

Financial Information and Accounting Concepts

1. What is the purpose of accounting?

- Timely and accurate which not only can helps managers and owners plan and control company's operations and make decisions but also helps outsiders evaluate businesses.

2. What is "ratio" and what are the 4 categories of ratios?

Ratios are the analysis tool for accountants to compare by setting of figures from a single year's performance.

- Profitability
- Liquidity
- Activity
- Leverage or Debt

3. What is statement of cash flow?

A statement of a firm's cash receipts and cash payments that presents information on its sources and uses of cash

+/- Cash Flows from Operating Activities (CFO)
+/- Cash Flows from Investing Activities (CFI)
+/- Cash Flows from Financing Activities (CFF)
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Change in Cash