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Excellent resource for Individual investors who want to learn about Accounting and Financial Statements.■

The concepts are really well explained in a simple, understandable manner for beginners.

cc: @dmuthuk @Gautam__Baid

Content available ■

Accounting Basics

Learn accounting starting with this accounting basics course. This section serves as a primer for beginners and a refresher for those who already have background in accounting. *Build and solidify your accounting knowledge.*

- Introduction to Accounting
- Fundamental Accounting Concepts
- The Financial Statements
- Analyzing, Recording, & Classifying
- Adjusting Entries
- How to Prepare Financial Statements
- Closing Entries
- Post-Closing Trial Balance
- Reversing Entries
- View All Lessons

Financial Accounting

Financial accounting is the branch that focuses on the preparation of financial statements. Guided by generally accepted accounting principles, it deals with historical data, turning them into financial reports.

- Introduction to Financial Accounting
- What is Financial Accounting
- Accounting Principles
- Accounting Standards: GAAP, IFRS
- The Elements of Accounting
- View All Financial Accounting Lessons

Managerial Accounting

Managerial accounting focuses on providing information to be used by the management in decision-making. It deals with the needs of the management rather than strict compliance with generally accepted accounting principles.

- Introduction to Managerial Accounting
- Cost Concepts and Classifications
- Cost Behavior and Analysis
- Cost-Volume-Profit Analysis
- Pricing Decisions and Methods
- Relevant Costing & Decision-Making
- Responsibility Accounting
- Standard Costing and Variance Analysis
- Financial Ratio Analysis
- View All Managerial Accounting Lessons

Some of my fav sections.

1■ The Financial Statements

https://t.co/XBy9gbV16k

2■ Fundamental Accounting Concepts

https://t.co/EJLHgOi8NM

3■ Financial Ratio Analysis

https://t.co/RbhARVivaf

Preview of how the concepts are well explained.

Management Efficiency Ratios ■■

Management Efficiency Ratios

1. Receivable Turnover = Net Credit Sales ÷ Average Accounts Receivable

   Measures the efficiency of extending credit and collecting the same. It indicates the average number of times in a year a company collects its open accounts. A high ratio implies efficient credit and collection process.

2. Days Sales Outstanding = 360 Days ÷ Receivable Turnover

   Also known as *"receivable turnover in days"*, *"collection period"*. It measures the average number of days it takes a company to collect a receivable. The shorter the DSO, the better. Take note that some use 365 days instead of 360.

3. Inventory Turnover = Cost of Sales ÷ Average Inventory

   Represents the number of times inventory is sold and replaced. Take note that some authors use Sales in lieu of Cost of Sales in the above formula. A high ratio indicates that the company is efficient in managing its inventories.

4. Days Inventory Outstanding = 360 Days ÷ Inventory Turnover

   Also known as *"inventory turnover in days"*. It represents the number of days inventory sits in the warehouse. In other words, it measures the number of days from purchase of inventory to the sale of the same. Like DSO, the shorter the DIO the better.

5. Accounts Payable Turnover = Net Credit Purchases ÷ Ave. Accounts Payable

   Represents the number of times a company pays its accounts payable during a period. A low ratio is favored because it is better to delay payments as much as possible so that the money can be used for more productive purposes.

6. Days Payable Outstanding = 360 Days ÷ Accounts Payable Turnover

   Also known as *"accounts payable turnover in days"*, *"payment period"*. It measures the average number of days spent before paying obligations to suppliers. Unlike DSO and DIO, the longer the DPO the better (as explained above).

7. Operating Cycle = Days Inventory Outstanding + Days Sales Outstanding

   Measures the number of days a company makes 1 complete operating cycle, i.e. purchase merchandise, sell them, and collect the amount due. A shorter operating cycle means that the company generates sales and collects cash faster.

8. Cash Conversion Cycle = Operating Cycle - Days Payable Outstanding

   CCC measures how fast a company converts cash into more cash. It represents the number of days a company *pays* for purchases, sells them, and collects the amount due. Generally, like operating cycle, the shorter the CCC the better.

9. Total Asset Turnover = Net Sales ÷ Average Total Assets

   Measures overall efficiency of a company in generating sales using its assets. The formula is similar to ROA, except that net sales is used instead of net income.