3.4651	3.3872	3.3121
5	4.5797	4.4518	4.3295	4.2124	4.1002	3.9927
6	5.4172	5.2421	5.0757	4.9173	4.7665	4.6229

Table 2: The Present value of a Single Future Sum factor

	3%	4%	5%	6%	7%	8%
1	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259
2	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573
3	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938
4	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350
5	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806
6	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302

Answer: Market rate is 8%.

a. What was the issue price of these bonds?

Issue price= Present value of future cash flows of the bond, using the market interest as your discount rate.

PV (total)= PV of the interest payments + PV of the maturity value.

PV1= 300,000 X 3.9927 = \$ 1,197,810 -----PV of an ordinary annuity

PV2 = 5,000,000 X 0.6806 = \$ 3,403,000 -----PV of a single future sum

PV (Total)= Issue price= \$ 4,600,810. (the bond is issued at a discount).

ضياء الدين صبح

b. Journalize the issuance of these bonds.

Date	Account title	Debit	Credit
1.1.2020	Cash	4,600,810	
	Discount on Bonds payable	399,190	
	Bonds payable		5,000,000

c. Fill the required amounts in the following table:

Date	Cash interest paid (\$)	Total Interest Expense (\$)	Amortization of Bond Discount (\$)	Carrying Value of Bonds (\$)
1.1.2020	--	--	--	4,600,810
31.12.2020	300,000	368,065	68,065	4,668,875
31.12.2021	300,000	373,510	73,510	4,742,385
31.12.2022	300,000	379,391	79,391	4,821,776
31.12.2023	300,000	385,742	85,742	4,907,518
31.12.2024	300,000	392,601	92,601	5,000,000**

** Rounded

d. Journalize the entries required on 31.12.2020.

31.12.2020	Interest Expense	368,065	
	Discount on Bonds Payable		68,065
	Cash		300,000

e. The total cost of borrowing (total interest) for the company over the life of this bond is:

$$= \text{Total cash interest paid over 5 years} + \text{total discount on bonds payable} = 300,000 \times 5 + 399,190 = \underline{\$ 1,899,190}.$$

Q7: XYZ Corporation is to issue \$ 5,000,000 face value bonds, on January 1, 2020. The bonds are to mature exactly in 5 years time. Stated interest rate on the bonds is 6%, and interest is paid annually, on December 31 of every year. Answer the followings if:

1. The market interest rate was 4% on the date of issuance.

Required:

a. What was the issue price of these bonds?

b. Journalize the issuance of these bonds.

Date	Account title	Debit	Credit

ضياء الدين صبح

c. Fill the required amounts in the following table:

Date	Cash interest paid (\$)	Total Interest Expense (\$)	Amortization of Bond Discount	Carrying Value of Bonds (\$)
1.1.2020	--	--	--	
31.12.2020				
31.12.2021				
31.12.2022				
31.12.2023				
31.12.2024				

d. Journalize the entries required on 31.12.2020.

Date	Account Title	Debit	Credit

e. The total cost of borrowing (total interest) for the company over the life of this bond is:

\$.....

Answer: Market rate is 4%.

a. What was the issue price of these bonds?

Issue price= Present value of future cash flows of the bond, using the market interest as your discount rate.

PV (total)= PV of the interest payments + PV of the maturity value.

PV1= 300,000 X 4.4518 = \$ 1,335,540 -----PV of an ordinary annuity

PV2 = 5,000,000 X 0.8219 = \$ 4,109,500 -----PV of a single future sum

PV (Total)= Issue price= \$ 5,445,040. (the bond is issued at a premium).

b. Journalize the issuance of these bonds.

Date	Account title	Debit	Credit
1.1.2020	Cash	5,445,040	
	Premium on Bonds payable		445,040
	Bonds payable		5,000,000

Fill the required amounts in the following table:

Date	Cash interest paid (\$)	Total Interest Expense (\$)	Amortization of Bond Premium (\$)	Carrying Value of Bonds (\$)
1.1.2020	--	--	--	5,445,040
31.12.2020	300,000	217,802	82,198	5,362,842
31.12.2021	300,000	214,514	85,486	5,277,356
31.12.2022	300,000	211,094	88,906	5,188,450
31.12.2023	300,000	207,538	82,462	5,105,988
31.12.2024	300,000	204,240	95,760	5,000,000**

** Rounded

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c. Journalize the entries required on 31.12.2020.

Date	Account Title	Debit	Credit
31.12.2020	Interest Expense	217,802	
	Premium on Bonds payable	82,198	
	Cash		300,000

d. The total cost of borrowing (total interest) for the company over the life of this bond is:

$$= \text{Total cash interest paid over 5 years} - \text{total premium on bonds payable} =$$

$$= 300,000 \times 5 - 445,040 = \underline{\underline{\$ 1,054,960.}}$$

END OF CHAPTER 6

CHAPTER 7

Cash and Receivables

النقد والذمم المدينة

المطلوب من التذايتر :

1. Explain accounting issues related to valuation of accounts receivable.
2. Explain accounting issues related to recognition and valuation of notes receivable.
3. **APPENDIX 7A** CASH CONTROLS " RECONCILIATION OF BANK BALANCES"

ضياء الدين صبح

Valuation of Accounts Receivable تقييم الذمم المدينة

- ◆ Reporting of receivables involves الإبلاغ عن الذمم المدينة ينطوي
 - 1) classification and التصنيف و
 - 2) valuation on the balance sheet. التقييم في الميزانية العمومية
- ◆ Classification involves determining the length of time each receivable will be outstanding. يتضمن التصنيف تحديد المدة الزمنية التي سيظل فيها كل مستحق معلقاً
- ◆ Value and report short-term receivables at net realizable value. قيمة وتقرير الذمم المدينة قصيرة الأجل بصافي القيمة الممكن تحقيقها.

Uncollectible Accounts Receivable حسابات القبض غير القابلة للتحويل

- ◆ Record credit losses as debits to Bad Debt Expense (or Uncollectible Accounts Expense). سجل خسائر ك Credit ك Debit على مصروفات الديون المعدومة (أو نفقات الحسابات غير القابلة للتحويل).
- ◆ Normal and necessary risk of doing business on credit. المخاطر العادية والضرورية لممارسة الأعمال التجارية على Credit
- ◆ Two methods to account for uncollectible accounts: طريقتان لحساب الحسابات غير القابلة للتحويل
 - 1) the direct write-off method and طريقة الشطب المباشر
 - 2) the allowance method. طريقة البديل

Direct Write-Off طريقة الشطب المباشر

Theoretically deficient: نظريا ناقص

1. No matching. لا يوجد تطابق
2. Receivable not stated at cash realizable value. الذمم المدينة غير المدرجة بالقيمة النقدية الممكن تحقيقه
3. Not GAAP when material in amount. ليست مبادئ المحاسبة المقبولة عموماً عندما تكون المادة في المقدار

Ex: When a company determines a particular account to be uncollectible, it charges the loss to Bad Debt Expense.

