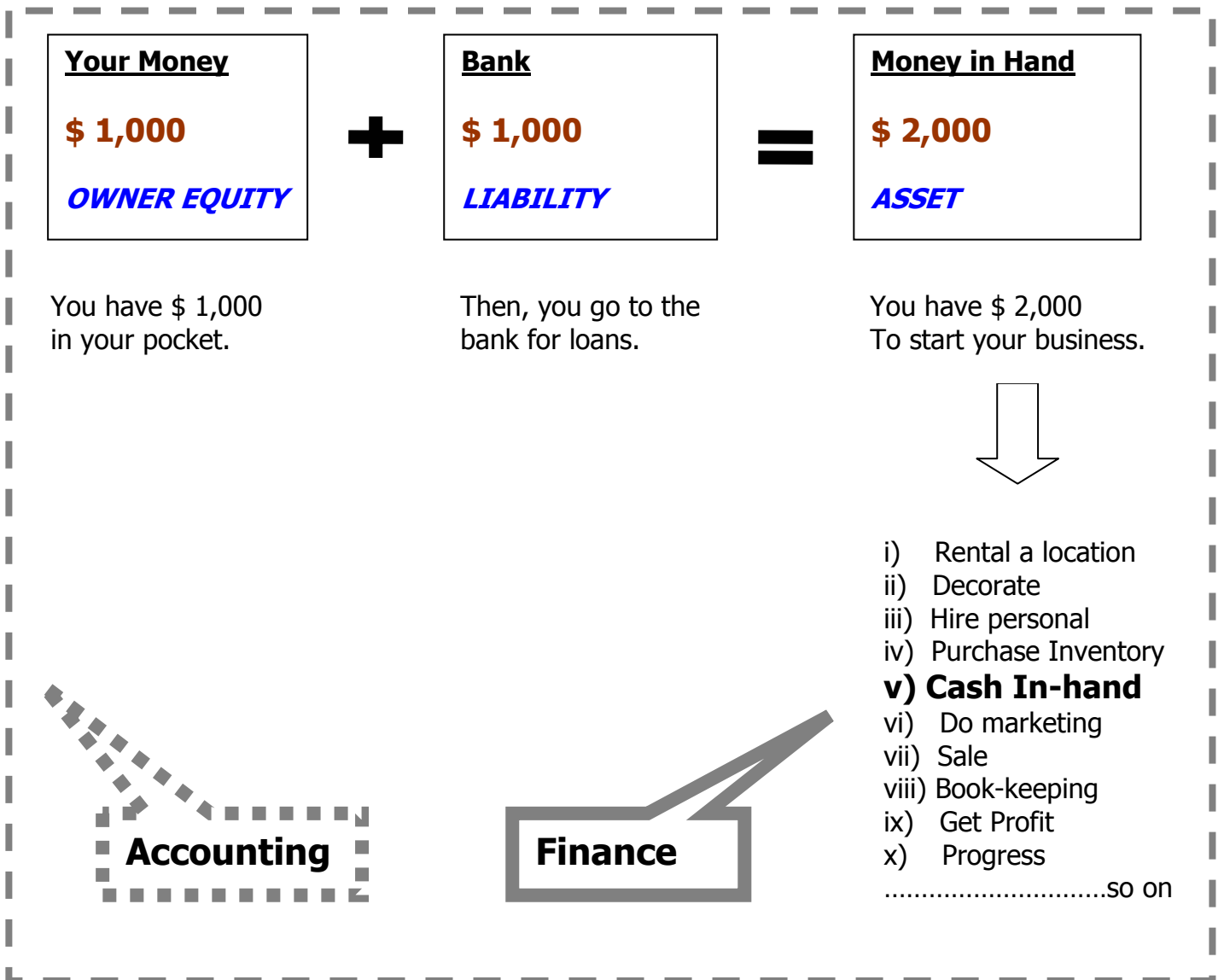


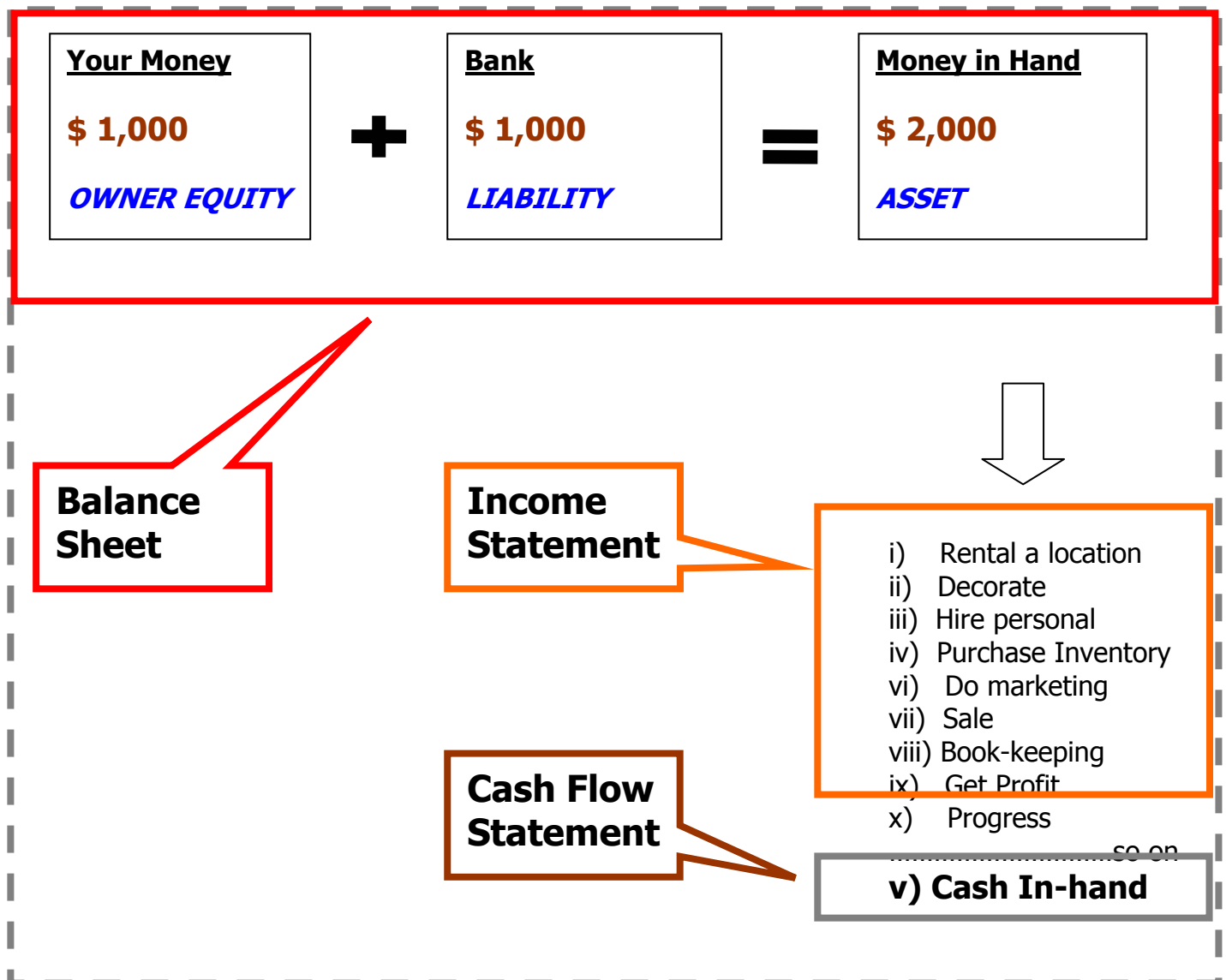
What is accounting and finance?



Accounting does with everything happen in the business.  
Finance does with cash-related matters.

What is the Financial Report?

Balance Sheet, Income Statement and Cash Flow Statement.



