Measuring performance

Financial reporting

Financial statements are structured events affecting a company's financial performance, and transactions carried out by it.

The financial statements now include:

- Balance Sheet or Statement of Financial Position
- The income statement or statement of comprehensive income
- The Statement of Changes in Equity
- Table of Cash Flows

These documents must be:

- Intelligible
- Reliable
- Relevant
- Relative important

The financial year

A/Budget

B/Control and achievements**:**

- Compare achievements with forecasts
- Make corrective actions
- Analyze and explain any differences between forecasts and realizations.

C/Benefits and disadvantages of planning:

**Benefits:*

- Have a global vision
- Use means optimally
- Rational management

**Disadvantages:*

- High costs
- Variable and uncertain databases
- Risk of error

Shareholders, bondholders and landholders

- **Shareholders**: An individual, group, or organization that owns one or more shares in a company, and in whose name the share certificate is issued.
- **Bondholders**: A person owning a bond or bonds issued by a government or a public company.
- **Landholders**: A person who owns land, especially one who either makes a living from it or rents it out to others.

Profit and loss account

1- **Accruals counting :**
    - Accrued expenses: expense is recognized before cash is paid out.
    - Accrued revenues: revenue is recognized before cash is received

2- **Accruals payroll:** a common benefit that an employer will provide for employee.

3- ## *Profit and loss*

***What is profit and loss statement?**

The profit and loss statement is a summary of the financial performance of a business over time (monthly, quarterly or annually is most common).

Earnings

- **Routine earnings**: are those that can be achieved by application of assets.
- **Non routine earnings**: products that aren’t related to the main activities of a company.