عندما تحدد شركة أن حساباً معيناً غير قابل للتحويل ، فإنها تفرض الخسارة على مصروفات الديون المعدومة. Assume, for example, that on December 10 Cruz Co. writes off as uncollectible Yusado's \$8,000 balance. لنفترض ، على سبيل المثال ، أنه في 10 كانون الأول (ديسمبر) قامت شركة Cruz بشطب رصيد Yusado البالغ 8000 دولار غير القابل للتحويل.

The entry is:

Bad Debt Expense	8,000	
Accounts Receivable (Yusado)		8,000

Allowance Method طريقة البديل

Losses are estimated: يتم تقدير الخسائر

- ◆ Percentage-of-sales نسبة المبيعات
- ◆ Percentage-of-receivables. نسبة الذمم المدينة
- ◆ GAAP requires when material in amount. تتطلب مبادئ المحاسبة المقبولة عموماً عندما تكون المادة بالمبلغ

Allowance Method for Uncollectible Accounts

- ☒ Involves estimating uncollectible accounts at the end of each period. تتضمن تقدير الحسابات غير القابلة للتحويل في نهاية كل فترة.
- ☒ Ensures that companies state receivables on the balance sheet at their net realizable value. التأكد من أن الذمم المدينة للشركات في الميزانية العمومية بصافي القيمة الممكن تحقيقها.
- ☒ Companies estimate uncollectible accounts and net realizable value using information about past and current events as well as forecasts of future collectability. تقدر الشركات الحسابات غير القابلة للتحويل وصافي القيمة الممكن تحقيقها باستخدام معلومات حول الأحداث الماضية والحالية وكذلك توقعات التحويل في المستقبل.

تلخيص (INTERMEDIATE_1) ACCT335 - CH7

ضياء الدين صبح

Ex: Assume that Brown Furniture in 2017, its first year of operations, has credit sales of \$1,800,000. Of this amount, \$150,000 remains uncollected at December 31. The credit manager estimates that \$10,000 of these sales will be uncollectible. The adjusting entry to record the estimated uncollectible (assuming a zero balance in the allowance account) is:

افتترض أن شركة Brown Furniture في عام 2017 ، وهي السنة الأولى من عملياتها ، لديها مبيعات ائتمانية تبلغ 1,800,000 دولار. من هذا المبلغ ، لا يزال مبلغ 150.000 دولار غير محصل في 31 ديسمبر. ويقدر مدير الائتمان أن 10000 دولار من هذه المبيعات ستكون غير قابلة للتحويل. إدخال التعديل لتسجيل المبلغ المقدر غير القابل للتحويل (بافتراض رصيد صفري في حساب المخصص) هو:

Bad Debt Expense	10,000	
Allowance for Doubtful Accounts		10,000

Ex: what the NRV?

Balance Sheet		
Current assets		
Cash		\$ 15,000
Account Receivables	\$150,000	
Less: Allowance for doubtful accounts	10,000	140,000
Inventory		300,000
Prepaid insurance		25,000
Total Current assets		\$480,000

Answer: The amount of \$140,000 represents the net realizable value of the accounts receivable at the statement date.

يمثل مبلغ 140,000 دولار صافي القيمة الممكن تحقيقها للحسابات المدينة في تاريخ البيان.

شطب حساب غير قابل للتحويل Write-Off of an Uncollectible Account

- ◆ When companies have exhausted all means of collecting a past-due account and collection appears impossible, the company should write off the account.
عندما تستنفد الشركات جميع وسائل تحصيل حساب فات موع الاستحقاق ويبدو التحصيل مستحيلًا ، يجب على الشركة شطب الحساب.
- ◆ In the credit card industry, for example, it is standard practice to write off accounts that are 210 days past due.
في صناعة بطاقات الائتمان ، على سبيل المثال ، من الممارسات المعتادة شطب الحسابات التي تجاوز موع استحقاقها 210 يومًا.

Ex: The financial vice president of Brown Furniture authorizes a write-off of the \$1,000 balance owed by Randall Co. on March 1. The entry to record the **write-off** is:

يصرح نائب الرئيس المالي لشركة Brown Furniture بشطب الرصيد البالغ 1000 دولار المستحق على شركة Randall في 1 مارس. الإدخال لتسجيل الشطب هو:

Allowance for Doubtful Accounts	1,000
Accounts Receivable	1,000

Ex: Assume that on July 1, Randall Co. pays the \$1,000 amount that Brown had written off on March 1. These are the entries:

لنفترض أنه في 1 يوليو ، دفعت شركة Randall مبلغ 1000 دولار أمريكي كان براون قد شطبه في 1 مارس. وهذه هي الإدخالات:

Accounts Receivable	1,000	
Allowance for Doubtful Accounts		1,000
Cash	1,000	
Accounts Receivable		1,000

ضياء الدين صبح

Estimating the Allowance تقدير المشكوك في تحصيله

Percentage-of-Receivables Approach نهج النسبة المئوية للذمم المدينة

◆ Reports estimate of receivables at realizable value. تقارير تقدير الذمم المدينة بالقيمة الممكن تحقيقها.

Companies may apply this method using يمكن للشركات تطبيق هذه الطريقة باستخدام

معدل مركب واحد ، أو

◆ one composite rate, or

جدول تقادم باستخدام معدلات مختلفة

◆ an aging schedule using different rates.

Ex:

WILSON & CO. AGING SCHEDULE						
Name of Customer	Balance Dec. 31	Under 30 days	30-60 days	61-90 days	91-120 days	Over 120 days
Western Stainless Steel Corp.	\$ 98,000	\$ 15,000	\$ 65,000	\$18,000		
Brockway Steel Company	320,000	280,000	40,000			
Freeport Sheet & Tube Co.	55,000					\$55,000
Allegheny Iron Works	74,000	50,000	10,000		\$14,000	
	<u>\$547,000</u>	<u>\$345,000</u>	<u>\$115,000</u>	<u>\$18,000</u>	<u>\$14,000</u>	<u>\$55,000</u>

Age	Amount	Percentage Estimated to Be Uncollectible*	Required Balance in Allowance
Under 30 days	\$345,000	0.8%	\$ 2,760
30-60 days	115,000	4.0	4,600
61-90 days	18,000	15.0	2,700
91-120 days	14,000	20.0	2,800
Over 120 days	55,000	25.0	13,750
			<u>\$26,610</u>

Year-end balance of allowance for doubtful accounts

What entry would Wilson make assuming that the allowance account had a zero balance?

Bad Debt Expense 26,610
 Allowance for Doubtful Accounts 26,610

What entry would Wilson make assuming the allowance account had a credit balance of \$800 before adjustment?

Bad Debt Expense (\$26,610 - \$800) 25,810
 Allowance for Doubtful Accounts 25,810

What entry would Wilson make assuming the allowance account had a debit balance of \$2,000 before adjustment?

