

In successful businesses - everyone speaks accounting!

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Why are people in the workplace scared of accounting?



**I DON'T UNDERSTAND WHAT
YOUR SAYING**

**BUT I WILL STARE AT YOU AND
PRETEND I DO**

Why is it so important that we all speak accounting in business?



Top Ten Misunderstood Accounting Terms

- Balance sheet
- Asset
- Debit
- Credit
- Income statement
- Income
- Expenses
- Profit
- General ledger
- Financial year end



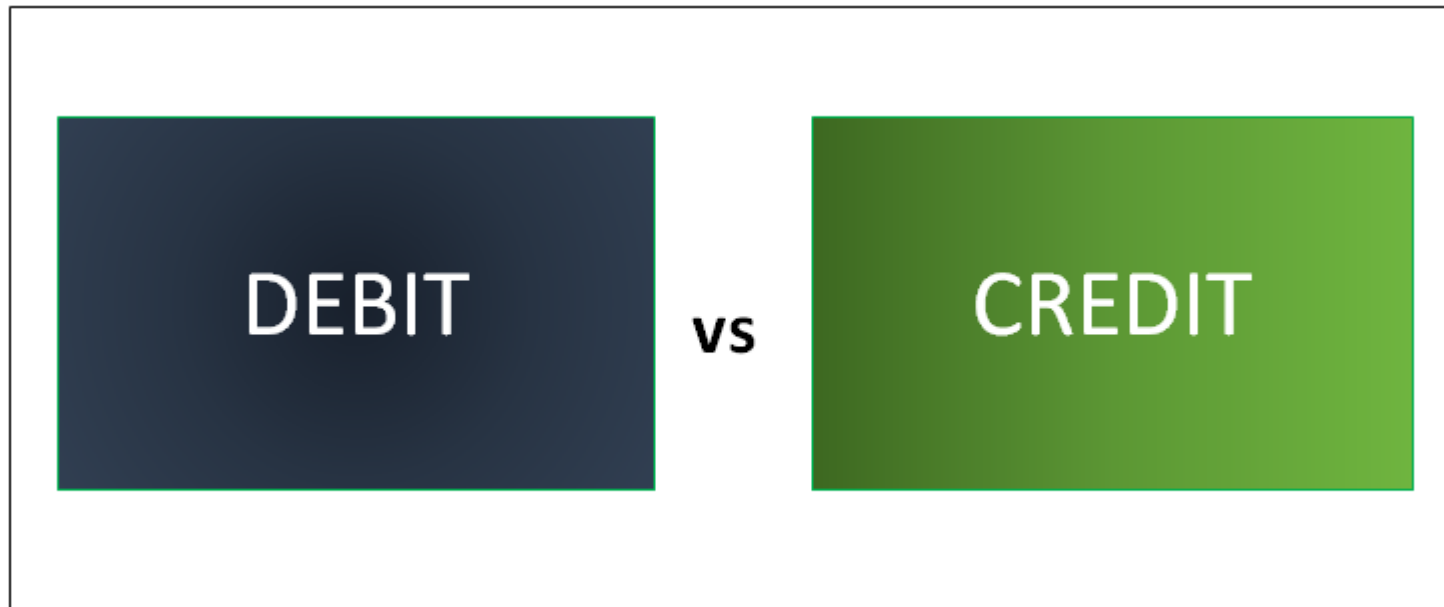
Balance sheet

Balance Sheet for Wal-Mart			
<i>As of Jan 31, 2006</i>			
Assets		Liabilities and Shareholders' Equity	
<i>Current Assets:</i>		<i>Current Liabilities:</i>	
Cash and Cash Equivalents	6,414	Commercial Paper	3,754
Receivables	2,662	Accounts Payable	25,373
Inventories	32,191	Accrued Liabilities	13,465
Prepaid Expenses and Other	2,557	Accrued Income Taxes	1,340
Total Current Assets	43,824	Long-term Debt, due within one year	4,595
		Obligations Under Capital Leases, due within one year	299
<i>Property and Equipment, at cost:</i>		Total Current Liabilities	48,826
Land	16,643		
Buildings and Improvements	56,163	Long-term Debt	26,429
Fixtures and Equipment	22,750	Long-term Obligations Under Capital Leases	3,742
Transportation Equipment	1,746	Deferred Income Taxes and Other	4,552
Total Property and Equipment, at cost:	97,302	Minority Interest	1,467
Less Accumulated Depreciation	21,427	<i>Shareholders' Equity:</i>	
Property and Equipment, net	75,875	Preferred Stock	0
		Common Stock	417
Property Under Capital Lease:	5,578	Capital in Excess of Par Value	2,596
Less Accumulated Amortization	2,163	Accumulated Other Comprehensive Income	1,053
Property Under Capital Lease, net	3,415	Retained Earnings	49,105
Goodwill	12,188	Total Shareholders' Equity	53,171
Other Assets and Deferred Charges	2,885		
Total Assets	138,187	Total Liabilities and Shareholders' Equity	138,187

