

## What's Behind the Numbers?

### Framing Record Keeping and Reporting



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## Agenda

- **Terms and concepts**
  - Top-down perspective
  - BSE matrix
  - R&R map
- **Take-aways**

# Top-down perspective

## What does an outsider see?

1. Primary elements
2. Major categories
3. Line items

BISCHOFF GLOBAL SPORTSWEAR STATEMENTS OF FINANCIAL POSITION		
December 31, 2013 and December 31, 2012		
(In Millions)	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$31	\$13
Accounts receivable, net	106	78
Inventories	147	103
Other current assets	229	178
<b>Total current assets</b>	<u>513</u>	<u>372</u>
<b>Non-current</b>		
Property, plant, and equipment, net	194	175
Other non-current assets	233	199
<b>Total non-current assets</b>	<u>427</u>	<u>374</u>
<b>Total assets</b>	<u>\$940</u>	<u>\$746</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	25	35
Other current liabilities	97	95
<b>Total current liabilities</b>	<u>122</u>	<u>130</u>
<b>Non-current</b>		
Long-term borrowings	105	60
Other non-current liabilities	100	70
<b>Total non-current liabilities</b>	<u>205</u>	<u>130</u>
<b>Total liabilities</b>	<u>327</u>	<u>260</u>
<b>Stockholders' equity</b>		
Share capital	253	214
Other stockholders' equity	360	272
<b>Total stockholders' equity</b>	<u>613</u>	<u>486</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$940</u>	<u>\$746</u>

Assets	[	Current Assets	[	Cash and cash equivalents	\$31
		\$513		Accounts receivable, net	106
+	]	Non-current Assets	[	Inventories	147
				\$427	Other current assets
=	]	Liabilities	[	Property, plant, and equipment, net	194
				\$327	Other non-current assets
+	]	Owners' Equity	[	Accounts payable	25
				\$613	Other current liabilities
]	]	+	[	Long-term borrowings	105
				\$205	Other non-current liabilities
]	]	]	[	Share capital	253
					Other stockholders' equity

# Top-down perspective

Assets	\$940	+	Current Assets	\$513	Cash and cash equivalents	\$31
					Accounts receivable, net	106
					Inventories	147
					Other current assets	229
			Non-current Assets	\$427	Property, plant, and equipment, net	194
					Other non-current assets	233
=						
Liabilities	\$327	+	Current Liabilities	\$122	Accounts payable	25
					Other current liabilities	97
			Non-current Liabilities	\$205	Long-term borrowings	105
					Other non-current liabilities	100
+					Share capital	253
Owners' Equity	\$613				Other stockholders' equity	360

BISCHOFF GLOBAL SPORTSWEAR CHART OF ACCOUNTS	
<b>ASSETS</b>	
<b>Current</b>	
AR	Accounts receivable
C	Cash and cash equivalents
Inven	Inventories
OCA	Other current assets
<b>Non-current</b>	
PPE	Property, plant, and equipment, net
ONCA	Other non-current assets
<b>LIABILITIES</b>	
<b>Current</b>	
AP	Accounts payable
OCL	Other current liabilities
<b>Non-current</b>	
LTD	Long-term debt
ONCL	Other non-current liabilities
<b>OWNERS' EQUITY</b>	
<b>Permanent</b>	
SCap	Share capital
OPOE	Other permanent owners' equity

Accounts are behind line items

# Top-down perspective

Assets	\$940	+	Current Assets	\$513	Cash and cash equivalents	\$31
					Accounts receivable, net	106
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					Other current assets	229
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			Non-current Liabilities	\$205	Long-term borrowings	105
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+						
Owners' Equity	\$613				Share capital	253
					Other stockholders' equity	360

Accounts' balances are behind reported numbers

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<b>ASSETS</b>	
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Accounts are behind line items

# Top-down perspective

Assets	\$940	Current Assets	\$513	Cash and cash equivalents	\$31
				Accounts receivable, net	106
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				Other current assets	229
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				Other non-current liabilities	100
		+ Owners' Equity	\$613	Share capital	253
				Other stockholders' equity	360

**BISCHOFF GLOBAL SPORTSWEAR CHART OF ACCOUNTS**

**ASSETS**

**Current**

AR	Accounts receivable
C	Cash and cash equivalents
Inven	Inventories
OCA	Other current assets