Bad Debt Expense (\$26,610 + \$2,000) 28,610
 Allowance for Doubtful Accounts 28,610

Ex: Duncan Company reports the following financial information before adjustments

	Dr.	Cr.
Accounts Receivables	\$100,000	
Allowance for Doubtful Accounts		\$ 2,000
Sales Revenue (all on credit)		900,000
Sales Returnees and Allowance	50,000	

Prepare the journal entry to record Bad Debt Expense assuming Duncan Company estimates bad debts at

- 5% of accounts receivable and
- 5% of accounts receivable but Allowance for Doubtful Accounts had a \$1,500 debit balance.

CH7 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

- a. **Bad Debt Expense** 3,000
 Allowance for Doubtful Accounts 3,000
 $\$100,000 \times 5\% = \$5,000 - \$2,000 = \$3,000$
- b. **Bad Debt Expense** 6,500
 Allowance for Doubtful Accounts 6,500
 $\$100,000 \times 5\% = \$5,000 + \$1,500 = \$6,500$

NOTES RECEIVABLE مذكرات قبض

أكبر مثال عليها : الكمبيالات

Generally, originate from: تنشأ بشكل عام من

- ◆ Customers who need to extend payment period of an outstanding receivable. الزبائن الذين يحتاجون إلى تمديد فترة سداد المستحق المستحق
- ◆ High-risk or new customers. الزبائن المعرضون لمخاطر عالية أو الزبائن الجدد
- ◆ Loans to employees and subsidiaries. قروض للموظفين والشركات التابعة
- ◆ Sales of property, plant, and equipment. بيع الممتلكات والمنشآت والمعدات
- ◆ Lending transactions (majority of notes). معاملات الإقراض (غالبية الأوراق النقدية)

Recognition of Notes Receivable الاعتراف بأوراق القبض	
Short-Term	Long-Term
Record at Face Value , less allowance سجل بالقيمة الاسمية ، بدل أقل	Record at Present Value of cash expected to be collected سجل بالقيمة الحالية للتد المتوقع تحصيله

Interest Rates	Note Issued at
Stated rate = Market rate	Face Value
Stated rate > Market rate	Premium
Stated rate < Market rate	Discount

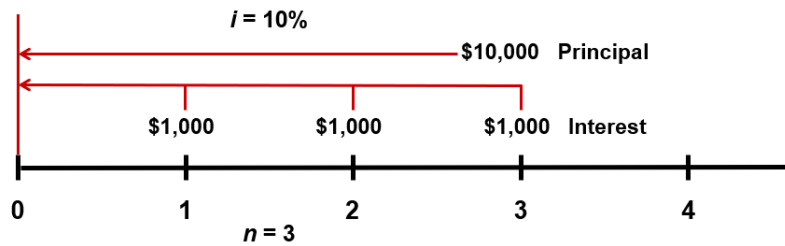
Ex: Bigelow Corp. lends Scandinavian Imports \$10,000 in exchange for a \$10,000, three-year note bearing interest at 10 percent annually. The market rate of interest for a note of similar risk is also 10 percent. How does Bigelow record the receipt of the note?

تقرض شركة Bigelow الواردات الاسكندنافية 10,000 دولار مقابل 10,000 دولار ، لمدة ثلاث سنوات تحمل فائدة بنسبة 10 في المائة سنوياً. معدل الفائدة في السوق لملاحظة مخاطر مماثلة هو أيضاً 10 بالمائة. كيف يسجل بيجلو استلام الملاحظة؟

$$\text{PV of Interest} = 1,000 * 2.48685 = \underline{\$2,487}$$

$$\text{PV of Principal} = \$10,000 * .75132 = \underline{\$7,513}$$

** طبعا هاي الأرقام من الجداول



Present value of interest \$2,487
 Present value of principal 7,513
Present value of the note \$10,000

Journal Entries

Jan. yr. 1 Notes Receivable 10,000
 Cash 10,000

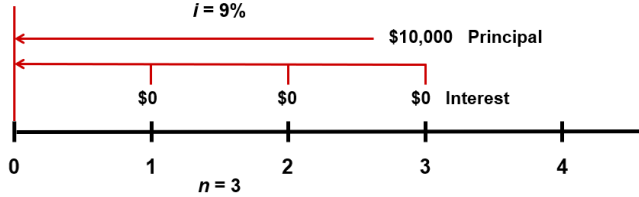
Dec. yr. 1 Cash 1,000
 Interest Revenue 1,000

ضياء الدين صبح

Zero-Interest-Bearing Note

Ex: Jeremiah Company receives a three-year, \$10,000 zero-interest-bearing note. The market rate of interest for a note of similar risk is 9 percent. How does Jeremiah record the receipt of the note?

تتلقى شركة إرميا سنداً لمدة ثلاث سنوات بقيمة 10000 دولار بدون فوائد. معدل الفائدة في السوق لملاحظة مخاطر مماثلة هو 9 في المائة. كيف يسجل إرميا استلام المذكرة؟



$$\text{PV of Principal} = \$10,000 \times .77218 = \$7,721.80$$

$$\text{Discount} = \$10,000 - \$7,721.80 = \underline{\$2,278.20}$$

Date	Cash Received	Interest Revenue (B)	Discount Amortization	Carrying Amount of Note
Date of issue				\$ 7,721.80
End of year 1	\$ 0	\$ 694.96	\$ 694.96	8,416.76
End of year 2	0	757.51	757.51	9,174.27
End of year 3	0	825.73	825.73	10,000.00
	\$ 0	\$2,278.20	\$2,278.20	

$$** \$7,721.80 * 0.09 = \$ 694.96 \dots \$ 694.96 + \$7,721.80 = \$8,416.76 \dots \$ 694.96 - 0 = \$ 694.96$$

Prepare the journal entry to record the receipt of the note.

Notes Receivable 10,000.00
 Discount on Notes Receivable 2,278.20
 Cash 7,721.80

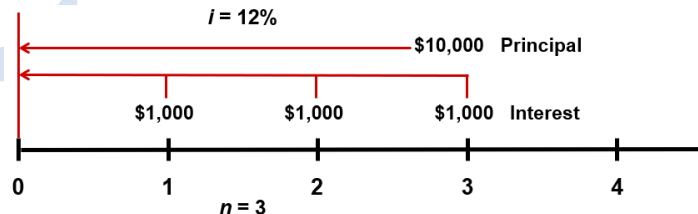
Prepare the journal entry to record interest revenue at the end of the first year.

Discount on Notes Receivable 694.96
 Interest Revenue (\$7,721.80 × 9%) 694.96

Interest-Bearing Note

Ex: Morgan Corp. makes a loan to Marie Co. and receives in exchange a three-year, \$10,000 note bearing interest at 10 percent annually. The market rate of interest for a note of similar risk is 12 percent. Prepare the journal entry to record the receipt of the note?

تقدم شركة Morgan Corp قرضاً لشركة Marie Co وتحصل في المقابل على ورقة نقدية مدتها ثلاث سنوات بقيمة 10,000 دولار مع فائدة بنسبة 10 بالمائة سنوياً. معدل الفائدة في السوق لملاحظة مخاطر مماثلة هو 12 بالمائة. تحضير قيد اليومية لتسجيل استلام المذكرة؟



$$\text{PV of Interest} = \$1,000 \times 2.40183 = \$2,402$$

$$\text{PV of Principal} = \$10,000 \times .71178 = \$7,118$$

$$\text{Discount} = \$10,000 - (\$2,402 + \$7,118) = \$10,000 - 9,520 = \$480$$

تلخيص CH7 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

Record the receipt of the note?