Why Accounting and Finance is important?

Accounting and Finance is the mirror of numbers, showing to you the overall picture and focusing smaller details.

In the overall picture, it gives you the sense of owner whether it is good or bad, the common sense approach.

In the focusing details, it gives you précised answers of each details, the classified approach.

Using these two applications, you have both rationale and emotional practice, complete working on both sides of brain.

**Profit, the Bottom Line.**

Business must be profitable.

**Cash Flow, enough cash in the system.**

You must have cash-in-hand enough, till the end of the month.

# Vizedge Structure

The screenshot displays the Vizedge software interface with several key sections highlighted by colored callouts:

- Manage and Display Area:** A red callout points to the top section of the interface, which includes a navigation menu and a list of financial statements.
- Balance Sheet:** A yellow callout points to the Balance Sheet section, which displays a table of assets, liabilities, and equity.
- Income Statement:** A cyan callout points to the Income Statement section, which displays a table of revenues, expenses, and net income.
- Cash Flow Statement:** A green callout points to the Cash Flow Statement section, which displays a table of cash inflows and outflows.
- Ratios:** An orange callout points to the Ratios section, which displays a table of various financial ratios.

Manage and Display Area

Balance Sheet

Income Statement

Cash Flow Statement

Ratios

**Manage and Display Area**

VizEdge 1.0 TM Trial Version Pat. Pend. www.vizedge.com

<u>Manage</u>		<u>Display</u>		<u>SAFD</u>	
	x1->Q200y		xQ200y		x1->Q200y
SALE (Bday) \$	4,000	Sale, monthly \$	120000	Liquidity	Activity
Gross Profit %	42.00	COS	89600	Current:	Inv Totw:
Working Days	30	Net Income	8993	Quick:	1.3 Fixed asst Totw:
AR on Sale %	20	AR	24000	Leverage	1.0 Tr asst Totw:
INV MARGIN (INV/COS)	1.50	Inventory		Debt:	Profitability %
Credit INV %	20	CASH	247047	Debt-Eqy:	0.6 Gross Prft Mgn
Rx Salary \$	5,000	Commissn	12000	Time Int earn:	1.1 Net Opng Mgn
Technician \$	2,000	Income Taxes	5512		6.6 Prft Mgn On Sale
Commissn %	10.00				Rtm On Tr asst
Office Supply* \$	1,200	Interest*	250		Rtm on Eqy
Marketing \$	1,000	Capital Pymt	4187		
Miscellaneous \$	1,000	Interest*	2333		
Income Tax %	38	Capital Pymt	0		
Short term debt \$	50,000	<u>ttl a</u>	<u>764336</u>	700,000	
I rate %	6	<u>ttl / +oe</u>	<u>764336</u>	700,000	
Short term debt Yr	1				
Long term debt \$	250,000				
I rate %	8.0				
Long term debt Yr	5				
Owner Equity \$	300,000				
Furniture & Decor \$	200,000				
Furniture & Decor Depreciaton Yr	3				
Bldg Rentals \$	200,000				
Bldg Rentals Depreciaton yr	3				

Business Settings  
Input

Display Important  
Key Figures of  
Balance sheet,  
Incomes Statement  
and Cash Flow  
Statement.

Display Ratios

## Business Settings

### **1. Business Setting:**

#### *Business Architecture*

When you think of starting your own business, Business Settings are questions you ask for answers.

