



Mu Sigma

Balance Sheet

Assets, Liabilities and Shareholder's Equity

Do The Math

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Balance Sheet

	At December 31,	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$1,570,077	\$1,310,906
Short-term investments	1,293,681	1,121,358
Trade accounts receivable, net of allowances of \$25,816 and \$24,658, respectively	1,345,661	1,179,043
Unbilled accounts receivable	183,085	139,627
Deferred income tax assets, net	201,894	109,042
Other current assets	219,896	225,530
Total current assets	4,814,294	4,085,506
Property and equipment, net of accumulated depreciation of \$573,792 and \$455,506, respectively	971,486	758,034
Goodwill	309,185	288,772
Intangible assets, net	87,475	97,616
Deferred income tax assets, net	178,824	164,192
Other noncurrent assets	160,307	113,813
Total assets	<u>\$6,521,571</u>	<u>\$5,507,933</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 108,707	\$ 72,205
Deferred revenue	149,696	105,713
Accrued expenses and other current liabilities	1,118,927	1,031,787
Total current liabilities	1,377,330	1,209,705
Deferred income tax liabilities, net	2,777	3,339
Other noncurrent liabilities	287,081	342,003
Total liabilities	<u>1,667,188</u>	<u>1,555,047</u>
Commitments and contingencies (See Note 13)		
Stockholders' Equity:		
Preferred stock, \$.10 par value, 15,000 shares authorized, none issued	—	—
Class A common stock, \$.01 par value, 1,000,000 shares authorized, 301,680 and 303,106 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively	3,017	3,031
Additional paid-in capital	457,260	692,723
Retained earnings	4,633,789	3,582,526
Accumulated other comprehensive income (loss)	(239,683)	(325,394)
Total stockholders' equity	<u>4,854,383</u>	<u>3,952,886</u>
Total liabilities and stockholders' equity	<u>\$6,521,571</u>	<u>\$5,507,933</u>

Cash & Cash Equivalent's and Short term Investments

- ▶ Cash equivalents are assets that are readily convertible into cash, such as short-term government bonds and marketable securities.
- ▶ Cash equivalents are distinguished from other investments through their short-term existence;
- ▶ Another important condition a cash equivalent needs to satisfy is that the investment should have insignificant risk of change in value; thus, common stock cannot be considered a cash equivalent.

Accounts Receivable, Unbilled Revenue and other assets

- Billed accounts receivable represent amounts for which invoices have been sent to clients.
- Unbilled Revenue represent amounts recognized as revenue for which invoices have not yet been sent to clients.
- Other assets may include Travel Advances, Security deposits, loans given to employees etc.

Goodwill and Intangible Assets

- ▶ Goodwill often arise when one company is purchased by another company. In an acquisition, the amount paid for the company over book value usually accounts for the target firm's intangible assets.
- ▶ Goodwill is seen as an intangible asset on the balance sheet because it is not a physical asset like buildings or equipment. Goodwill typically reflects the value of intangible assets such as a strong brand name, good customer relations, good employee relations and any patents or proprietary technology.
- ▶ An Intangible asset that is not physical in nature. Corporate intellectual property (items such as patents, trademarks, copyrights, business methodologies), and brand recognition are all common intangible assets in today's marketplace.
- ▶ While intangible assets don't have the obvious physical value of a factory or equipment, they can prove very valuable for a firm and can be critical to its long-term success or failure. For example, a company such as Coca-Cola wouldn't be nearly as successful were it not for the high value obtained through its brand-name recognition. If P&G was to acquire Coca-cola, a huge premium would be paid on account of this

Fixed Assets

Types of Fixed Assets

- ▶ Computers
- ▶ Furniture and Fixture
- ▶ Vehicles
- ▶ Plant and Machinery
- ▶ Land and building

Accounts Payable and Deferred Revenue

- ▶ Accounts payable is money owed by a business to its suppliers shown as a liability on a company's balance sheet.
- ▶ Deferred revenue is a liability because it refers to revenue that has not yet been earned, but represents products or services that are owed to the customer. As the product or service is delivered over time, it is recognized as revenue on the income statement.
- ▶ Software companies generally have sizable amounts of deferred revenues on their balance sheets, typically representing license fees and annual maintenance charges.

Borrowings and Debentures

- ▶ Borrowings refer to loan taken from bank or other financial instruments which may pledged against assets.
- ▶ Debenture is a type of debt instrument that is not pledged against assets. Both corporations and governments frequently issue this type of bond in order to secure capital. Debentures are issued for a fixed tenure and carry a fixed rate of return.

Stock Holders Equity

- ▶ Comprises of:
- ▶ Preference shares
- ▶ Common stock
- ▶ Preferred stock is a stock which may have any combination of features not possessed by common stock including properties of both an equity and a debt instrument, and is generally considered a hybrid instrument. Preferred are senior (i.e. higher ranking) to common stock, but subordinate to bonds in terms of claim (or rights to their share of the assets of the company) and may have priority over common stock in the payment of dividends and upon liquidation.
- ▶ Common stock is a form of corporate equity ownership, a type of security. The terms "voting share" or "ordinary share" are also used frequently in other parts of the world. It is called "common" to distinguish it from preferred stock.
- ▶ If both types of stock exist, common stock holders cannot be paid dividends until all preferred stock dividends are paid in full.