**Non-current**

PPE	Property, plant, and equipment, net
ONCA	Other non-current assets

**LIABILITIES**

**Current**

AP	Accounts payable
OCL	Other current liabilities

**Non-current**

LTD	Long-term debt
ONCL	Other non-current liabilities

**OWNERS' EQUITY**

**Permanent**

SCap	Share capital
OPOE	Other permanent owners' equity

Accounts' balances are behind reported numbers

Accounts are behind line items

Events and measures are behind accounts' balances

			<b>AP</b>	
<b>December 31, 2012</b>			<b>+ \$35</b>	← Beginning balance
<b>Events</b>	<b>E4</b>	<b>Purchased merchandise for resale</b>	<b>+ 80</b>	← Period measures
	<b>E5</b>	<b>Paid invoices due</b>	<b>- 225</b>	
	<b>Other period events</b>		<b>+ 135</b>	
<b>December 31, 2013</b>			<b>+ \$25</b>	← Ending balance

# Top-down perspective

Assets	\$940	+	Current Assets	\$513	Cash and cash equivalents	\$31
			Non-current Assets	\$427	Accounts receivable, net	106
=			Other current assets	229	Inventories	147
			Property, plant, and equipment, net	194	Other non-current assets	233
Liabilities	\$327	+	Current Liabilities	\$122	Accounts payable	25
			Non-current Liabilities	\$205	Other current liabilities	97
+ Owners' Equity	\$613		Long-term borrowings	105	Other non-current liabilities	100
			Other non-current liabilities	100	Share capital	253
			Other stockholders' equity	360		

BISCHOFF GLOBAL SPORTSWEAR CHART OF ACCOUNTS	
<b>ASSETS</b>	
<b>Current</b>	
AR	Accounts receivable
C	Cash and cash equivalents
Inven	Inventories
OCA	Other current assets
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<b>LIABILITIES</b>	
<b>Current</b>	
AP	Accounts payable
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LTD	Long-term debt
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<b>OWNERS' EQUITY</b>	
<b>Permanent</b>	
SCap	Share capital
OPOE	Other permanent owners' equity

Accounts' balances are behind reported numbers

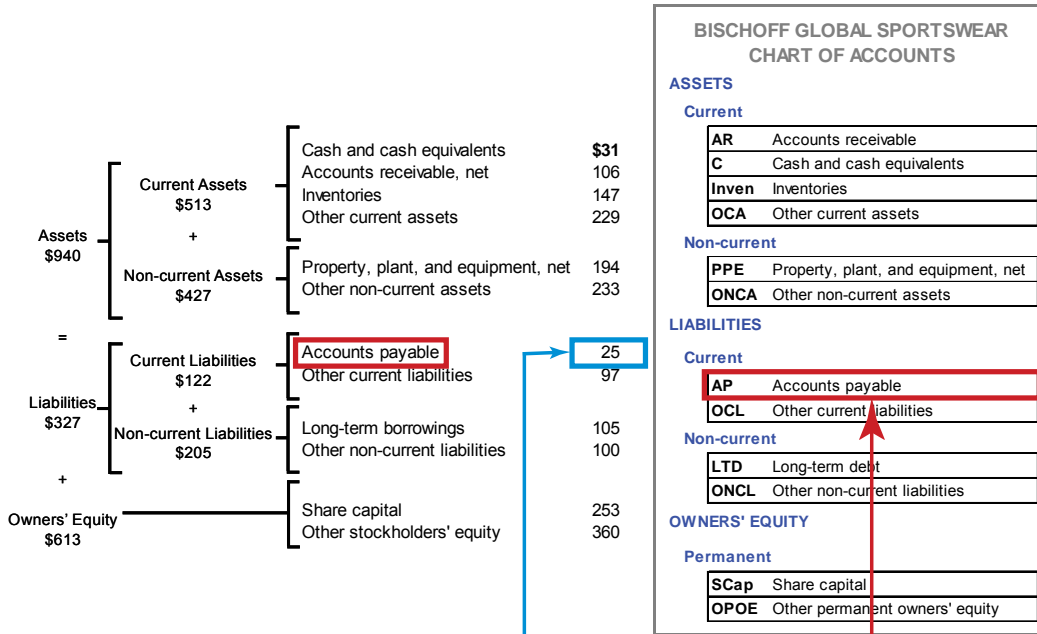
Accounts are behind line items

Events and measures are behind accounts' balances

			AP	
December 31, 2012			+ \$35	Beginning balance
Events	E4	Purchased merchandise for resale	+ 80	Period measures
	E5	Paid invoices due	- 225	
	Other period events		+ 135	
December 31, 2013			+ \$25	Ending balance

