

CONCEPT: THE FINANCIAL STATEMENTS

There are _____ main financial statements that are required by _____ and reported by companies:

- **Balance Sheet** – shows _____ and how they are financed at a _____

☐ _____ = _____ + _____

- **Income Statement** – shows the firm's _____ and _____ over a _____

☐ _____ - _____ = _____

- **Statement of Cash Flows** – shows how the firm's _____ changed over a _____

- **Statement of Stockholder's Equity** – shows how the firm's _____ changed over a _____

☐ Some small companies might just show a **Statement of Retained Earnings**

The financial statements follow a flow when being assembled:



Accounts are going to fall into one of _____ broad categories, it is important to be able to classify an account by its title

- Assets – _____

Cash and cash equivalents

Investments

Land

Equipment

Accounts "**Receivable**"

Prepaid Expenses

Machinery

Patents

Inventory

Buildings

Long-term Investments

- Liabilities – _____

Accounts "**Payable**"

Notes Payable

"**Accrued**" Expenses

Bonds Payable

Income Taxes "**Payable**"

Current Portion of LT Debt

- Equity – _____

Common Stock

Preferred Stock

Additional Paid-in Capital

Treasury Stock

Retained Earnings

- Revenue – _____

"**Sales**"

"**Revenue**"

Fees Earned

- Expenses – _____

"**Expense**"

PRACTICE: Label the following accounts as either Asset, Liability, Equity, Revenue, or Expense

Accounts Receivable		Accrued Expenses		Notes Payable	
Land		Common Stock		Retained Earnings	
Prepaid Expenses		Bonds Payable		Accounts Payable	
Marketable Securities		Additional Paid-in Capital		Unearned Revenue	
Machinery		Inventory		Supplies	
Customer Deposits		Cash		Investment in Apple Common Stock	
Treasury Stock		Preferred Stock		Restricted Cash	