Notes Receivable	10,000	
Discount on Notes Receivable		480
Cash	9,520	

Date	Cash Received	Interest Revenue	Discount Amortization	Carrying Amount of Note
Date of issue				\$9,520
End of year 1	\$ 1,000	\$ 1,142	\$ 142	9,662
End of year 2	1,000	1,159	159	9,821
End of year 3	1,000	1,179	179	10,000
	\$ 3,000	<u>\$ 3,480</u>	<u>\$ 480</u>	

** \$10,000 * 0.10 = \$1,000 ... \$9,520 * 0.12 = \$1,142 ... \$1,142 - \$1,000 = 142 ... 142 + 9,520 = **\$9,662**

Prepare the journal entry to record interest revenue at the end of the first year.

Cash	1,000	
Discount on Notes Receivable	142	
Interest Revenue		1,142

RECONCILIATION OF BANK BALANCES تسوية أرصدة البنوك

Schedule explaining any differences between the bank's and the company's records of cash.

قم بجدولة لشرح أي اختلافات بين سجلات النقد الخاصة بالبنك والشركة.

Reconciling Items: التوفيق بين العناصر

1. Deposits in transit. الودائع العابرة
2. Outstanding checks. الشيكات العالقة
3. Bank charges and credits. الرسوم والإئتمانات المصرفية
4. Bank or Depositor errors. أخطاء البنك أو المودع

Bank Reconciliation Form and Content نموذج التسوية البنكية والمحتوى

Balance per bank statement (end of period)		\$\$\$
Add: Deposits in transit	\$\$	
Undeposited receipts (cash on hand)	\$\$	
Bank errors that understate the bank statement balance	\$\$	\$\$
		\$\$\$
Deduct: Outstanding checks	\$\$	
Bank errors that overstate the bank statement balance	\$\$	\$\$
Correct cash balance		\$\$\$
Balance per depositor's books		\$\$\$
Add: Bank credits and collections not yet recorded in the books	\$\$	
Book errors that understate the book balance	\$\$	\$\$
		\$\$\$
Deduct: Bank charges not yet recorded in the books	\$\$	
Book errors that overstate the book balance	\$\$	\$\$
Correct cash balance		\$\$\$

Ex: Nugget Mining Company's books show a cash balance at the Denver National Bank on November 30, 2017, of \$20,502. The bank statement covering the month of November shows an ending balance of \$22,190. An examination of Nugget's accounting records and November bank statement identified the following reconciling items.

تظهر دفاتر شركة Nugget Mining Company رصيداً نقدياً في بنك دنفر الوطني في 30 نوفمبر 2017، قدره 20502 دولارًا. يظهر كشف الحساب البنكي الذي يغطي شهر نوفمبر رصيداً نهائيًا قدره 22190 دولارًا. حدد فحص السجلات المحاسبية لـ Nugget وكشف الحساب المصرفي لشهر نوفمبر عناصر التسوية التالية.

CH7 - ACCT335 (INTERMEDIATE_1) تلخيص

ضياء الدين صبح

1. A deposit of \$3,680 that Nugget mailed November 30 does not appear on the bank statement.
لا يظهر إيداع بقيمة 3680 دولارًا والذي أرسلته Nugget بالبريد في 30 نوفمبر في كشف الحساب المصرفي.
2. Checks written in November but not charged to the November bank statement are:
الشيكات المحررة في تشرين الثاني (نوفمبر) ولكن لم يتم تحميلها على كشف الحساب المصرفي لشهر تشرين الثاني (نوفمبر) هي:

Check #7327	\$ 150
#7348	4,820
#7349	31
3. Nugget has not yet recorded the \$600 of interest collected by the bank November 20 on Sequoia Co. bonds held by the bank for Nugget.
لم تسجل Nugget حتى الآن 600 دولار من الفوائد التي جمعها البنك في 20 نوفمبر على سندات شركة Sequoia التي يحتفظ بها البنك لصالح Nugget.
4. Bank service charges of \$18 are not yet recorded on Nugget's books.
رسوم الخدمات المصرفية البالغة 18 دولارًا لم يتم تسجيلها بعد في كتب Nugget.
5. The bank returned one of Nugget's customer's checks for \$220 with the bank statement, marked "NSF." The bank treated this bad check as a disbursement.
أعاد البنك أحد شيكات عميل Nugget بمبلغ 220 دولارًا مع كشف الحساب المصرفي الذي يحمل علامة "NSF". تعامل البنك مع هذا الشيك السيئ على أنه صرف.
6. Nugget discovered that it incorrectly recorded check #7322, written in November for \$131 in payment of an account payable, as \$311.
اكتشفت Nugget أنها سجلت بشكل غير صحيح الشيك رقم 7322 ، المكتوب في نوفمبر بمبلغ 131 دولارًا كدفعة لحساب مستحق الدفع ، بمبلغ 311 دولارًا.
7. A check for Nugent Oil Co. in the amount of \$175 that the bank incorrectly charged to Nugget accompanied the statement.
7. أرفق البيان شيك لشركة Nugent Oil Co بمبلغ 175 دولارًا قام البنك بخصمه بشكل غير صحيح من Nugget.

Nugget Mining Company's Bank Reconciliation Denver National Bank on November 30, 2017			
Balance per bank statement (end of period)			\$22,190
Add: Deposit in transit	(1)	\$3,680	
Bank error—incorrect check charged to account by bank	(7)	175	<u>3855</u>
			26,045
Deduct: Outstanding checks	(2)		<u>5,001</u>
Correct cash balance			<u>\$21,044</u>
Balance per books			\$20,502
Add: Interest collected by the bank	(3)	\$ 600	
Error in recording check #7322	(6)	180	<u>780</u>
			21,282
Deduct: Bank service charges	(4)	18	
NSF check returned	(5)	220	<u>238</u>
Correct cash balance			<u>\$21,044</u>

Journalize the adjusting entry on the books of Nugget Mining Company.

Nov. 30	Cash	542		
	Office Expense	18		
	Accounts Receivable	220		
	Accounts Payable	180		
	Interest Revenue	600		

Additional Question الأسئلة الإضافية

Q1: At the end of 2017, Aramis Company has accounts receivable of \$800,000 and an allowance for doubtful accounts of \$40,000. On January 16, 2018, Aramis Company determined that its receivable from Ramirez Company of \$6,000 will not be collected, and management authorized its write-off.

Instructions

- Prepare the journal entry for Aramis Company to write off the Ramirez receivable.
- What is the net realizable value of Aramis Company's accounts receivable before the write-off of the Ramirez receivable?
- What is the net realizable value of Aramis Company's accounts receivable after the write-off of the Ramirez receivable?

