

# Introduction to Financial Statements: Balance Sheets

## C O N T E N T S

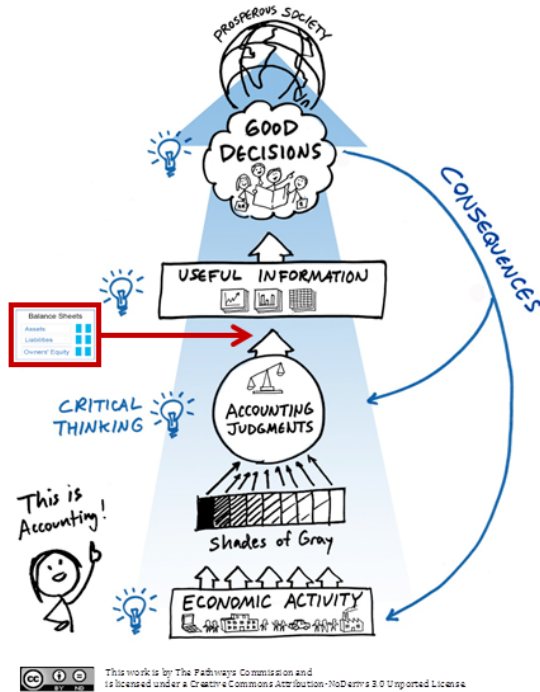
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## Questions Pertaining to Your Balance Sheets

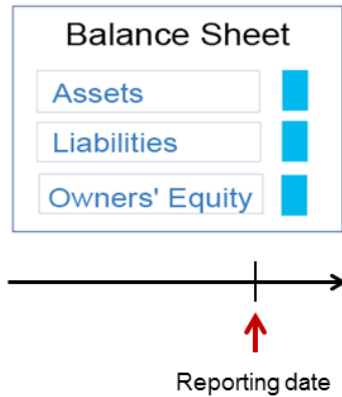
### Introduction to Financial Statements Balance Sheets



- What resources do you control today that arose from past activities and will benefit you in the future?
- Who has a claim on these resources?
- How might these resources affect decisions by you and others?
- How reliably can they be measured?

## Purpose of Balance Sheets

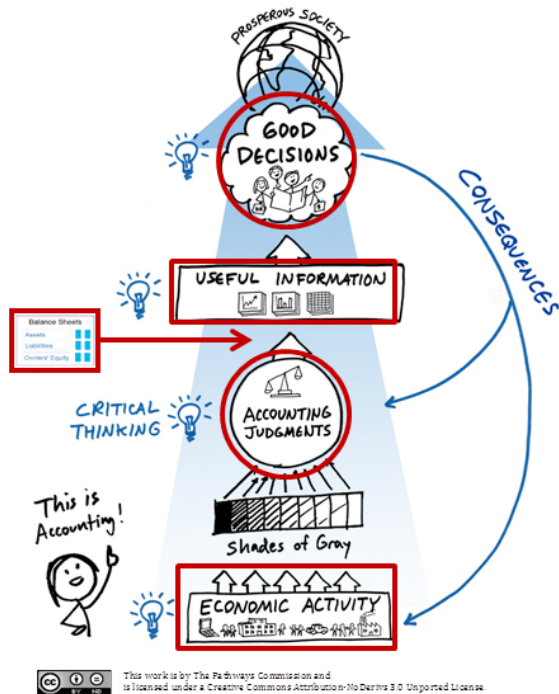
### Introduction to Financial Statements Balance Sheets



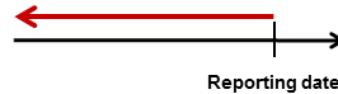
- Help assess a company's financial position at a reporting date by showing the resources it owns or controls, its assets, and the claims on these resources.
- Two types of claims:
  - Liabilities
  - Owners' equity
- To be recognized on balance sheets, assets and liabilities must be reliably measurable.

## Questions Pertaining to Real Company's Balance Sheets

### Introduction to Financial Statements Balance Sheets



- What resources does the company control at the reporting date that arose from past activities and will benefit its future?