Entries are behind measures in accounts

# Top-down perspective



Accounts' balances are behind reported numbers

Accounts are behind line items

Events and measures are behind accounts' balances

			AP
December 31, 2012			+ \$35
Events	E4	Purchased merchandise for resale	+ 80
	E5	Paid invoices due	- 225
	Other period events		+ 135
December 31, 2013			+ \$25

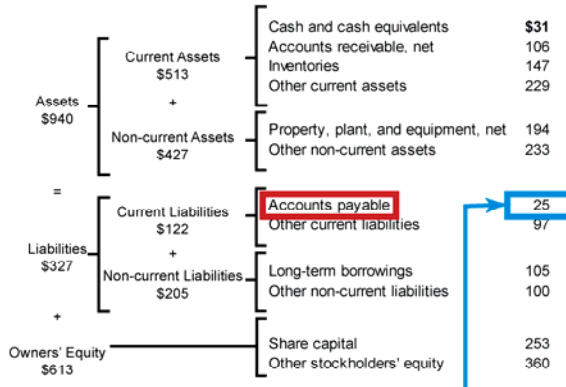
Entries are behind measures in accounts

Recognition and measurement judgments are behind entries



# Top-down perspective

BISCHOFF GLOBAL SPORTSWEAR STATEMENTS OF FINANCIAL POSITION		
December 31, 2013 and December 31, 2012		
(In Millions)	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$31	\$11
Accounts receivable, net	106	78
Inventories	147	103
Other current assets	229	178
<b>Total current assets</b>	<b>\$513</b>	<b>\$370</b>
<b>Non-current</b>		
Property, plant, and equipment, net	194	175
Other non-current assets	233	189
<b>Total non-current assets</b>	<b>\$427</b>	<b>\$364</b>
<b>Total assets</b>	<b>\$940</b>	<b>\$734</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	25	35
Other current liabilities	97	85
<b>Total current liabilities</b>	<b>\$122</b>	<b>\$120</b>
<b>Non-current</b>		
Long-term borrowings	105	80
Other non-current liabilities	100	70
<b>Total non-current liabilities</b>	<b>\$205</b>	<b>\$150</b>
<b>Total liabilities</b>	<b>\$327</b>	<b>\$270</b>
<b>Stockholders' equity</b>		
Share capital	253	214
Other stockholders' equity	360	272
<b>Total stockholders' equity</b>	<b>\$613</b>	<b>\$464</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$940</b>	<b>\$734</b>



BISCHOFF GLOBAL SPORTSWEAR CHART OF ACCOUNTS	
<b>ASSETS</b>	
<b>Current</b>	
AR	Accounts receivable
C	Cash and cash equivalents
Inven	Inventories
OCA	Other current assets
<b>Non-current</b>	
PPE	Property, plant, and equipment, net
ONCA	Other non-current assets
<b>LIABILITIES</b>	
<b>Current</b>	
AP	Accounts payable
OCL	Other current liabilities
<b>Non-current</b>	
LTD	Long-term debt
ONCL	Other non-current liabilities
<b>OWNERS' EQUITY</b>	
<b>Permanent</b>	
SCap	Share capital
OPOE	Other permanent owners' equity

- What does an outsider see?**
1. Primary elements
  2. Major categories
  3. Line items
- What's behind the numbers?**
4. Accounts
  5. Entries
    - Events
    - Measures
  6. Judgments
    - Recognition
    - Measurement
    - Classification
    - Disclosure

Accounts' balances are behind reported numbers

Events and measures are behind accounts' balances

Accounts are behind line items

		AP	
December 31, 2012		+ \$35	← Beginning balance
Events	E4 Purchased merchandise for resale	+ 80	← Period measures
	E5 Paid invoices due	- 225	
	Other period events	+ 135	
December 31, 2013		+ \$25	← Ending balance