### **Front Office Scenario:**

#### *How do we do our business?*

1. How much can I sell each day?(Sale daily d@\$)
2. At what prices should we sell our products?(reduce/increase prices through Gross Profit %)
3. How many days we would work in one month?(Working Days)  
Would we close on Sunday or not at all?
4. Do we give credit on sale?(Account Receivable, AR, on Sale %)  
How much we would give credit to our customer comparing to the Sale?
5. How much should we stock our inventory, comparing to Cost of Sale?(Inventory/Cost of Sale)
6. How much we purchase inventory on credit?(Credit Inventory %)
7. How much salary should we give to our manager? (Manager Salary \$)
8. How much salary should we give to our technicians?(Technician \$)
9. Should we give commission on sale to our technician?(Commission %)  
How much is the percentage on sale?
10. How much Office Supply should we spend for operation? (Office Supply \$)
11. How much money should we invest in marketing?(Marketing \$)
12. The rest unidentified Operation Expenses is Miscellaneous.(Miscellaneous)
13. How much percentage is the income tax?(Income Tax)

### **Source of Money Scenario:**

#### *How do we get the money from?*

14. How much is the short term debt?(Short Term Debt)
15. How much is the short term debt rate?(Interest Rate %)
16. The duration of short term debt is fixed as 1 year, following Accounting principle.  
(Short Term Debt Year) The Manage section is shown to be filled just to show you that we did not forget this point. Filling any number makes no difference.
17. How much is the long term debt?(Long Term Debt)
18. How much is the long term debt rate?(Interest Rate %)
19. How long is the long term debt payback year?(Long Term Debt Year)
20. How much is your personal invest in the business?(Owner Equity)

### **Use of Money Scenario:**

#### *Where is our store location and how do we decorate it?*

21. How much is your furniture and store decoration, including all tools?(Furniture and Décor \$)
22. How many year you have to repurchase them all?(Furniture and Décor Depreciation Year)
23. How much is your lumsum rental payment?(Building Rental \$)
24. How many years do you rent?(Building Rental Depreciation Year)  
(Your monthly rental expense comes automatically in the report)

## Decision Making

If you want to hire two more technicians,  
it would cost you the additional \$ 4,000 each month.

**What is the new daily sale that would cover this expense at par?**

1. Technician operating expense changes from \$ 2,000 to 6,000.  
Put in Technician \$ 6,000.
2. Net Income \$ 8,993, then, has changed to \$ 6,513.
3. Put in new Sale until Net Income becomes \$ 8,993.  
Put in new Sale \$ 4,500, Net Income is \$ 9,489.  
Put in new Sale \$ 4,400, Net Income is \$ 8,894.  
Put in new Sale \$ 4,416.6, Net Income is \$ 8,993.
4. The new daily Sale is \$ 4,416.6.  
The additional \$ 416.6 Sale would cover the expense of two more technicians at par.

### **Decision Making:**

Two more technicians would give hands to the store operation,  
enhance daily performance and be ready for incoming Christmas Season.  
This decision would cost you the additional \$ 416.6 increase of daily sale.

Or

Two more technicians should contribute at least \$ 416.6 of Daily Sale.

Or

If the Daily Sale increases by \$ 416.6 because of two more technicians, you are at par.

### **Original Setting:**

#### VizEdge 1.0 TM Trial Version Pat. Pend. [www.vizedge.com](http://www.vizedge.com)

<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	<u>RATIO</u>	x1-x
SALE @day \$	4,000	Sale, monthly \$	120000	Liquidity	
Gross Profit %	42.00	COS	69600	Current;	
Working Days	30	Net Income	<b>8993</b>	Quick;	
AR on Sale %	20	AR	24000	Leverage	
INV MARGIN (INVICOS)	1.50	Inventory		Debt;	
Credit INV %	20	CASH	287047	Debt-Eqty;	
Rx Salary \$	5,000	Commissn	12000	Time Int earn;	
Technician \$	2,000	Income Taxes	5512		
Commissn %	10.00	Interest*	250		
Office Supply' \$	1,200	Capital Pymt	4167		
Marketing \$	1,000	Interest*	2333		
Miscellaneous \$	1,000	<u>ttl a</u>	<u>764336</u>	700,000	
Income Tax %	38	<u>ttl l +oe</u>	<u>764336</u>	700,000	
Short term debt \$	50,000				
l rate %	6				
Short term debt Yr	1				
Long term debt \$	350,000				
l rate %	8.0				
Long term debt Yr	5				
Owner Equity \$	300,000				
Furniture & Decor \$	200,000				
Furniture & Decor Depreciation Yr	3				
Bldg Rentals \$	200,000				
Bldg Rentals Depreciation yr	3				