Solution

(a)	Allowance for Doubtful Accounts	6,000	
	Accounts Receivable		6,000
(b)	Accounts Receivable		\$800,000
	Less: Allowance for Doubtful Accounts		<u>40,000</u>
	Net realizable value		<u>\$760,000</u>
(c)	Accounts Receivable		\$794,000
	Less: Allowance for Doubtful Accounts		<u>34,000</u>
	Net realizable value		<u>\$760,000</u>

Q3: Manilow Corporation operates in an industry that has a high rate of bad debts. Before any year-end adjustments, the balance in Manilow's Accounts Receivable account was \$555,000 and Allowance for Doubtful Accounts had a credit balance of \$40,000. The year-end balance reported in the balance sheet for Allowance for Doubtful Accounts will be based on the aging schedule shown below.

Probability of Days Account Outstanding	Amount	collection probability
Less than 16 days	300,000	98%
Between 16 and 30 days	100,000	90%
Between 31 and 45 days	80,000	85%
Between 46 and 60 days	40,000	80%
Between 61 and 75 days	20,000	55%
Over 75 days	15,000	0%
Total	555,000	

- What is the appropriate balance for Allowance for Doubtful Accounts at year-end?
- Show how accounts receivable would be presented on the balance sheet.

Solution

Days Account Outstanding	Amount	Expected Percentage Uncollectible	Estimated Uncollectible
0 – 15 days	300,000	0.02	\$ 6,000
16 – 30 days	100,000	0.1	10,000
31 – 45 days	80,000	0.15	12,000
46 – 60 days	40,000	0.2	8,000
61 – 75 days	20,000	0.45	<u>9,000</u>
Balance for Allowance for Doubtful Accounts			\$45,000

The accounts which have been outstanding over 75 days (\$15,000) and have zero probability of collection would be written off immediately by a debit to Allowance for Doubtful Accounts for \$15,000 and a credit to

b.

Accounts receivable (\$555,000 – \$15,000)	\$540,000
Less: Allowance for doubtful accounts	45,000
Accounts receivable (net)	\$495,000

Allowance for doubtful accounts 15,000
 Accounts receivable 15,000

END OF CHAPTER 7

CHAPTER 8

Valuation of Inventories: A Cost-Basis Approach

تقييم المخزون: نهج أساس التكلفة

المطلوب من التثبيت:

- 1 Understand inventory classifications and different inventory systems.
- 2 Determine the goods and costs included in inventory.

تلخيص CH8 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

Inventories (Stocks) are asset: المخزون هو عبارة عن أصول "حالية"

- ◆ items held for sale in the ordinary course of business, or البنود المحتفظ بها للبيع في سياق الأعمال العادية ، أو
- ◆ goods to be used in the production of goods to be sold. البضائع التي ستستخدم في إنتاج البضائع المراد بيعها

Businesses with Inventory الشركات التي يكون لها مخزون

✚ Merchandiser التاجر

✚ Manufacturer المصنع

✚ Merchandiser

☞ One inventory account. حساب مخزون واحد فقط

☞ Purchase merchandise in a form ready for sale. شراء البضائع في شكل جاهز للبيع

✚ Manufacturer المصنع

Three accounts ثلاثة حسابات

◆ Raw Materials المواد الخام

◆ Work in Process العمل في العملية

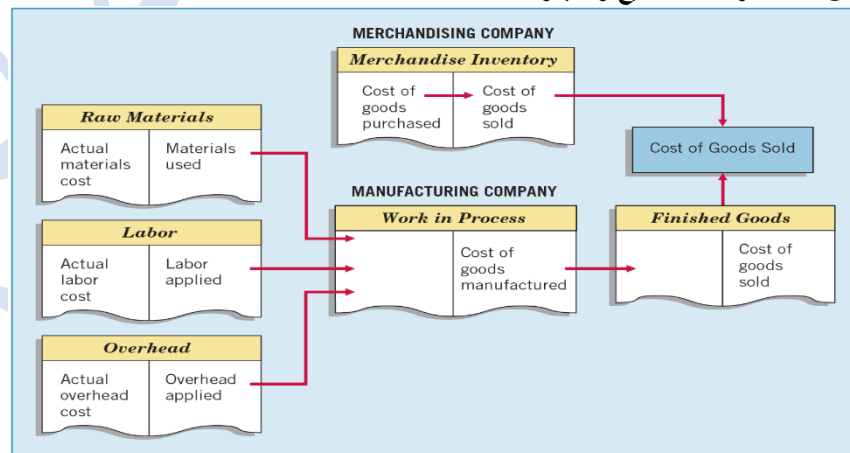
◆ Finished Goods البضائع الجاهزة

Merchandising company Wal-Mart Stores, inc.	
Balance sheet (January 31,2015)	
Current assets (in millions)	
Cash and cash equivalents	\$ 9,135
Receivable, net	6,778
Inventories	45,141
Prepaid expenses and other	2,224
Total Current assets	\$63,278

Manufacturing company Sherwin-Williams company	
Balance sheet (December 31,2015)	
Current assets (in thousands)	
Cash and cash equivalents	\$ 40,732
Accounts receivable, less allowance	1,130,565
Inventories: Finished Goods	\$ 841,784
Work in Process and Raw Materials	191,743 1,033,527
Deferred income taxes	109,087
Other current assets	252,869
Total Current assets	\$2,566,780

Flow of Costs through Manufacturing and Merchandising Companies

تدفق التكاليف من خلال شركات التصنيع والتجارة



هون يفصل كل اشئ خاص بالمصنع أو التاجر ، مثلا ما يميز التاجر أنو يشتري المواد وهن يكونو تكلفة البضائع مباشرة أما في المصانع "المصنع" يكون مختلف اختلاف كامل "مواد + عمال + مواد غير مباشرة" بحدود عندي العمل الي بتصنع حاليا وبطلع عندي تكلفة البضائع المصنعة ومنها بتصير بضائع جاهزة ومنها بتصير هيك تكلفة البضائع المباعه

ضياء الدين صبح

Inventory Cost Flow تدفق تكلفة المخزون

Two types of systems for maintaining inventory records — **perpetual system** or **periodic system**.

نوعان من أنظمة الاحتفاظ بسجلات المخزون - نظام دائم أو نظام دوري.

Perpetual System النظام الدائم

1. Purchases of merchandise are debited to Inventory.

مشتريات البضائع Debit من المخزون

2. Freight-in is debited to Inventory. Purchase returns and allowances and purchase discounts are credited to Inventory.

الشحن Debit في المخزون. Credit مرتجعات وبدلات الشراء وخصومات الشراء في المخزون.

3. Cost of goods sold is debited and Inventory is credited for each sale.

تكلفة البضائع المباعة Debit و Credit المخزون لكل عملية بيع.

4. Subsidiary records show quantity and cost of each type of inventory on hand.

تظهر السجلات الفرعية الكمية والتكلفة لكل نوع من أنواع المخزون في متناول اليد.

The perpetual inventory system provides a continuous record of Inventory and Cost of Goods Sold.