Entries are behind measures in accounts

Recognition and measurement judgments are behind entries

# BSE matrix

		Assets							=	Liabilities					=	Owners' Equity	
		Current				Non-current			=	Current			Non-current		Permanent		
		C	AR	Inven	OCA	PPE	ONCA	=	AP	OCL	LTD	ONCL	SCap	OPOE			
December 31, 2012		+ \$13	+ \$78	+ \$103	+ \$178	+ \$175	+ \$199	=	+ \$35	+ \$95	+ \$60	+ \$70	+ \$214	+ \$272			
Period Entries	E1	Issued share capital for cash	+ 10					=					+ 10				
	E2	Issued non-current debt for cash	+ 10					=			+ 10						
	E3	Purchased PP&E with cash	- 20				+ 20	=									
	E4	Purchased merchandise for resale			+ 80			=	+ 80								
	E5	Paid invoices due	- 225					=	- 225								
	Other period entries		+ 243	+ 28	- 36	+ \$51	- 1	+ 34	=	+ 135	+ \$2	+ 35	+ 30	+ 29	- 25		
December 31, 2013		+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$233	=	+ \$25	+ \$97	+ \$105	+ \$100	+ \$253	+ \$360			

# BSE matrix

		Assets						=	Liabilities				=	Owners' Equity	
		Current				Non-current		=	Current		Non-current		Permanent		
		C	AR	Inven	OCA	PPE	ONCA	=	AP	OCL	LTD	ONCL	SCap	OPOE	
December 31, 2012		+	+	+	+	+	+	+	+	+	+	+	+	+	+
		\$13	\$78	\$103	\$178	\$175	\$199	=	\$35	\$95	\$60	\$70	\$214	\$272	
Period Entries	E1	Issued share capital for cash	+	+	+	+	+	=	+	+	+	+	+	+	+
	E2	Issued non-current debt for cash	+	+	+	+	+	=	+	+	+	+	+	+	+
	E3	Purchased PP&E with cash	+	-	+	+	+	+	=	+	+	+	+	+	+
	E4	Purchased merchandise for resale	+	+	+	+	+	+	=	+	+	+	+	+	+
	E5	Paid invoices due	+	-	+	+	+	+	=	-	+	+	+	+	+
		Other period entries	+	+	-	+	-	+	=	+	+	+	+	+	-
December 31, 2013		+	+	+	+	+	+	=	+	+	+	+	+	+	+
		\$31	\$106	\$147	\$229	\$194	\$233	=	\$25	\$97	\$105	\$100	\$253	\$360	

## BSE Matrix Elements

- Header
  - Primary elements
  - Major categories
  - Accounts

# BSE matrix

		Assets							=	Liabilities					+	Owners' Equity		
		Current				+	Non-current		=	Current			+	Non-current		+	Permanent	
		C	AR	Inven	OCA	+	PPE	ONCA	=	AP	OCL	LTD	ONCL	+	SCap	OPOE		
December 31, 2012		+ \$13	+ \$78	+ \$103	+ \$178	+ \$175	+ \$199	=	+ \$35	+ \$95	+ \$60	+ \$70	+	+ \$214	+ \$272			
Period Entries	E1	Issued share capital for cash	+ 10					=							+ 10			
	E2	Issued non-current debt for cash	+ 10					=			+ 10							
	E3	Purchased PP&E with cash	- 20				+ 20	=										
	E4	Purchased merchandise for resale			+ 80			=	+ 80									
	E5	Paid invoices due	- 225					=	- 225									
Other period entries		+ 243	+ 28	- 36	+ \$51	- 1	+ 34	=	+ 135	+ \$2	+ 35	+ 30	+	+ 29	- 25			
December 31, 2013		+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$233	=	+ \$25	+ \$97	+ \$105	+ \$100	+	+ \$253	+ \$360			

## BSE Matrix Elements

- Header
  - Primary elements
  - Major categories
  - Accounts
- Columns
  - Accounts
  - Account signs
  - Equal sign