Asset



Debit



Credit

Debits and credits system

DEBIT		CREDIT	
↑	ASSETS	↓	ASSETS
↓	LIABILITY	↑	LIABILITY
↓	EQUITY	↑	EQUITY
↑	EXPENSES	↑	REVENUE

Accounts are increased and decreased with a debit or credit

Income statement

<i>R million</i>	Note	2008	2007
Net income		19 700	52 504
Financial services income	19	28 578	26 715
Reinsurance premiums paid	20	(2 990)	(2 685)
Reinsurance commission received	21	401	373
Investment income	22	17 044	14 740
Investment surpluses	22	(24 672)	15 885
Finance cost – margin business	26	(244)	(246)
Change in fair value of external investors' liability		1 583	(2 278)
Net insurance and investment contract benefits and claims		(4 352)	(33 414)
Long-term insurance contract benefits	23	(5 870)	(15 364)
Long-term investment contract benefits	23	8 932	(11 049)
Short-term insurance claims		(9 189)	(8 533)
Reinsurance claims received	21	1 775	1 532
Expenses		(11 134)	(9 939)
Sales remuneration		(4 189)	(3 554)
Administration costs	24	(6 945)	(6 385)
Impairments	39	(247)	(7)
Amortisation of value of business acquired	4	(77)	(51)
Net operating result		3 890	9 093
Equity-accounted earnings	25	34	228
Finance cost – other	26	(391)	(281)
Profit before tax		3 533	9 040
Taxation	27	(621)	(2 493)
Shareholders' fund		(428)	(1 678)
Policyholders' fund		(193)	(815)
Profit from continuing operations		2 912	6 547
Discontinued operations	38	25	(168)
Profit for the year		2 937	6 379
Attributable to:			
Shareholders' fund		2 494	5 494
Minority shareholders' interest		443	885
		2 937	6 379
Earnings attributable to shareholders of the company (cents):			
Profit for the year:			
Basic earnings per share	28	125,0	256,6
Diluted earnings per share	28	122,0	250,9
Earnings attributable to shareholders of the company from continuing operations (cents):			
Profit for the year:			
Basic earnings per share	28	126,1	260,8
Diluted earnings per share	28	123,1	255,1

Income



Expenses



Profit =



LESS



General Ledger

4.1 THE GENERAL LEDGER

- Every single item in the firm's records will have a **Ledger account** - e.g. there will be a ledger account for:



Financial Year-end



What *is* the Accounting Made Easy course?



ONLY 1 DAY





Odette Bailey ▶ **Accounting Made Easy**

March 7 at 8:38am · Ekurhuleni · 🌐

I never thought I would understand Accounting, but I do now! You made it so easy. Thanks for a great course.





Lebogang Keamogetsoe Makhubela ▶ **Accounting Made Easy**

October 18, 2016 · 🌐

It was my first time meeting with accounting and we will be great friends going forward , fun was had #AME





Caroline Matshela added a new photo to **Accounting Made Easy's** timeline — 😊 feeling happy.

March 12 at 5:08pm · 🌐

After this course I don't feel intimidated by business numbers anymore.
You guys are awesome





Jonathan Anderson ▸ **Accounting Made Easy**

August 25, 2016 · 🌐

[#awesomenessinoneday](#)

A course everyone in business need to attend accounting 101 loved it and will tell all friends about this course.



Questions?



How can I help you boost YOUR business by transforming financial literacy in YOUR business?

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- Connect with me on LinkedIn – Mark Samowitz CA (SA)
- Come visit the Accounting Made Easy stand and meet our facilitators – Stand 49!
- THANK YOU! 😊