يوفر نظام الجرد الدائم سجلاً مستمراً للمخزون وتكلفة البضائع المباعة.

Periodic System النظام الدوري

1. Purchases of merchandise are debited to Purchases.

مشتريات البضائع تعتبر مدين من المشتريات

2. Ending Inventory determined by physical count.

يتم تحديد المخزون النهائي عن طريق الجرد المادي

3. Calculation of Cost of Goods Sold:

حساب تكلفة البضائع المباعة:

Beginning inventory	\$ 100,000
Purchases, net	+ 800,000
Goods available for sale	900,000
Ending inventory	- 125,000
Cost of goods sold	\$ 775,000

Comparing Perpetual and Periodic System مقارنة النظام الدائم والدوري

Fesmire Company had the following transactions during the current year.

قامت شركة Fesmire بتنفيذ المعاملات التالية خلال العام الحالي.

Beginning inventory	100 units at \$6 =	\$600
Purchases	900 units at \$6 =	\$5,400
Sales	600 units at \$12 =	\$7,200
Ending inventory	400 units at \$6 =	\$2,400

Record these transactions using the **Perpetual** and **Periodic** systems.

سجل هذه المعاملات باستخدام النظامين الدائم والدوري.

Perpetual inventory System		Periodic inventory System	
Beginning inventory, 100 units at \$6			
The inv. Acct shows the inv. on hand at \$600			
Purchase 900 units at \$6			
Inventory	5,400	Purchases	5,400
Accounts Payable	5,400	Accounts Payable	5,400
Sale of 600 units at \$12			
Account Receivable	7,200	Account Receivable	7,200
Sales Revenue	7,200	Sales Revenue	7,200
C.G.S (600*6)	3,600	(No entry)	
Inventory	3,600		
End of Period entries for inventory accounts, 400 units at \$6			
No entry necessary		Inventory (ending, by count) 2,400	

تلخيص CH8 - ACCT335 (INTERMEDIATE_1)

ضياء الدين صبح

The inventory account shows the ending balance of \$2,400 (\$600 + \$5,400 – \$3,600)	C.G.S Purchases Inventory (beginning)	3,600 5,400 600
---	---	-----------------------

Ex: Assume that at the end of the reporting period, the perpetual inventory account reported an inventory balance of \$4,000. However, a physical count indicates inventory of \$3,800 is actually on hand. The entry to record the necessary write-down is as follows.

افتراض أنه في نهاية الفترة المشمولة بالتقرير ، أبلغ حساب المخزون الدائم عن رصيد مخزون قدره 4000 دولار. ومع ذلك ، يشير الجرد المادي إلى وجود مخزون بقيمة 3800 دولار في متناول اليد بالفعل. يكون الإدخال لتسجيل الشطب الضروري على النحو التالي.

Inventory Over and Short	200	
Inventory		200

مراقبة المخزون Inventory Control

All companies need periodic verification of the inventory records

جميع الشركات تحتاج إلى التحقق الدوري من سجلات الجرد

- ◆ by actual count, weight, or measurement,
- ◆ with counts compared with detailed inventory records.

من خلال العد أو الوزن أو القياس الفعلي

مع الأعداد مقارنة بسجلات الجرد التفصيلية

Companies should take the **physical inventory**

يجب على الشركات أن تأخذ الجرد المادي

- ◆ near the end of their fiscal year,
- ◆ to properly report inventory quantities in their annual accounting reports.

قرب نهاية السنة المالية

للإبلاغ عن كميات المخزون بشكل صحيح في تقاريرها المحاسبية السنوية.

Determining Cost of Goods Sold تحديد تكلفة البضائع المباعة

Companies must allocate the cost of all the goods available for sale (or use) between the goods that were sold or used and those that are still on hand.

يجب على الشركات تخصيص تكلفة جميع السلع المتاحة للبيع (أو الاستخدام) بين البضائع التي تم بيعها أو استخدامها وتلك التي لا تزال في متناول اليد.

Cost of goods available for sale = Beginning inventory + Cost of Goods Purchased

C.G.S = Cost of goods available for sale - Ending inventory

Beginning inventory, Jan. 1	\$100,000
Cost of goods Purchased	800,000
Total cost of goods available for sale	900,000
Ending inventory, Dec. 31	200,000
Cost of goods Sold during the year	\$700,000

GOODS AND COSTS INCLUDED IN INVENTORY السلع والتكاليف المدرجة في المخزون

Goods Included in Inventory البضائع المدرجة في المخزون

A company recognizes inventory and accounts payable at the time it controls the asset.

تعترف الشركة بالمخزون والحسابات الدائنة في الوقت الذي تسيطر فيه على الأصل.

Passage of title is often used to determine control because the rights and obligations are established legally.

غالبًا ما يتم استخدام تمرير حق الملكية لتحديد السيطرة لأن الحقوق والالتزامات مثبتة بشكل قانوني.

FOB Shipping Point نقطة الشحن	FOB Destination جهة الوصول
Ownership of the goods passes to the buyer when the public carrier accepts the goods from the seller.	Ownership of the goods remains with the seller until the goods reach the buyer.
تنتقل ملكية البضائع إلى المشتري عندما يقبل الناقل العام البضائع من البائع.	تظل ملكية البضائع مع البائع حتى تصل البضائع إلى المشتري.

ضياء الدين صبح

Consigned Goods البضائع المرسلّة

- ◆ Goods out on consignment remain the property of the **consignor**.

تظل البضائع الخارجة على الشحنة ملكًا للمرسل.

- ◆ The **consignee** makes no entry to the inventory account for goods received.

لا يقوم المرسل إليه بأي إدخال إلى حساب المخزون للبضائع المستلمة.

يعني لما انا بكون عندي محل "على سبيل المثال عندي ادوات منزلية" ولكن ما عندي مجال في المحل ، فيعطيه لصاحب الي تاجر مثلا "برسم البيع" ولكن ملكيتها الي .

Special Sales Agreements اتفاقيات البيع الخاصة

Sales with Repurchase Agreement. المبيعات مع اتفاقية إعادة الشراء

- ◆ Often referred to as a repurchase (or product financing) agreement, usually involves a transfer (sale) with either an implicit or explicit repurchase agreement.

يشار إليها في كثير من الأحيان باسم اتفاقية إعادة الشراء (أو تمويل المنتج) ، وعادة ما تنطوي على نقل (بيع) إما باتفاقية إعادة شراء ضمنية أو صريحة.

- ◆ These arrangements are often described in practice as **"parking transactions."**

غالبًا ما توصف هذه الترتيبات عمليًا على أنها "معاملات باركنج".

لا يمكن تسجيلها على أنها عوائد ، أو عوائد مبيعات (بسبب عدم نقل الملكية أو المسؤولية) ... صوريا بعناها فقط

Recognizing revenue at the time the inventory is "parked" violates the revenue recognition principle.

That is, a performance obligation is not met because control has not been transferred to the buyer.