# BSE matrix

		Assets							=	Liabilities				+	Owners' Equity												
		Current				+	Non-current			=	Current		+	Non-current		+	Permanent										
		+	C	+	AR	+	Inven	+	OCA	+	PPE	+	ONCA	=	+	AP	+	OCL	+	LTD	+	ONCL	+	SCap	+	OPOE	
<b>December 31, 2012</b>		+	<b>\$13</b>	+	<b>\$78</b>	+	<b>\$103</b>	+	<b>\$178</b>	+	<b>\$175</b>	+	<b>\$199</b>	=	+	<b>\$35</b>	+	<b>\$95</b>	+	<b>\$60</b>	+	<b>\$70</b>	+	<b>\$214</b>	+	<b>\$272</b>	
<b>Period Entries</b>	E1	Issued share capital for cash	+	+ 10	+		+		+		+		+		+		+		+		+		+	+ 10	+		
	E2	Issued non-current debt for cash	+	+ 10	+		+		+		+		+		+		+		+	+ 10	+		+		+		
	E3	Purchased PP&E with cash	+	- 20	+		+		+	+ 20	+		+		+		+		+		+		+		+		
	E4	Purchased merchandise for resale	+		+		+	+ 80	+		+		+		+	+ 80	+		+		+		+		+		
	E5	Paid invoices due	+	- 225	+		+		+		+		+		+	- 225	+		+		+		+		+		
		Other period entries	+	+ 243	+	+ 28	+	- 36	+	<b>+\$51</b>	+	- 1	+	+ 34	+		+	+ 135	+	<b>+\$2</b>	+	+ 35	+	+ 30	+	+ 29	+
<b>December 31, 2013</b>		+	<b>\$31</b>	+	<b>\$106</b>	+	<b>\$147</b>	+	<b>\$229</b>	+	<b>\$194</b>	+	<b>\$233</b>	=	+	<b>\$25</b>	+	<b>\$97</b>	+	<b>\$105</b>	+	<b>\$100</b>	+	<b>\$253</b>	+	<b>\$360</b>	

## BSE Matrix Elements

- Header
  - Primary elements
  - Major categories
  - Accounts
- Columns
  - Accounts
  - Account signs
  - Equal sign
- Rows
  - Beginning balances
  - Entries
  - Ending balances

# BSE matrix

		Assets						=	Liabilities				+	Owners' Equity	
		Current				Non-current		=	Current		Non-current		+	Permanent	
		C	AR	Inven	OCA	PPE	ONCA	=	AP	OCL	LTD	ONCL	+	SCap	OPOE
December 31, 2012		+ \$13	+ \$78	+ \$103	+ \$178	+ \$175	+ \$199	=	+ \$35	+ \$95	+ \$60	+ \$70	+ \$214	+ \$272	
Period Entries	E1	Issued share capital for cash	+ 10					=					+ 10		
	E2	Issued non-current debt for cash	+ 10					=			+ 10				
	E3	Purchased PP&E with cash	- 20				+ 20	=							
	E4	Purchased merchandise for resale			+ 80			=	+ 80						
	E5	Paid invoices due	- 225					=	- 225						
Other period entries		+ 243	+ 28	- 36	+ \$51	- 1	+ 34	=	+ 135	+ \$2	+ 35	+ 30	+ 29	- 25	
December 31, 2013		+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$233	=	+ \$25	+ \$97	+ \$105	+ \$100	+ \$253	+ \$360	

## BSE Matrix Elements

- Header
  - Primary elements
  - Major categories
  - Accounts
- Columns
  - Accounts
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  - Equal sign
- Rows
  - Beginning balances
  - Entries
  - Ending balances
- Entry cells
  - Measures
  - Entry signs

## Record-Keeping & Reporting Map (Phase 1)

		Assets							=	Liabilities					+	Owners' Equity	
		Current				Non-current			=	Current			Non-current		+	Permanent	
		C	AR	Inven	OCA	PPE	ONCA	=	AP	OCL	LTD	ONCL	+	SCap	OPOE		
December 31, 2012		+ \$13	+ \$78	+ \$103	+ \$178	+ \$175	+ \$199	=	+ \$35	+ \$95	+ \$60	+ \$70	+	+ \$214	+ \$272		
Period Entries	E1	Issued share capital for cash	+ 10					=					+	+ 10			
	E2	Issued non-current debt for cash						=			+ 10		+				
	E3	Purchased PP&E with cash	- 20				+ 20	=					+				
	E4	Purchased merchandise for resale			+ 80			=	+ 80				+				
	E5	Paid invoices due	- 225					=	- 225				+				
	Other period entries		+ 243	+ 28	- 36	+ \$51	- 1	+ 34	=	+ 135	+ \$2	+ 35	+ 30	+	+ 29	- 25	
December 31, 2013		+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$233	=	+ \$25	+ \$97	+ \$105	+ \$100	+	+ \$253	+ \$360		

