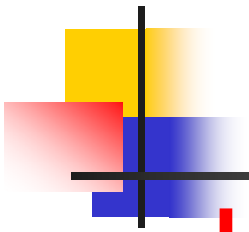


Financial Statements – the Annual Report

- Management Discussion
- Auditor's Report
- Consolidated Balance Sheet
- Consolidated Net Income
- Consolidated Statement of Stockholders Equity
- Consolidated Cash Flow Statements
- Notes to Accounts

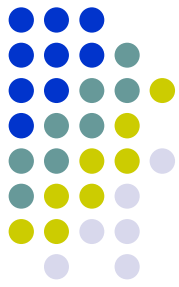


Balance Sheet: Liabilities

■ Long-Term Liabilities

Obligations usually expected to require payment over a period of time beyond one year.

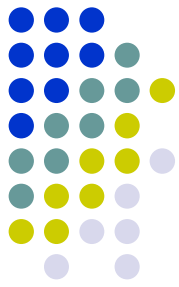
- Usually financing obligations, e.g., arising from issuance of bonds, long-term notes, and mortgages.
- The maturity date, the rate of interest, and any security pledged to support the borrowing agreement should be clearly shown.



Transactions and the Accounting Equation

Preview from Notesale.co.uk
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Cash	+	A/R	+	Equip.	=	L/P	+	C. Cap.	+	R/E
+10,000								+10,000		

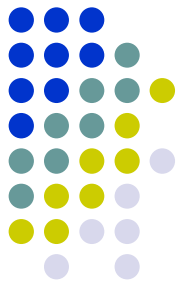


Transactions and the Accounting Equation

Preview from Notesale.co.uk
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Cash	+	A/R	+	Equip.	=	L/P	+	C. Cap.	+	R/E
+10,000								+10,000		
+ 3,000						+ 3,000				

Transactions and Accounting Equation



Preview from Notesale.co.uk
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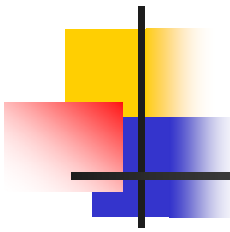
Cash	+	A/R	+	Equip.	+	L/P	+	C. Cap.	+	R/E
+10,000								+10,000		
+ 3,000						+ 3,000				
- 5,000				+ 5,000						
+ 8,000		+ 4,000								+12,000
- 9,000										- 9,000
- 1,000										- 1,000
6,000		4,000		5,000		3,000		10,000		+ 2,000



Home work problem: Initial Balance Sheet

Starting a Company

- (1) Issues 50,000 shares of \$10 par value common stock at par value for cash.
- (2) Acquires land and building costing \$225,000 with the payment of \$50,000 cash and the assumption of a 20-year, 8-percent mortgage for the balance.
- (3) Purchases a used crane for \$13,200 cash
- (4) Acquires raw materials costing \$8,600 on account.



Recording of transactions

Cash + OCA + P&E + ONCA = CL + NCL + SE

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)