**1. Technician operating expense changes from \$ 2,000 to 6,000.**

**VizEdge 1.0 TM** Trial Version Pat. Pend. [www.vizedge.com](http://www.vizedge.com)

<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	RATIO	x1-x
SALE @day \$	4,000	Sale, monthly \$	120000	Liquidity	
Gross Profit %	42.00	COS	69600	Current;	
Working Days	30	Net Income	<b>8993</b>	Quick;	
AR on Sale %	20	AR	24000	Leverage	
INV MARGIN (INVICOS)	1.50	Inventory		Debt;	
Credit INV %	20	CASH	247047	Debt-Eqty;	195600
Rx Salary \$	5,000	Commissn	12000	Time Int earn;	
Technician \$	6000	Income Taxes	5512		
Commissn %	10.00	Interest*	250		
Office Supply' \$	1,200	Capital Pymt	4167		
Marketing \$	1,000	Interest*	2333		
Miscellaneous \$	1,000	Capital Pymnt			
Income Tax %	38	<u>ttl a</u>	<u>764336</u>	700,000	
Short term debt \$	50,000	<u>ttl / +oe</u>	<u>764336</u>	700,000	
l rate %	6				
Short term debt Yr	1				
Long term debt \$	350,000				
l rate %	8.0				
Long term debt Yr	5				
Owner Equity \$	300,000				
Furniture & Decor \$	200,000				
Furniture & Decor Depreciation Yr	3				
Bldg Rentals \$	200,000				
Bldg Rentals Depreciation yr	3				

Put in Technician \$ 6,000.

**2. Net Income \$ 8,993, then, has changed to \$ 6,513.**

**VizEdge 1.0 TM** Trial Version Pat. Pend. [www.vizedge.com](http://www.vizedge.com)

<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	RATIO	x1-x
SALE @day \$	4,000	Sale, monthly \$	120000	Liquidity	
Gross Profit %	42.00	COS	69600	Current;	
Working Days	30	Net Income	<b>6513</b>	Quick;	
AR on Sale %	20	AR	24000	Leverage	
INV MARGIN (INVICOS)	1.50	Inventory		Debt;	
Credit INV %	20	CASH	247047	Debt-Eqty;	195600
Rx Salary \$	5,000	Commissn	12000	Time Int earn;	
Technician \$	6,000	Income Taxes	3992		
Commissn %	10.00	Interest*	250		
Office Supply' \$	1,200	Capital Pymt	4167		
Marketing \$	1,000	Interest*	2333		
Miscellaneous \$	1,000	Capital Pymnt			
Income Tax %	38	<u>ttl a</u>	<u>764336</u>	700,000	
Short term debt \$	50,000	<u>ttl / +oe</u>	<u>764336</u>	700,000	
l rate %	6				
Short term debt Yr	1				
Long term debt \$	350,000				
l rate %	8.0				
Long term debt Yr	5				
Owner Equity \$	300,000				
Furniture & Decor \$	200,000				
Furniture & Decor Depreciation Yr	3				
Bldg Rentals \$	200,000				
Bldg Rentals Depreciation yr	3				

Put in Technician \$ 6,000, press enter, then, Net Income is \$ 6,513.

