

Chapter 1

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Financial Statements and Business Decisions

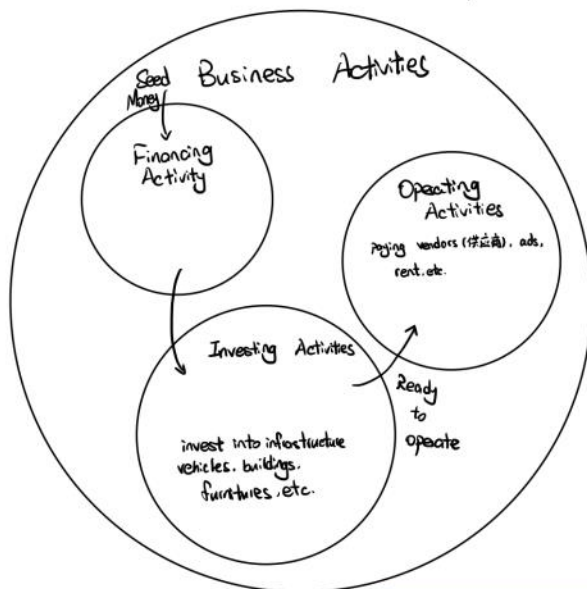
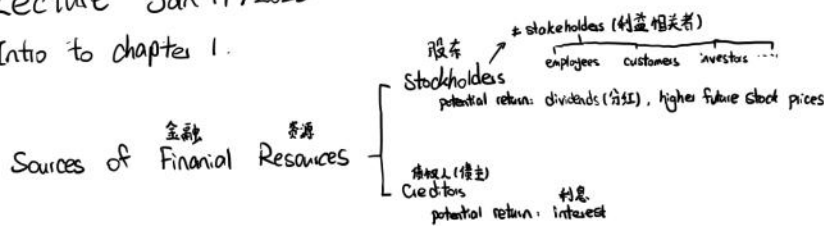
By Yunhao Cao, for UGBA 102A Spring 2022 by Prof. Gary Pieroni.

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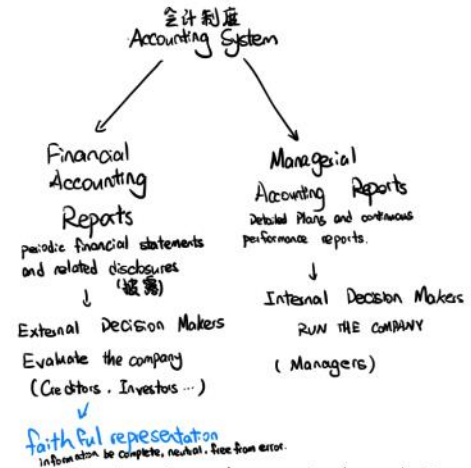
Lecture Jan 19/2022

Intro to chapter 1.



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)



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.

Assets are listed by ease of conversion to cash

Liabilities listed by maturity (due dates)

LE-NATURE'S INC.	
Balance Sheet	
At December 31, 2015	
(in millions of dollars)	
Assets:	
Cash	\$ 10.6
Accounts receivable	6.6
Inventories	51.2
Property, plant, and equipment	459.0
Total assets	\$527.4
Liabilities and stockholders' equity:	
Liabilities	
Accounts payable	\$ 26.0
Notes payable to banks	385.2
Total liabilities	411.2
Stockholders' equity	
Common stock	55.7
Retained earnings	64.0
Total stockholders' equity	119.7
Total liabilities and stockholders' equity	\$527.4

LE-NATURE'S INC.	
Income Statement	
For the Year Ended December 31, 2015	
(in millions of dollars)	
Revenues	
Sales revenue	\$275.1
Expenses	
Cost of goods sold	140.8
Selling, general, and administrative expenses	77.1
Interest expense	17.2
Income before income taxes	40.0
Income tax expense	17.1
Net income	\$ 22.9

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

Statement of Stockholders' Equity

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

- Common Stock
 - Amounts invested in the business by stockholders
- Retained Earnings
 - Profits earned not distributed to stockholders

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

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	\$ 87.5
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

Statement of Stockholders' Equity For the Year Ended December 31, 2015 (in millions of dollars)			Title of the statement Accounting period Unit of measure		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		The notes are an integral part of these financial statements.	
Balance December 31, 2014	\$55.7	\$43.1	Net income reported on the income statement		Net increase (decrease) in cash	
Net income for 2015		22.9	Dividends declared during the period		Cash balance December 31, 2014	9.0
Dividends for 2015		(2.0)	Ending balances on the balance sheet		Cash balance December 31, 2015	1.6
Balance December 31, 2015	\$55.7	\$64.0				\$ 10.6
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.