

Business S1 Summary Don't forget to also study from the SE's

Managing Business Finance

Financial Planning: *1st step of Financial Management.

- the process of organizing and managing business financial resources in achieve specific goals and secure long-term financial stability(objectives/ goals)

Elements of Financial Planning :-

- Capital
- Equipment
- Assets
- Keeping records
- Expenses
- Revenue
- Profit
- Goal

Main Aspects of Financial Management: -

1. Financial Plan
2. Capital Needs
3. Purchasing Assets
4. Recording Transactions

Do you think a company could function without the four aspects of financial management? Why or why not?

Explain in your own words by writing 4 main aspects of financial management with examples of financial plan (elements), capital sources, purchasing assets (Fixed), Recording transaction doing Accounting (GAAP = Generally accepted Accounting principles)

Sources of Capital: Money invested in a business is called **capital**.

1. Investors (Ex: crowdfunding, Investments, bonds/denture)
2. Bank Loans
3. Owners own money (Ex: savings, equity)

Current Assets	Fixed Assets
Cash, amount reviewable, inventory, prepaid expenses, and more.	PPE, vehicles, furniture & fixture, and more.

- PPE == property, plan & equipment. ⇒ 3 fixed assets

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Financial Records

Assets : *anything that has value

- in a business are resources owned by the company that have value and can be used to generate benefits.

Liabilities : *any amount business owes. These are the financial obligations or debts that company owes to others.

- Fiscal Year (1 year) is the accounting cycle.

Classification of Assets, Liabilities and Capital: -

Assets	Liabilities	Capital
Property, plant, and equipment	Lease obligations	Investments from friends and family
Goodwill	Bank loans	Owners' equity
Accounts receivable	Accounts payable	Venture capital
Inventory	Short-term loans	Personal savings
Prepaid expenses	Accrued expenses	Crowdfunding
Cash and cash equivalents	Taxes payable	

Budgets types:

	Startup Budgeting	Cash Budgeting	Operating Budgeting
When/ Time	Business makes this budget at the start of the business	This budget is made to have cash on daily, weekly and monthly	6 months to 1 year
Purpose	To make sure you have enough money to get the business up and running.	To make sure you don't run out of cash and can cover daily expenses.	To plan and control spending, helping the business run profitably throughout the year.

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Two Important Financial Statements:

- **Income statement:** it helps assess whether the business is profitable over a given period.
- **Balance sheet :** It helps investors, creditors, and stakeholders evaluate the company's financial stability and liquidity.

Income Statement Formulas:

1. *Gross Profit* = Sale - Cost of Goods Sold (COGS)
2. *Operating Profit* = Gross Profit - operating expenses
3. *Net profit* = Operating profit - Tax

Balance Sheet Formula:

- Assets = Liability + Equity

Answer format : *for asset & liability

- (In exam) Here is where you'll write your answers according to the situations given.
- (Sometimes) NOTE :- in an answer you can have more than one asset/liability

Recording Transaction:

1. Mr. Farooq bought Computers on cash of BHD 10,000/-

Transaction:

1. Cash (Assets) decreased by 10,000/-
2. Computers (Assets) increased by 10,000/-

2. Take cash loan of BHD = 20,000/- From Ahli Bank of Bahrain

Transaction:

1. Cash (Assets) increased by 20,000/-
2. Bank Loan (Liabilities) increased by 20,000/-

3. Mr. Farooq successfully sell his first computers shipment to one School BHD 4,000/-

Transaction:

1. Cash (Assets) increased by 4,000/-
2. Profit (Equity) increased by 4,000/-

4. Mr. Farooq injected fresh capital into his business 5,000/-

Transaction:

1. Cash (Assets) increased by 5,000/-
2. Equity increased by 5,000/-

Technology Advancement in Workplace

Changes in workplace due to Technology : -

1. **Telecommuting**: working from home → remote jobs
 - Work from home is a work arrangement that allows employees to work away from the workplace.
2. **Wearable computers**: (Smart Watches, Rings and more) :
 - are electronic devices that can be worn on the body
3. **Technology in Manufacturing**: (CAD)

Computer-Aided Design (CAD):

- Is used by architects, construction managers, and engineers and has replaced manual drafting.
- it helps in creating designs in 2d or 3d

CAD Computer Aided Desing	Computer-Aided Manufacturing (CAM)
It helps in the designing phase of the model. <ul style="list-style-type: none">• It's either 2d or 3d	It helps in the manufacturing of the model, where it could be automated.

4. **Expert systems**: AI
 - is a computer program that uses artificial intelligence (AI) technologies that stores and uses knowledge that a human expert would have on the same subject.
5. **Electronic information transfer**: ATM (Automated Teller Machine)
 - gives businesses information quickly and easily.

How an ATM works?

- ATM machines are connected to host computers via fiber optic cables (leased lines). When a user makes a withdrawal, the ATM sends the account details and requested amount to the host computer. The host computer retrieves the user's identity and account balance from the bank's system, which is also connected via fiber optics. After approval, the ATM dispenses the cash.

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6. **Virtual Training** → simulations, VR (Virtual Reality) :

- It allows learners to simulate a real situation through a computer. Virtual reality is used in training.
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Sharing Business Knowledge

The Internet : Is a collection of tens of thousands of connected computer networks.

Web browser : *examples are : Safari, Arc Browser, Chrome, and more.

- Program that searches to retrieve information on the web information.

Other types of links: *could be considered as *private* links

1. **Intranet**: *Private network for internal communication; e.g., company portal.

- allows a company to connect employees with internet, it's dose to public access.
- Ex: employee handbook, benefit package, employee directory (folder) code of ethics.

2. **Extranet**: *Controlled access to external users; e.g., supplier access portal, and more.

- it is a semi-private network that allow more than one company to access the same information and collaborate.
 - Companies use extranet to communicate with customers, vendors, suppliers, and other organizations by secure websites.
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Managing Threats

Hacker: a person who breaks into computer system/s for illegal purposes and vandalizes websites, hard drives, and government agencies.

Cookies :

- are small text files stored on a user's device by websites they visit. They are used to improve the user experience, such as remembering login information, preferences, and tracking browsing behavior.

Virus :

- is a type of malicious software(malware) designed to infect a device by attaching itself to files or programs. Once activated, it can replicate itself and spread to other systems, causing harm, such as data theft, corruption, or system crashes.

Firewall :

- Its primary purpose is to protect a network or device from unauthorized access, cyberattacks, or malicious activities while permitting legitimate communication.

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Basics of Computers

1. **Personal digital assistant**(PDA) :
2. **Scanner**
3. **Desktop computers**

Computer Parts :

Processors : *Brain of computer.

- Processor performs all the calculations and logical comparison at the extremely high speed.

Memory :

- (RAM - **Random Access Memory**) : Temporary storage that holds data and instructions currently in use by the processor.
- It provides fast access to data, allowing the computer to perform tasks quickly.

Input Devices	Output Devices
Keyboard, Mouse, Microphone, Scanner	Monitor, Printer, Speakers

Storage Devices : Permanently store data and programs, even when the computer is turned off.

- HDD (Hard Disk Drive) : Large capacity for long-term storage
- SSD (Solid State Drive) : Faster, more reliable storage
- External Drives and USBs : Portable storage for transferring files
- Cloud Storage : Online data storage.

Software	Hardware
a computer program is a set of instructions that tells computer what to do. <ul style="list-style-type: none">• Intangible(untouchable in IRL)	are the electronic parts themselves that make up a computer as well as be the backbones of software. <ul style="list-style-type: none">• Tangible (can be touched)

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