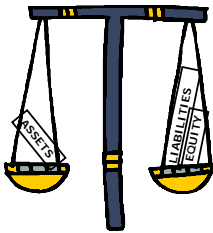


Slide 1

### 2.2 Balance Sheet

Objectives

- Definition
- Formats
- Assets accounts
- Liabilities accounts
- Equity accounts



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Slide 2

### Balance Sheet

Please pull up the Balancesheet.doc to refer to during the next 4 slides. In fact I recommend you print this document so that you can write on it as I talk.



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Slide 3

### Format

- Classified
  - Format where like assets and like liabilities are grouped together.
- Comparative
  - Like the Income Statement, a comparative statement is financial information provided for more than one year
- Consolidated
  - Often a company purchases several smaller companies and the resulting financial statements is a "consolidation" of all the financial statements of all the entities



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Slide 4

**Assets**



- Current Assets
  - Assets expected to be converted to cash or used up within one year
  - Cash & cash equivalents, Accounts Receivable
- Long-Term Investments
  - Investments in stocks and bonds of other companies that are normally held for many years
- Plant, Property & Equipment
  - Tangible or touchable assets used in the normal course of business.
- Intangible Assets
  - Assets that do not have physical substance but have great value to the organization. Some examples are copyrights, franchises, and trademarks

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Slide 5

**Liabilities**



- Current Liabilities
  - Obligations that need to be paid within the coming year
  - Accounts Payable, Wages Payable, Taxes payable
- Long term Liabilities
  - Obligations that will be paid after one year
  - Mortgage payable, Bonds payable, pension liabilities

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Slide 6

**Owners' Equity**

- Stock
  - Common Stock or Preferred Stock
  - Additional Paid in Capital
- Retained Earnings
  - Income retained for use in the business



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Slide 7

### Purpose

- Purpose
  - Provide information about the companies overall financial position
  - Give detailed information about assets, liabilities and stockholders' equity accounts



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Slide 8

### Problem 2 – Preparing an Classified Balance Sheet for Wix Inc. as of 12/31/03

Common Stock	195.30
Other Assets	5,513.80
Notes Payable – current	513.30
Current Maturities of long term debt	82.30
Other current assets	233.40
Cash and cash equivalent	231.80
Other long term liabilities	1,670.50
Retained Earnings	676.20
Accounts Payable	577.50
Other current liabilities	1034.50
Accounts receivable	762.30
Prepays, Net	2,952.80
Inventories	574.50
Long-term debt	5,619.00



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Slide 9

### Solution to Wix problem

- See WixIncsolution.doc



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