Financial statements

3 course 6 semester

Reporting

this is a set of information about the results and conditions of the organization's work for a certain period, provided by the consumer of accounting information for analysis, control and planning

Types of reporting

Reporting depending on the type of accounting:

- Operational.
- Statistical.
- Accounting.
- Financial.
- Management.

Reporting depending on the calendar period:

- Monthly
- Quarterly (intermediate)
- Annual (main reporting period)

Accounting Forms

- Form No. 1 - Balance sheet.
- Form No. 2 - Profit and Loss Statement.
- Form No. 3 - Statement of changes in equity.
- Form No. 4 - Statement of cash flows.
- Form No. 5 - Appendix to the balance sheet (initial and residual value of Fixed Assets and Intangible Assets, their depreciation for the reporting period - to calculate the average cost of property when calculating property tax; financial investments; receivables and payables; distribution costs).
- Form No. 6 - Report on the targeted use of funds received.

Indicators characterizing the financial stability of the organization:

Capitalization ratio (debt/equity ratio). Shows what funds the organization has more - borrowed or own. It also shows how much borrowed funds the company attracted for 1 ruble of its own funds invested in assets. The smaller the value of the coefficient, the more stable the financial position of the organization. *The coefficient is calculated as the ratio*

$$К = \frac{\text{Borrowed capital}}{\text{Equity capital}}$$

Coefficient of financial independence (autonomy). Shows the share of own funds in the total amount of funding sources. This ratio indicates how much an organization can reduce the amount of assets without prejudice to the interests of creditors. The higher the value of the coefficient, the more stable the financial position of the organization.

$$К = \frac{\text{own capital}}{\text{balance sheet currency}}$$

Indicators characterizing the financial stability of the organization:

Funding ratio. Shows what part of the organization's activities is financed by its own, and what - by borrowed funds. If the value of the financing ratio is less than 1 (most of the property of the enterprise is formed from borrowed funds), this may indicate the danger of insolvency and often makes it difficult to obtain a loan.

$$К = \frac{\text{own capital}}{\text{balance sheet currency}}$$

Financial stability ratio. Shows what part of the asset is financed from sustainable sources, that is, the proportion of those sources of funding that the organization can use in its activities for a long time. If the value of the coefficient fluctuates between 80-90% and has a positive trend, then the financial position of the organization is stable.

$$К = \frac{\text{own capital} + \text{long} - \text{term liabilities}}{\text{balance currency}}$$

Business activity is the performance of the organization in relation to the amount of advanced resources or the amount of their consumption in the production process. Business activity is manifested in the dynamism of the development of an economic entity, the achievement of its goals, as well as in the speed of turnover of funds. The business activity of the organization in the financial aspect is manifested, first of all, in the speed of turnover of its funds. Analysis of business activity is to study the levels and dynamics of various financial turnover ratios.
Acceleration of turnover reduces the need for funds or allows for additional output.

As a result of the acceleration of turnover, the material elements of working capital are released, less stocks of raw materials, materials, fuel, work in progress are required, and, consequently, the monetary resources previously invested in these stocks and backlogs are also released. The increase in the number of revolutions is achieved by reducing the production time and the circulation time. To reduce production time, it is necessary to improve technology, mechanize and automate labor. The reduction of circulation time is achieved through the development of specialization and cooperation, the acceleration of transportation, document circulation and settlements.

Key turnover indicators:

The total capital turnover ratio (turnover) reflects the turnover rate (number of turnovers per period) of the entire capital of the organization. An increase in the total capital turnover ratio means an acceleration in the circulation of the organization's funds or inflationary growth, and a decrease means a slowdown in the circulation of the organization's funds.

$$K = \frac{\text{proceeds from the sale}}{\text{average annual value of assets}}$$

The turnover ratio of working capital (turnover) shows the rate of turnover of all working capital of the organization (both material and cash).

$$K = \frac{\text{proceeds from the sale}}{\text{average annual value of current assets}}$$

Key turnover indicators:

Return on assets - the ratio of the amount of proceeds from the sale to the average cost of fixed assets during the year (that is, how much income from the sale was "squeezed out" of the fixed assets).

Return on funds=sales proceeds/average value of fixed assets

The return on equity ratio shows the rate of turnover of equity capital (how many rubles of revenue per 1 ruble of invested equity capital).

Return on equity = sales proceeds / average cost of equity

Profit and Loss Statement is the most important source of information for analyzing the profitability of the organization, the profitability of production, determining the amount of net profit remaining at the disposal of the organization, and other indicators.

Profitability is one of the main cost qualitative indicators of production efficiency in an organization, characterizing the level of return on costs and the degree of funds in the process of production and sale of products (works, services).

Key profitability indicators:
Product profitability indicators

Return on sales reflects the share of profit in each ruble of sales proceeds. This indicator is also called profit margin (commercial margin)

Profitability of sales = (profit from sale / proceeds from sale)*100%

Profitability of the main activity = Net profit / costs

Key profitability indicators:
Profitability indicators of property and its parts

Return on total capital (assets) - one of the synthetic indicators of the economic activity of the organization as a whole, which is usually called economic profitability. This is the most general indicator that answers the question: how much profit does an economic entity receive per 1 ruble of its property? The amount of dividends on shares in joint-stock companies, in particular, depends on its level. In the indicator of return on assets, the result of the current activity of the analyzed period (profit) is compared with the organization's fixed and current assets (assets). With the help of the same assets, the organization will make a profit in subsequent periods of activity. Profit is mainly (almost 98%) the result of the sale of products (works, services).

Profitability of total capital (assets) =

(Net Profit / Average Asset Value)*100%

Key profitability indicators:
Profitability of fixed assets and other non-current assets

Net profit shows how much net profit is accounted for for the product or service sold.

Net Margin =

(Net Profit/Sales Revenue)*100%

Key profitability indicators:
Return on capital employed

The return on equity shows how many units of net profit each unit invested by the owner of the organization earned.

Return on equity =

(Net income/Average cost of equity)*100%

Return on permanent capital shows the effectiveness of the use of capital invested in the activities of the organization for a long time.

Return on permanent capital =

[Net Income/(Average Value of Equity + Average Value of Long-Term Liabilities)]*100%

Synthetic accounting of financial results and use of profits

The result from the sale of goods is reflected in account 90 "Sales"

Proceeds from the sale of Fixed Assets and Intangible Assets and expenses associated with their disposal, other income and expenses are reflected in 91 “Other income and expenses”

Resulting accounts 90 and 91 are closed monthly, and the result from the sale and other disposals on them are debited to account 99 (Credit turnover > Debit turnover - profit - on Credit 99 "Profit and Loss" and vice versa Debit turnover > Credit turnover - loss - on Debit 99.)

To account for the financial result (profit or loss), account 99 “Profit and Loss” is used

Credit turnover reflects the received profit and non-operating income;

The debit turnover reflects the loss from the sale and non-operating expenses,

The financial result (profit/loss) is taken into account for the entire year on an accrual basis.

Thus, the profit received and the profit used are taken into account on one account 99 “Profit and Loss”. According to the results for the year, the account is closed at the end of the year.

In the balance sheet, accounting for unused profit is carried out according to section III of the liability under the following items:

Account 84 "Undistributed profit" where it is shown

undistributed profit on the Loan;

on Debit - uncovered loss

Thus, the system for analyzing the financial statements of organizations is based on an integrated approach to the analysis of indicators of their financial and economic activities, reflecting the availability, placement and use of financial resources of the organization.

In market conditions, analytical work to study and predict the financial condition of an organization is of particular importance and is aimed at developing a set of measures to prevent possible bankruptcy.