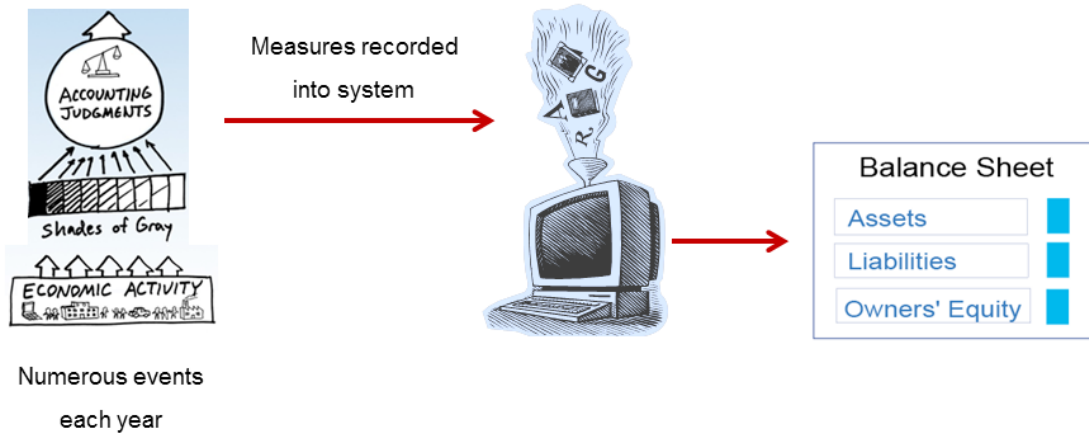


- What are its obligations on this date?
- What resources and obligations are recognized in its balance sheet as assets and liabilities?
- How reliably are they measured?
- How might stakeholders' assessments of the company's financial position and related risks affect their decisions?

Take-Aways

Introduction to Financial Statements  
Take-Aways

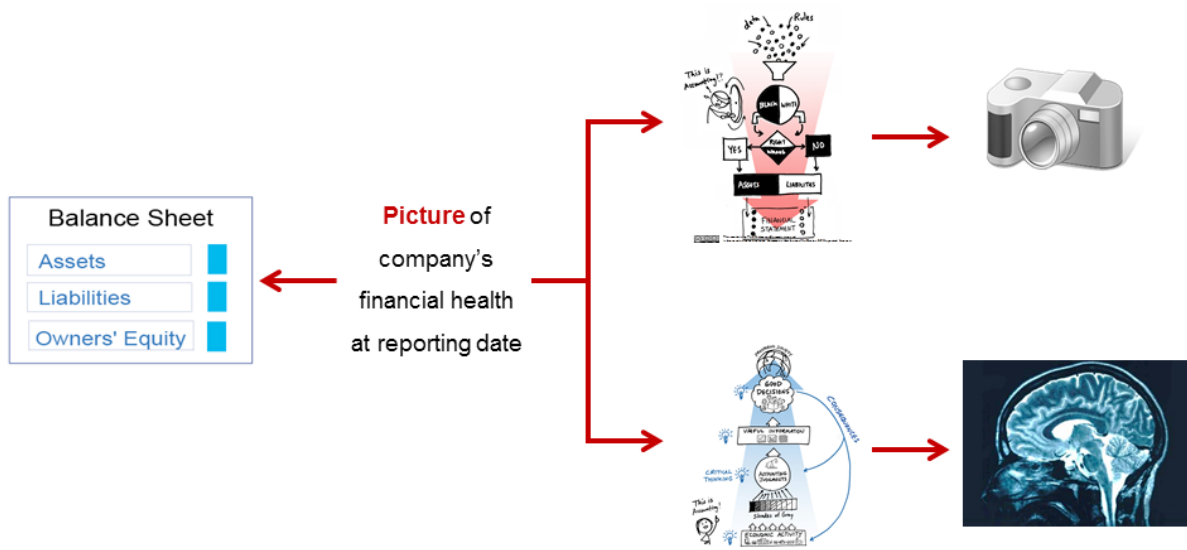
Companies use accounting systems to record, aggregate and report numerous measures of economic activities.



## Take-Aways

### Introduction to Financial Statements Take-Aways

A balance sheet is a fuzzy, but useful, picture of a company's financial health at a reporting date, if properly interpreted.



## Take-Aways

### Introduction to Financial Statements Take-Aways

Assets and liabilities have conceptual primacy over the elements in the other primary financial statements.

- Part 2 – Income statements
- Part 3 – Cash flow statements
- Part 4 – Statements of owners' equity