الاعتراف بالإيرادات في الوقت الذي يكون فيه المخزون "متوقفًا" ينتهك مبدأ الاعتراف بالإيرادات. أي أن التزام الأداء لم يتم الوفاء به لأنه لم يتم نقل السيطرة إلى المشتري.

Sales with High Rates of Return. مبيعات بمعدلات عائد عالية

Seller التاجر

1. Record sales revenue at the amount it expects to receive from the transaction.

سجل إيرادات المبيعات بالمبلغ الذي يتوقع أن تحصل عليه من المعاملة

2. Establishes an estimated inventory return account at the date of sale to recognize that some of its inventory will be returned.

ينشئ حساب عائد مخزون تقديري في تاريخ البيع للاعتراف بإرجاع بعض مخزونه.

Additional Question الأسئلة الإضافية

Q1: Circle the correct answer

1. Which of the following inventories carried by a manufacturer is similar to the merchandise inventory of a retailer?

- a. Raw materials.
- b. Work-in-process.
- c. **Finished goods.**
- d. Supplies.

2. Where should raw materials be classified on the balance sheet?

- a. Prepaid expenses.
- b. **Inventory.**
- c. Equipment.
- d. Not on the balance sheet.

ضياء الدين صبح

3. Which of the following accounts is not reported in inventory?
- Raw materials.
 - Equipment.**
 - Finished goods.
 - Supplies.
4. Why are inventories included in the computation of net income?
- To determine cost of goods sold.**
 - To determine sales revenue.
 - To determine merchandise returns.
 - Inventories are not included in the computation of net income.
5. Which of the following is a characteristic of a perpetual inventory system?
- Inventory purchases are debited to a Purchases account.
 - Inventory records are not kept for every item.
 - Cost of goods sold is recorded with each sale.**
 - Cost of goods sold is determined as the amount of purchases less the change in inventory.
6. Lawson Manufacturing Company has the following account balances at year end:
Office supplies \$ 4,000, Raw materials 27,000, Work-in-process 59,000, Finished goods 92,000 and Prepaid insurance 6,000
What amount should Lawson report as inventories in its balance sheet?
- \$92,000.
 - \$96,000.
 - \$178,000.**
 - \$182,000.
7. Where should goods in transit that were recently purchased f.o.b. destination be included on the balance sheet?
- Accounts payable.
 - Inventory.
 - Equipment.
 - Not on the balance sheet.**
8. What is consigned inventory?
- Goods that are shipped, but title transfers to the receiver.
 - Goods that are sold, but payment is not required until the goods are sold.
 - Goods that are shipped, but title remains with the shipper.**
 - Goods that have been segregated for shipment to a customer.
9. When using a perpetual inventory system,
- no Purchases account is used.
 - a Cost of Goods Sold account is used.
 - two entries are required to record a sale.
 - all of these.**
10. Morgan Manufacturing Company has the following account balances at year end:
Office supplies \$ 4,000, Raw materials 27,000, Work-in-process 59,000, Finished goods 72,000, and Prepaid insurance 6,000
What amount should Morgan report as inventories in its balance sheet?
- \$72,000.
 - \$76,000.
 - \$158,000.**
 - \$162,000.

Q2: included in the December 31 trial balance of Rivera Company are the following assets

Cash \$	190,000	Work in process	\$200,000
Equipment (net)	1,100,000	Accounts receivable (net)	400,000
Prepaid insurance	41,000	Patents	110,000
Raw materials	335,000	Finished goods	170,000

Prepare the current assets section of the December 31 balance sheet

ضياء الدين صبح

Solution:

RIVERA COMPANY Balance Sheet (Partial) December 31		
Current assets		
Cash		\$ 190,000
Receivables (net)		400,000
Inventories		
Finished goods	\$170,000	
Work in process	200,000	
Raw materials	<u>335,000</u>	705,000
Prepaid insurance		<u>41,000</u>
Total current assets		<u>\$1,336,000</u>

Q2: Matlock Company uses a perpetual inventory system. Its beginning inventory consists of 50 units that cost \$34 each. During June, the company purchased 150 units at \$34 each, returned 6 units for credit, and sold 125 units at \$50 each. Journalize the June transactions.

Solution:

Inventory (150 X \$34)	5,100	
Accounts Payable		5,100
Accounts Payable (6 X \$34)	204	
Inventory		204
Accounts Receivable (125 X \$50)	6,250	
Sales		6,250
Cost of Goods Sold (125 X \$34)	4,250	
Inventory		4,250

Q3: Stallman Company took a physical inventory on December 31 and determined that goods costing \$200,000 were on hand. Not included in the physical count were \$25,000 of goods purchased from Pelzer Corporation, f.o.b. shipping point, and \$22,000 of goods sold to Alvarez Company for \$30,000, f.o.b. destination. Both the Pelzer purchase and the Alvarez sale were in transit at year-end. What amount should Stallman report as its December 31 inventory?

December 31 inventory per physical count	\$ 200,000
Goods-in-transit purchased FOB shipping point	25,000
Goods-in-transit sold FOB destination	<u>22,000</u>
December 31 inventory	<u>\$ 247,000</u>

END OF CHAPTER 8

CHAPTER 9

Inventories: Additional Valuation Issues

المخزون: قضايا التقييم الإضافية

المطلوب من التشارتر :

Understand and apply the lower-of-cost-or-net
realizable value rule.

ضياء الدين صبح

LOWER-OF-COST-OR-NET REALIZABLE VALUE انخفاض التكلفة أو صافي القيمة المتحققة

A company abandons the historical cost principle when the future utility (revenue-producing ability) of the asset drops below its original cost.

تتخلى الشركة عن مبدأ التكلفة التاريخية عندما تنخفض المنفعة المستقبلية (القدرة على تحقيق الإيرادات) للأصل عن تكلفتها الأصلية.

Definition of Net Realizable Value تعريف صافي القيمة الممكن تحقيقها

◆ **Net realizable value (NRV)** is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

صافي القيمة الممكن تحقيقها (NRV) هو سعر البيع المقدر في سياق الأعمال العادية ، أقل التكاليف التي يمكن التنبؤ بها بشكل معقول للإكمال ، والتخلص ، والنقل.

Ex: Assume that Mander Corp. has unfinished inventory with a cost of \$950, a sales value of \$1,000, estimated cost of completion of \$50, and estimated selling costs of \$200. Mander's net realizable value is computed as follows.

افترض أن شركة Mander Corp لديها مخزون غير مكتمل بتكلفة 950 دولارًا ، وقيمة مبيعات 1000 دولار ، وتكلفة تقديرية للإنجاز 50 دولارًا ، وتكاليف بيع تقديرية 200 دولار. يتم احتساب صافي القيمة الممكن تحقيقها لمندر على النحو التالي.

$$\text{NRV} = \text{Inventory value} - \text{unfinished} - (\text{Estimated cost of completion} + \text{Estimated cost to sell})$$

$$= \$1,000 - (\$50 + \$200) = \$1,000 - \$250 = \underline{\$750}$$

◆ Mander reports inventory on its balance sheet at \$750.

