

Balance Sheet



lecture 6



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Balance Sheet

The balance sheet , sometimes referred to as the statement of financial position, reports the assets, liabilities, and stockholders' equity of a business enterprise at a specific date.

Usefulness of the Balance Sheet

1. Reports assets, liabilities, and equity at a specific date.
2. Provides information about resources, obligations to creditors, and equity in net resources.
3. Helps in predicting amounts, timing, and uncertainty of future cash flows.

Elements of the balance sheet

- 1- Assets
- 2- Liabilities
- 3- Owner's equity

Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Owners equity}$$

| <p style="text-align: center;">Balance Sheet</p> <p style="text-align: center;">Dec 31 , ...</p> | | | |
|--|-------|-----|------------|
| <p style="text-align: center;"><u>Assets</u></p> | | | |
| <p><u>Non-current assets:</u></p> | | | |
| <p>Property, plant, and equipment</p> | | | |
| Land | | | xxx |
| Building | xxx | | |
| Less: Accumulated depreciation— building | (xxx) | xxx | |
| Equipment | xxx | | |
| Less: Accumulated depreciation—equipment | (xxx) | xxx | |
| Furniture | xxx | | |
| Less: Accumulated depreciation—furniture | (xxx) | xxx | |
| Total Property, plant, and equipment | | | xxx |
| <p>Intangible assets:</p> | | | |
| Goodwill | | xxx | |
| Trademark | | xxx | |
| patent | | xxx | |
| Total intangible assets | | | xxx |
| <p>Long- term investments:</p> | | | |
| Long- term securities | | xxx | |
| Investment in real estate | | xxx | |
| Total long- term investments: | | | xxx |
| <u>Total non-current assets:</u> | | | xxx |

| | | | |
|--|--|-----|-------------------|
| <u>Current assets:</u> | | | |
| Cash | | XXX | |
| Accounts receivable | | XXX | |
| Notes receivable | | XXX | |
| Short-term investment | | XXX | |
| Merchandise inventory | | XXX | |
| Prepaid expenses | | XXX | |
| Accrued revenue | | XXX | |
| <u>Total Current assets</u> | | | XXX |
| <u>Liabilities and stockholder's equity</u> | | | |
| <u>Non-current liabilities:</u> | | | |
| Bonds payable | | XXX | |
| Long-term loans | | XXX | |
| <u>Total non-current liabilities</u> | | | XXX |
| <u>Current liabilities</u> | | | |
| Accounts payable | | XXX | |
| Notes payable | | XXX | |
| Short-term loans | | XXX | |
| Accrued interest on notes payable | | XXX | |
| Accrued salaries, wages, and other liabilities | | XXX | |
| Income taxes payable | | XXX | |
| Accrued expenses | | XXX | |
| <u>Total current liabilities</u> | | | <u>XXX</u> |
| <u>Total liabilities</u> | | | <u>XXX</u> |