

Chapter 1

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Financial Statements and Business Decisions

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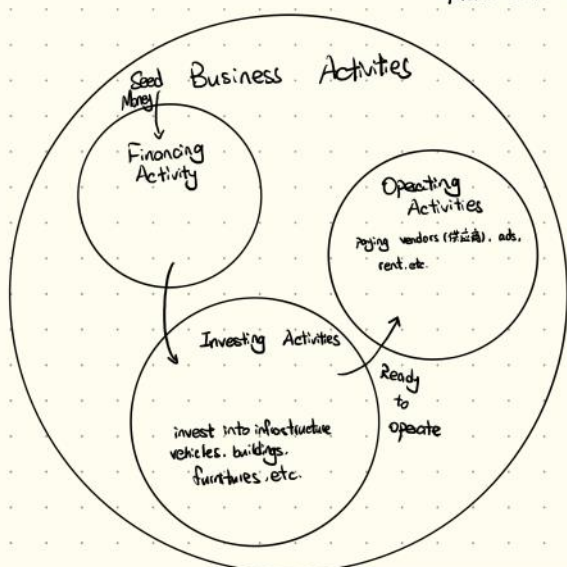
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Lecture Jan 19/2022

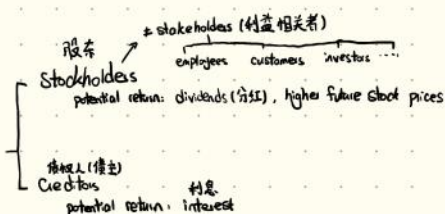
Intro to chapter 1

Sources of Financial Resources

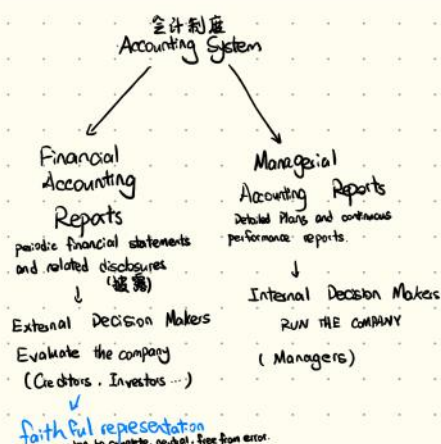


Assets are listed by ease of conversion to cash

Liabilities listed by maturity (due dates)



Financial Statement Heading
• Name of the entity (ASTD)
• Title of the statement (Balance Sheet)
• Specific date of the statement (Dec. 31, 2015)
• Unit of measure (1 million USD)



Another class: Managerial Accounting
• Detailed and specific to supervisor needs.

Four Basic Financial Statements
Each has notes - integral parts of financial statements.

Balance Sheet → snapshot

Reports the financial position (amount of assets, liabilities, and stockholder's equity) at a point in time.

Income Statement

reports the revenues less the expenses (R-E=NI) during the accounting period.

LE-NATURE'S INC. Balance Sheet At December 31, 2015 (in millions of dollars)	
Assets	Liabilities and stockholders' equity
Cash	Accounts payable
Accounts receivable	Notes payable to banks
Inventories	Total liabilities
Property, plant, and equipment	Stockholders' equity
Total assets	Common stock
	Retained earnings
	Total stockholders' equity
	Total liabilities and stockholders' equity

LE-NATURE'S INC. Income Statement For the Year Ended December 31, 2015 (in millions of dollars)	
Revenues	Expenses
Sales revenue	Cost of goods sold
	Selling, general, and administrative expenses
	Interest expense
	Income before income taxes
	Income tax expense
	Net income

$$\text{Assets (A)} = \text{Liabilities (L)} + \text{Stockholders' Equity (SE)}$$

Statement of Stockholders' Equity

reports Δ in each of the company's stockholders' equity accounts, including the Δ in the retained earnings balance (保留盈余/净利润) caused by net income and dividends during the reporting period.

- Common Stock
 - Amounts invested in the business by stockholders
- Retained Earnings
 - Post earnings not distributed to stockholders

LE-NATURE'S INC. Statement of Stockholders' Equity For the Year Ended December 31, 2015 (in millions of dollars)	
Common	Retained

Statement of Cash flows

reports inflows and outflows of cash during the accounting period in the categories of operating, investing and financing.

LE-NATURE'S INC. Statement of Cash Flows (Summary) For the Year Ended December 31, 2015 (in millions of dollars)	
Cash flows from operating activities	Cash flows from investing activities
	Cash flows from financing activities
Net increase (decrease) in cash	Cash balance December 31, 2014
Cash balance December 31, 2015	

LE-NATURE'S INC. Statement of Stockholders' Equity For the Year Ended December 31, 2015 (in millions of dollars)			Name of the entity Title of the statement Accounting period Unit of measure		Cash flows from investing activities (125.5) Cash flows from financing activities 47.0 Net increase (decrease) in cash 9.0 Cash balance December 31, 2014 1.6 Cash balance December 31, 2015 \$ 10.6		Cash flows from purchase/sale of plant, equipment, & investments Cash flows from investors and creditors Change in cash during the period Last period's cash on the balance sheet Ending cash on the balance sheet	
	Common Stock	Retained Earnings	Last period's ending balances Net income reported on the income statement Dividends declared during the period Ending balances on the balance sheet		The notes are an integral part of these financial statements.			
Balance December 31, 2014	\$55.7	\$43.1						
Net income for 2015		22.9						
Dividends for 2015		(2.0)						
Balance December 31, 2015	\$55.7	\$64.0						
The notes are an integral part of these financial statements.								

related to acquisition or sale of the company's plant and equipment and investments. Cash flows from the recipient or payment of money to investors and creditors.