The **balance sheet** is a statement of what the company owns (or has borrowed) in the form of assets and liabilities. It tracks the fundamental accounting equation: Assets = Liabilities + Equity.

Yummy Stuff Company: Balance Sheet	
Amount (in millions)	**2022**
Current assets:	
Cash and cash equivalents	$2,718
Accounts receivable	$1,468
Marketable securities	$1,648
Inventory	$1,306
Prepaid expenses	$766
Other current assets	$331
Total current assets:	**$8,237**
Non-current assets:	
Property, plant, and equipment (minus accumulated depreciation)	$4,311
Intangible assets	$20,417
Other non-current assets	$2,473
Total non-current assets:	**$27,201**
Total assets:	**$35,438**
Current liabilities:	
Accounts payable and accrued expenses	$1,428
Short-term debt	$492
Current maturities of long-term debt	$1,858
Accrued income taxes	$315
Other current liabilities	$455
Total current liabilities:	**$4,548**
Non-current liabilities:	
Accounts payable and accrued expenses	$15,246
Short-term debt	$733
Current maturities of long-term debt	$3,781
Total non-current liabilities:	**$19,760**
Total liabilities:	**$24,308**
Equity:	
Common stock	$5,720
Retained earnings	$23,622

Accumulated other comprehensive incomes (loss)	-$7,042
Total equity:	**$22,300**
Total liabilities and shareholders' equity:	**$46,608**

Assets are the physical and nonphysical resources owned by the company that adds a **positive** value to the balance sheet. They include things such as cash, real estate, and intangible assets such as trademarks, copyrights, and brand recognition.

Liabilities are similar to assets, but are resources that add **negative** value to the balance sheets. These are items such as loans, wages owed, or the purchase of another company.

Finally, **equity** is what would be left over if all of the company's assets were sold and debts were paid off (i.e., Equity = Assets - Liabilities).

Here's an example: You purchase a home worth $200,000 and take out a loan for $160,000. Your equity in the home would be the $40,000 down payment. The amount of your loan is fixed, so if the value of your house increases during the loan period, your **equity** would increase.

For those interested, there is also an expanded accounting equation that takes into account other features of a company's balance sheet.