**3. Put in new Sale until Net Income becomes \$ 8,993.**

**VizEdge 1.0 TM** Trial Version Pat. Pend. [www.vizedge.com](http://www.vizedge.com)

<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	<u>RATIO</u>
SALE @day \$	4,500	Sale, monthly \$	135000	<u>Liquidity</u>
Gross Profit %	42.00	COS	78300	
Working Days	30	Net Income	9489	Current;
AR on Sale %	20	AR	27000	Quick;
INV MARGIN (INVICOS)	1.50	Inventory	239907	Leverage
Credit INV %	20	CASH	182550	Debt;
Rx Salary \$	5,000	Commissn	13500	Debt-Eqty;
Technician \$	6,000	Income Taxes	5816	Time Int earn;
Commissn %	10.00	Interest*	250	
Office Supply' \$	1,200	Capital Pymt	4167	
Marketing \$	1,000	Interest*	2333	
Miscellaneous \$	1,000	<u>ttl a</u>	<u>773246</u>	700,000
Income Tax %	38	<u>ttl +oe</u>	<u>773246</u>	700,000
Short term debt \$	50,000			
l rate %	6			
Short term debt Yr	1			
Long term debt \$	350,000			
l rate %	8.0			
Long term debt Yr	5			
Owner Equity \$	300,000			
Furniture & Decor \$	200,000			
Furniture & Decor Depreciation Yr	3			
Bldg Rentals \$	200,000			
Bldg Rentals Depreciation yr	3			

Put in new Sale \$ 4,500, press enter, then, Net Income is \$ 9,489.

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<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	<u>RATIO</u>
SALE @day \$	4,400	Sale, monthly \$	132000	<u>Liquidity</u>
Gross Profit %	42.00	COS	76560	
Working Days	30	Net Income	8894	Current;
AR on Sale %	20	AR	26400	Quick;
INV MARGIN (INVICOS)	1.50	Inventory	241335	Leverage
Credit INV %	20	CASH	185160	Debt;
Rx Salary \$	5,000	Commissn	13200	Debt-Eqty;
Technician \$	6,000	Income Taxes	5451	Time Int earn;
Commissn %	10.00	Interest*	250	
Office Supply' \$	1,200	Capital Pymt	4167	
Marketing \$	1,000	Interest*	2333	
Miscellaneous \$	1,000	<u>ttl a</u>	<u>771464</u>	700,000
Income Tax %	38	<u>ttl +oe</u>	<u>771464</u>	700,000
Short term debt \$	50,000			
l rate %	6			
Short term debt Yr	1			
Long term debt \$	350,000			
l rate %	8.0			
Long term debt Yr	5			
Owner Equity \$	300,000			
Furniture & Decor \$	200,000			
Furniture & Decor Depreciation Yr	3			
Bldg Rentals \$	200,000			
Bldg Rentals Depreciation yr	3			

Put in new Sale \$ 4,400, press enter, then, Net Income is \$ 8,894.

**4. The new daily Sale is \$ 4,416.6.**

**VizEdge 1.0 TM** Trial Version Pat. Pend. [www.vizedge.com](http://www.vizedge.com)

<u>Manage</u>	x1-x2/200y	<u>Display</u>	x2/200y	RATIO	x1-x
SALE @day \$	4,417	Sale, monthly \$	132498	Liquidity	
Gross Profit %	42.00	COS	76849	Current;	
Working Days	30	Net Income	8993	Quick;	
AR on Sale %	20	AR	26500	Leverage	
INV MARGIN (INVICOS)	1.50	Inventory		Debt;	
Credit INV %	20	CASH	241098	Debt-Eqty;	184727
Rx Salary \$	5,000	Commissn	13250	Time Int earn;	
Technician \$	6,000	Income Taxes	5512		
Commissn %	10.00				
Office Supply' \$	1,200	Interest^	250		
Marketing \$	1,000	Capital Pymt	4167		
Miscellaneous \$	1,000	Interest^	2333		
Income Tax %	38	<u>ttl a</u>	<u>771759</u>	700,000	
Short term debt \$	50,000	<u>ttl l +oe</u>	<u>771759</u>	700,000	
l rate %	6				
Short term debt Yr	1				
Long term debt \$	350,000				
l rate %	8.0				
Long term debt Yr	5				
Owner Equity \$	300,000				
Furniture & Decor \$	200,000				
Furniture & Decor Depreciation Yr	3				
Bldg Rentals \$	200,000				
Bldg Rentals Depreciation yr	3				

Put in new Sale \$ 4,416.6, press enter, then, Net Income is \$ 8,993.