يبلغ ماندر عن المخزون في ميزانيته العمومية بمبلغ 750 دولارًا.

◆ In its income statement, Mander reports a **Loss Due to Decline of Inventory to NRV** of \$200 (\$950 - \$750).

في بيان الدخل ، أبلغت Mander عن خسارة بسبب انخفاض المخزون إلى **NRV** بقيمة 200 دولار (950 دولارًا - 750 دولارًا).

Ex: Regner Foods computes its inventory at LCNRV, as shown (amounts in thousands).

تحسب Regner Foods مخزونها في LCNRV ، كما هو موضح (المبالغ بالآلاف).

Food	Cost	NRV	Final inv. value
Spinach	\$ 80,000	\$120,000	\$ 80,000
Carrots	100,000	100,000	100,000
Cut beans	50,000	40,000	40,000
Peas	90,000	72,000	72,000
Mixed vegetables	95,000	92,000	92,000
			\$384,000

Final Inventory Value: قيمة الجرد النهائية

Spinach Cost (\$80,000) is selected because it is lower than net realizable value.

السبانخ تم تحديد تكلفته (80.000 دولار) لأنها أقل من صافي القيمة الممكن تحقيقها.

Carrots Cost (\$100,000) is the same as net realizable value.

الجزر تكلفته (100000 دولار) هي نفس القيمة الصافية الممكن تحقيقها.

Cut beans Net realizable value (\$40,000) is selected because it is lower than cost.

حبوب قطع الفول يتم تحديد صافي القيمة الممكن تحقيقها (40.000 دولار) لأنها أقل من التكلفة.

Peas Net realizable value (\$72,000) is selected because it is lower than cost.

البازلاء يتم تحديد صافي القيمة الممكن تحقيقها (72000 دولار) لأنها أقل من التكلفة.

Mixed vegetables Net realizable value (\$92,000) is selected because it is lower than cost.

خضروات مختلطة يتم تحديد صافي القيمة الممكن تحقيقها (92000 دولار) محدد لأنها أقل من التكلفة.

Methods of Applying LCNRV طرق التطبيق

1. Individual items العناصر الفردية
2. Major Categories الفئات الرئيسية
3. Total Inventory إجمالي الجرد

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ضياء الدين صبح

Companies usually price inventory on an item-by-item basis.

عادة ما تقوم الشركات بتسعير المخزون على أساس كل بند على حدة.

Food	Cost	NRV	Lower-of-Cost-or-Net Realizable Value by:		
			Individual Items	Major Categories	Total Inventory
Frozen					
Spinach	\$ 80,000	\$120,000	\$ 80,000		
Carrots	100,000	100,000	100,000		
Cut beans	50,000	40,000	40,000		
Total Frozen	<u>230,000</u>	<u>260,000</u>		<u>230,000</u>	
Canned					
Peas	90,000	72,000	72,000		
Mixed vegetables	95,000	92,000	92,000		
Total Canned	<u>185,000</u>	<u>164,000</u>		<u>164,000</u>	
Total	<u>\$415,000</u>	<u>\$424,000</u>	<u>\$384,000</u>	<u>\$394,000</u>	<u>\$415,000</u>

تسجيل صافي القيمة الممكن تحقيقها بدلاً من التكلفة **Recording NRV Instead of Cost**

بيانات المخزون التالية تخص شركة ريكاردو. **The following inventory data is for Ricardo Company.**

Ending inventory (cost) \$ 82,000

Ending inventory (at NRV) 70,000

Adjustment to LCNRV \$ 12,000

1. Loss Method
2. COGS Method

Loss Method

Loss Due to Decline in Inventory 12,000
Inventory 12,000

COGS Method

Cost of Goods Sold 12,000
Inventory 12,000

استخدام حساب بدل "بدلاً من حساب المخزون" **Use of an Allowance**

Instead of crediting the Inventory account for market adjustments, companies generally use an allowance account, often referred to as **Allowance to Reduce Inventory to NRV.**

بدلاً من إيداع حساب المخزون لتعديلات السوق، تستخدم الشركات عمومًا حساب مخصص، يُشار إليه غالبًا باسم "بدل تقليل المخزون إلى NRV".

Using an allowance account under the loss method, Ricardo Company makes the following entry to record the inventory write-down to NRV.

باستخدام حساب مخصص بموجب طريقة الخسارة، تقوم شركة Ricardo بإجراء الإدخال التالي لتسجيل تخفيض المخزون إلى NRV.

Loss Method

Loss Due to Decline of Inventory to NRV 12,000
Allowance to Reduce Inventory to NRV 12,000

COGS Method

Cost of Goods Sold 12,000
Allowance to Reduce Inventory to NRV 12,000

ضياء الدين صبح

Balance Sheet الميزانية العمومية

	Loss Method	COGS Method
Current assets:		
Cash	\$ 100,000	\$ 100,000
Accounts receivable	350,000	350,000
Inventory	770,000	758,000
Less: allowance to market	(12,000)	
Prepays	20,000	20,000
Total current assets	1,228,000	1,228,000

Income Statement بيان الدخل

	Loss Method	COGS Method
Sales	\$ 300,000	\$ 300,000
Cost of goods sold	120,000	132,000
Gross profit	180,000	168,000
Operating expenses:		
Selling	45,000	45,000
General and administrative	20,000	20,000
Total operating expenses	65,000	65,000
Other revenue and (expense):		
Loss on inventory	(12,000)	-
Interest income	5,000	5,000
Total other	(7,000)	5,000
Income from operations	108,000	108,000
Income tax expense	32,400	32,400
Net income	\$ 75,600	\$ 75,600

Use of an Allowance—Multiple Periods استخدام حساب البديل - فترات متعددة

Date	Inventory at Cost	Inventory at NRV	Amount Required in Valuation Account	Adjustment of Valuation Account Balance	Effect on Net Income
Dec. 31, 2016	\$188,000	\$176,000	\$12,000	\$12,000 inc.	Decrease
Dec. 31, 2017	194,000	187,000	7,000	5,000 dec.	Increase
Dec. 31, 2018	173,000	174,000	0	7,000 dec.	Increase
Dec. 31, 2019	182,000	180,000	2,000	2,000 inc.	Decrease

Q Additional: of Pedico Co. ... determine the Acct, Balance and effect on N/I

Date	Inventory at Cost	Inventory at NRV	Amount Required in Valuation Account	Adjustment of Valuation Account Balance	Effect on Net Income
Dec. 31, 2020	\$220,000	\$200,000	\$20,000	\$20,000 inc.	Decrease
Dec. 31, 2021	235,000	225,000	10,000	10,000 dec.	Increase
Dec. 31, 2022	210,000	212,000	0	10,000 dec.	Increase
Dec. 31, 2023	215,000	210,000	5,000	5,000 inc.	Decrease

END OF CHAPTER 9

END OF INTERMEDIATE ACCOUNTING 1 Summary

نهاية تلخيص المحاسبة المتوسطة 1
(انتر 1)

زميلكم : ضياء الدين صبح 

بالتوفيق زملائي 