

Financial Statements

Balance Sheet:

This form reports on the company's assets, liability and owners equity. It also has a section for management discussion and analysis.

Assets = Liabilities + Equity

Equity = Assets - Liabilities

Equity : The value of a company after all liabilities (debts) are paid.

Assets : The tangible (equipment, buildings, etc) and intangible (intellectual property, etc) resources that a company has, that it can use to make money.

Liabilities : Debts or obligations owed to another party. Examples of liabilities include: accounts payable, loans, bonds, tax payable, etc. Liabilities are an indication of future payments that the company will have to pay off. Current liabilities are short term (needs to be paid within the year) and Non-current liabilities are long term (can be paid after one year).

**ABC Company
Balance Sheet
December 31, 2016**

Current Assets		Current Liabilities	
Cash	\$ 60,000	Accounts payable	\$ 5,000
Petty Cash	15,000	Wages payable	3,000
Investments	200,000	Interest payable	100,500
Supplies	4,000	Notes payable	2,600
Inventories	12,000	Income taxes payable	34,000
Accounts receivable	80,000	Unearned revenue	2,300
Prepaid insurance	3,600	Total Current Liabilities	147,400
Pre-paid expenses	1,500		
Total Current Assets	376,100		
Property, plant & equipment		Long-term Liabilities	
Equipment	200,000	Mortgage payable	40,000
Land	150,000	Notes payable	107,000
Buildings	350,000	Bonds payable	550,000
Leasehold improvements	40,000	Total	697,000
Less accumulated depreciation (Negative Val	-12,300		
Property, plant & equipment	727,700		
Intangible Assets		Stockholders' Equity	
Goodwill	43,000	Common stock	110,000
Trades name	20,000	Retained earnings	230,000
Patents	23,600	Accumulated other comprehensive income	6,000
Total Intangible Assets	86,600	Total Stockholders' Equity	346,000
Total Assets	\$ 1,190,400	Total Liabilities & Stockholder Equity	\$ 1,190,400

Cash flow statement:

Income statement (earning statement):

This form reports on the company's financial performance. This is the form where the earnings are disclosed. This form will show the company's:

- Revenue
- Expenses
- Net profit

ABC Company
Income Statement
For the year ended December 31, 2016

Revenue		\$	\$
Sales		350,000	
Interest Revenues		50,000	
Total Revenues			400,000
Expenses			
Salaries		105,000	
Rent		35,000	
Utilities		4,000	
Tax expenses		12,000	
Insurance		35,000	
Advertising Costs		20,000	
Total Expenses			211,000
Net Profit			189,000

This form reports on the company's cash flow (cash entering the company and cash exiting the company). Cash flow is divided into 3 parts, cash from:

- Core operations
- Investing component
- Financing component

ABC Company
Cash Flow Statement
For the year ended December 31, 2016

Cash Flow from Operating Activities

Net income	\$ 190,000
Add: depreciation expense	60,000
Increase in accounts receivable	- 50,000
Decease in inventory	32,000
Decease in accounts payable	- 34,000
Net Cash Flow from Operating Activities	198,000

Cash Flow from Investing Activities

Capital expenditures	- 50,000
Proceeds from sale of property	160,000
Net Cash Flow from Investing Activities	110,000

Cash Flow from Financing Activities

Borrowing	45,000
Repurchase of stock	- 215,000
Dividends	- 110,000
Net Cash Flow from Financing Activities	- 280,000

Net increase in cash	28,000
Cash at Beginning of the year	-
Cash at the end of the year	\$ 28,000
