

FINANCIAL MANAGEMENT AND ACCOUNTING

ALL COMPANIES NEED THE BASICS TO RUN A BUSINESS:

- **RECORD OF SALES (REVENUE)**
- **RECORD OF EXPENSES (PAYABLES)**
- **RECORD OF INVENTORY BALANCES**

FINANCE AND ACCOUNTING “101”

If you do not have a Finance or Accounting background, you should familiarize yourself with the following terms. These terms will be used in the following section and will continuously be referred to by your company Accountant.

Revenues: The money received for goods sold or services rendered.

Accounts Receivable: Amounts due to a business from customers.

Inventory: Goods owned by a business held for sale in the ordinary course of business.

Payables:

Accounts Payable: Amounts owed by a business for the purchase of goods or services on credit.

Expenses: The cost of assets consumed or liabilities created in the process of generating revenue.

Cash: The Cash account on the balance sheet. It consists of cash on hand, petty cash, and money on deposit.

Collections: Process of recovering amounts owed to a firm by its customers.

General Ledger: A collection of all the accounts used in the accounting system of a company.
--Central repository of the accounting information of an organization in which the summaries of all financial transactions during an accounting period are recorded. Also called the book of final entry, it provides the entire data for preparing financial statements for the organization.

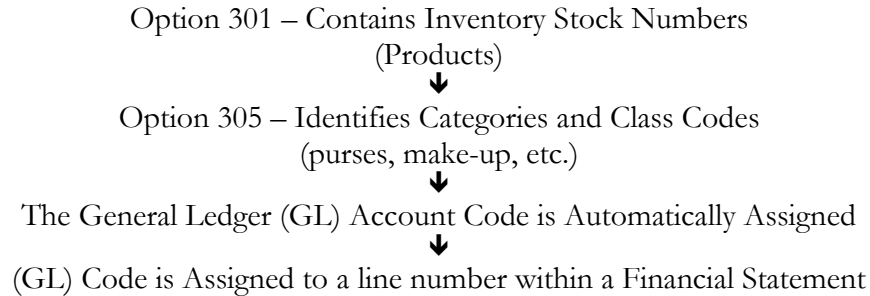
Chart of Accounts: System of accounting records developed by every organization to be compatible with its particular financial structure, and in agreement with the amount of detail required in its financial statements. It consists of a list of ledger account names and numbers showing classifications and sub-classifications, and serves as an index to locate a given account within the ledger.

Income Statement: Reports revenues and expenses for a particular period of time, thus presenting the results of operations of a business for that period.

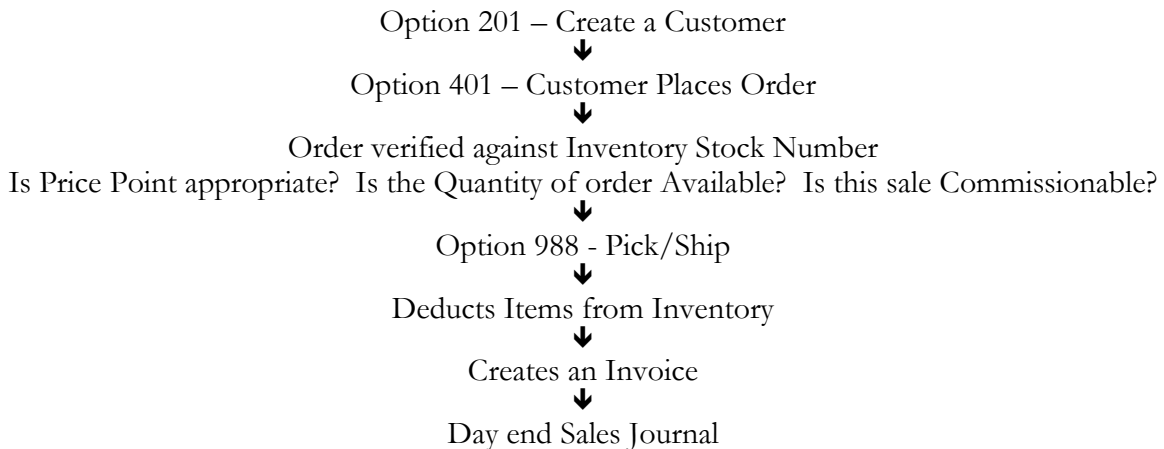
Balance Sheet: Presents information about the financial position of an entity at a particular date. It is sometimes referred to as the statement of financial position.

CONVEYORWARE “FLOW-CHART” THROUGH TO AN INCOME STATEMENT

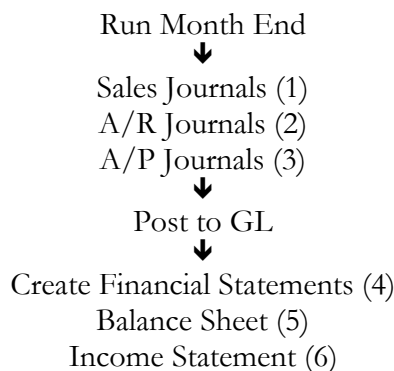
All Financial issues of a business are directly related to Inventory. Each Inventory item is directly related to a General Ledger account number. General Ledger accounts define whether an item is taxable or returnable.



Customers order inventory items. The system processes the orders based on information contained in the customer and inventory files. Once items are shipped, the items are deducted from the Inventory file and an Invoice is created. This information is all recorded in the Day-end Sales Journal.



Each month records must be reconciled. Conveyorware creates these reports automatically.



1-6 = Examples of the Financial reports which are generated by Conveyorware Software.