

# The Balance Sheet

Assets =  
Liabilities + Owner's  
Equity



# Balance Sheet

- Financial statement reporting
  - Assets
  - Liabilities
  - Owner's equity
- Snapshot of a business's well-being on the day the statement was prepared

# Assets

- Anything that a business owns that has value
  - Cash
  - Accounts receivable
    - Money that customers owe you (have bought on credit) and will pay in the near future (approx 30 days)
  - Supplies
  - Trucks
  - Computers
  - Furniture
  - Land
  - Buildings

# Liabilities

- Money a business owes to a supplier or lender
  - Accounts payable
    - Debts of a business owed to creditors other than banks for the purchase of goods and services on credit
  - Bank loan payable
    - A loan from a bank
      - Main difference between these two things is that accounts payable are usually due within 30 days whereas bank loans can be held for longer periods

# Owner's Equity

- Assets of a business are bought with money that is borrowed or is invested in a business by the owner/ owner's
- Represents the owner's original investment plus profit that is made once debts are paid

# Basic Accounting Equation

- Assets = Liabilities + Owner's Equity

$$\text{\$10 000} = \text{\$3 000} + \text{\$7 000}$$