

BALANCE SHEET

THE BIG PICTURE

Also known as the “Statement of Financial Condition”, or “Statement of Financial Position”, the Balance Sheet is a summary of the value of all assets, liabilities, and owner’s equity for an organization on a specific date(s). The purpose of a balance sheet is to provide important information about a company’s financial strength. It can provide information about a company’s ability to satisfy its creditors, manage inventory, and collect its receivables. Combined with data from the P&L, it can show how effectively a company utilizes its assets.

A balance sheet is often described as a “snapshot” of a company’s financial condition on a given date. Of the three basic financial statements discussed here, the balance sheet is the only statement which applies to a single point in time, instead of a period of time.

BASIC EQUATION

Assets = Liabilities + Equity

or

$$\begin{array}{r} \text{Assets} \\ - \text{Liabilities} \\ \hline \text{Equity} \end{array}$$

INDICATES

Financial strength

KEY MEASURES

- › Cash & Cash Equivalents
- › Current Assets
- › Total Assets
- › Current Liabilities
- › Total Liabilities
- › Shareholder’s Equity



For more information, refer to page 136 in *Seeing the Big Picture*.

AUSTIN'S CYCLE SHOP

CONSOLIDATED BALANCE SHEET

(In thousands, except per-share amounts)

As of December 31	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$827	\$580
Short-term investments	1,189	1,157
Accounts receivable	1,242	1,303
Inventories	652	362
Prepaid expenses and other current assets	705	412
TOTAL CURRENT ASSETS	4,615	3,814
Long-term investments	3,202	2,017
Property and equipment, net	2,913	1,969
Goodwill and other intangibles	10	0
Other assets	1,787	1,162
TOTAL ASSETS	12,527	8,962
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$361	\$250
Income taxes payable	576	411
Accrued payroll and related expenses	571	392
Other accrued liabilities	750	728
TOTAL CURRENT LIABILITIES	2,258	1,781
Long-term debt	343	143
TOTAL LIABILITIES	2,601	1,924
Shareholders' Equity:		
Common stock and additional paid-in capital, \$0.001 par value 5,400 shares authorized: 4,002 shares issued and outstanding in 2014 and 3,210 shares in 2013, 198 options outstanding	5,011	3,210
Retained earnings	4,915	3,828
TOTAL SHAREHOLDERS' EQUITY	9,926	7,038
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$12,527	\$8,962