



Module 1

The Language and Tools of Financial Analysis

The Balance Sheet 2: Liabilities (What the company owes)

Presenter: Paul Kofman



THE UNIVERSITY OF
MELBOURNE



BNY MELLON

Balance Sheet

Kellogg's 2014 (\$USD millions)

| | | | |
|--------|--------|-------------|--------|
| Assets | 15,153 | Liabilities | 12,302 |
| | | Equity | 2,851 |
| | 15,153 | | 15,153 |



Liabilities

Liabilities

| (\$USD millions) | 2014 | 2013 |
|--------------------------------------|---------------|---------------|
| Current liabilities | | |
| Current maturities of long-term debt | 607 | 289 |
| Notes payable | 828 | 739 |
| Accounts payable | 1,528 | 1,432 |
| Other current liabilities | 1,401 | 1,375 |
| Total current liabilities | 4,364 | 3,835 |
| Non-current liabilities | | |
| Long-term debt | 5,935 | 6,330 |
| Deferred income taxes | 726 | 928 |
| Pension liability | 777 | 277 |
| Other liabilities | 500 | 497 |
| Total Non-current Liabilities | 7,938 | 8,032 |
| Total liabilities | 12,302 | 11,867 |

Current Liabilities

Liabilities summarize what the company owes.

Some liabilities are short-term, that need to be repaid within one year:

Current liabilities

- accounts payable
- short-term debt
- current obligations on long-term debt



Accounts Payable

Invoice

| DESCRIPTION | TOTALS |
|------------------------|----------|
| LABOUR | |
| PARTS | |
| SHOP / ENVIROMENT | \$449.83 |
| SUBLET | \$226.49 |
| MISC CHARGES | \$47.98 |
| SUBTOTAL | \$0.00 |
| GST | \$0.00 |
| PST | \$724.30 |
| PLEASE PAY THIS AMOUNT | \$50.73 |
| | \$50.73 |
| | \$825.72 |

Short-term liability

Bank loans



Other liabilities are fixed or long-term debts:

- long-term debts
- pension liability
- other...

Bonds





Source list

- Slide 2: Consolidated Balance Sheet, © University of Melbourne. Prepared by Indika Lovell & Thomas Szoka. Sourced from data contained within Item 8. Financial Statements and Supplementary Date – Consolidated Balance Sheet, p 39 Kellogg Company Annual Report 2014, 25 February 2015 (http://investor.kelloggs.com/files/doc_financials/annual_reports/K_2014-Annual-Report_v001_q725z5.pdf).
- Slide 3: Liabilities & Balance Sheet, © University of Melbourne. Prepared by Indika Lovell & Thomas Szoka. Sourced from data contained within Item 8. Financial Statements and Supplementary Date – Consolidated Balance Sheet, p 39 Kellogg Company Annual Report 2014, 25 February 2015 (http://investor.kelloggs.com/files/doc_financials/annual_reports/K_2014-Annual-Report_v001_q725z5.pdf).
- Slide 5 / overlay: Please pay this amount by miguelb [CC BY 2.0 (<https://creativecommons.org/licenses/by/2.0/>)] (<https://flic.kr/p/Lx11>)
- Slide 6 / overlay: Cashing a Check by Myfuture.com [CC BY-ND 2.0 (<https://creativecommons.org/licenses/by-nd/2.0/>)] (<https://flic.kr/p/adTqBS>)
- Slide 8 / overlay: BabyBondLA By State of Louisiana (as detailed above) [Public domain], via Wikimedia Commons <http://commons.wikimedia.org/wiki/File%3ABabyBondLA.jpg>
- Additional overlay images sourced from: ©iStock.com/© DNY59; ©iStock.com/© joxxxxjo; ©iStock.com/arturchmiel ©iStock.com/webking.