

AN INCOME STATEMENT (A PROFIT AND LOSS STATEMENT)

- This is a summary of expenditure and income and it aims at giving a snapshot of a production cycle's performance.
- Income statements over the years in addition to other information are useful in determining where to cut down production or increase production. They thus help in farm management decisionmaking.
- It measures the value of the true fish production on the farm. In fish farming it encompasses (a) receipts (b) operating and fixed expenses /costs (c) net cash Income

CHARACTERISTICS OF PROFIT AND LOSS ACCOUNT

- Prepared at the end of a business period usually a year.
- All expenses and purchase are listed on the left hand side or debit side.
- All receipts or sales are recorded on the right side or credit sale.
- The two tables are normally equal by adding the profit or loss.
- Profit is added to the left hand while loss is added to the right side.
- Enables farmers to know his networth at the end of every year.
- Closing valuation is on the right side while opening valuation is on the left side.

CASH FLOW STATEMENT

- The cash flow statement summates the flow of findings in and out of the aqua business.
- It is prepared on a monthly or yearly basis.
- The major importance of the cash flow statement is that it allows the fish farmer to determine how best to meet monthly obligations and to plan ahead of months e.g when to procure fish feeds, when to decide to borrow, when to arrange or re-arrange a repayment schedule, when to apply financial control measures etc.
- Indeed, accurate preparation of cash flow statement is an important tool in aquaculture. More so, most of the cultural operations are seasonal and time conscious.

DEPRECIATION

- The falling of value; reduction of worth.
- The act of lessening, or seeking to lessen, price,

value, or reputation.

CAUSES OF DEPRECIATION

- Physical factors (e.g. dampness, floods and heat).
- Wear and tear.
- Passage of time (e.g. patents, copyrights, etc).
- Obsolescence as a result of government policy and changes in technology.
- Inadequacy.

REASONS FOR DEPRECIATION

_Since it reduces net profits, tax will be reduced.

_The value of the assets will not be overstated in the balance sheet.

_The firm may have fund to replace the assts.

_It ensures that the cost of an asst is spread in an acceptable fashion over its estimated life.

METHODS OF DEPRECIATION

- Straight line methods.
- Reducing balance/diminishing method
- Depletion method.
- Revaluating method.
- Machine hour rate method.
- Sum of the years digit methods.
- Annuity method

ASSIGNMENTS

- Differentiate between trading account and profit and loss account.
- Outline the characteristics of fixed assets, current liabilities and current assets.