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<b>Total assets</b>	<b>\$940</b>	<b>\$746</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
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<b>Total liabilities</b>	<b>327</b>	<b>260</b>
<b>Stockholders' equity</b>		
Share capital	253	214
Other stockholders' equity	360	272
<b>Total stockholders' equity</b>	<b>613</b>	<b>486</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$940</b>	<b>\$746</b>

# R&R map

## Insiders' perspective

- Observes events
- Makes recognition decisions
- Makes measurement decisions
- Records entries
- Determines ending balances
- Makes disclosure decisions
- Creates balance sheets

	Assets							Liabilities					Owners' Equity	
	Current				Non-current			Current		Non-current			Permanent	
	C	AR	Inven	OCA	PPE	ONCA	AP	OCL	LTD	ONCL	SCap	OPOE		
December 31, 2012	+ \$13	+ \$78	+ \$103	+ \$178	+ \$175	+ \$199	+ \$35	+ \$95	+ \$60	+ \$70	+ \$214	+ \$272		
<b>E1</b>	+ 10										+ 10			
<b>E2</b>	+ 10								+ 10					
<b>E3</b>	- 20				+ 20									
<b>E4</b>			+ 80				+ 80							
<b>E5</b>	- 225						- 225							
Other period entries	+ 243	+ 28	- 36	+ \$51	- 1	+ 34	+ 135	+ \$2	+ 35	+ 30	+ 29	- 25		
December 31, 2013	+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$223	+ \$25	+ \$97	+ \$105	+ \$100	+ \$253	+ \$346		

BISCHOFF GLOBAL SPORTSWEAR  
STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and December 31, 2012

(In Millions)

	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$31	\$13
Accounts receivable, net	106	78
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Property, plant, and equipment, net	194	175
Other non-current assets	233	199
<b>Total non-current assets</b>	<b>427</b>	<b>374</b>
<b>Total assets</b>	<b>\$940</b>	<b>\$746</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	25	35
Other current liabilities	97	95
<b>Total current liabilities</b>	<b>122</b>	<b>130</b>
<b>Non-current</b>		
Long-term borrowings	105	60
Other non-current liabilities	100	70
<b>Total non-current liabilities</b>	<b>205</b>	<b>130</b>
<b>Total liabilities</b>	<b>327</b>	<b>260</b>
<b>Stockholders' equity</b>		
Share capital	253	214
Other stockholders' equity	390	272
<b>Total stockholders' equity</b>	<b>\$613</b>	<b>\$486</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$940</b>	<b>\$746</b>



# R&R map

## Outsiders' perspective

- Observe and analyze primary elements
- Observe and analyze major categories
- Observe and analyze line items
- Envision accounts behind line items
- Envision structure of related entries
- Identify other line items and footnotes affected by entries and search for related information
- Qualitatively gauge measures
- When possible, recreate entries and determine their ratio effects
- Envision measurement and recognition judgments behind reported numbers and assess confidence in them

	Assets						Liabilities				Owners' Equity	
	Current			Non-current			Current		Non-current		Permanent	
	C	AR	Inven	OCA	PPE	ONCA	AP	OCL	LTD	ONCL	SCap	OPOE
December 31, 2012	+ \$13	+ \$76	+ \$103	+ \$178	+ \$175	+ \$199	+ \$35	+ \$95	+ \$80	+ \$70	+ \$214	+ \$272
Period Entries:												
Ⓔ Issued share capital for cash	+ 10										+ 10	
Ⓔ Issued non-current debt for cash	+ 10								+ 10			
Ⓔ Purchased PP&E with cash	+ 20				+ 20							
Ⓔ Purchased merchandise for resale			+ 80									
Ⓔ Paid invoices due	+ 225						+ 225					
Other period entries	+ 243	+ 28	- 36	+ \$51	- 1	+ 34	+ 135	+ \$2	+ 35	+ 30	+ 29	- 25
December 31, 2013	+ \$31	+ \$106	+ \$147	+ \$229	+ \$194	+ \$233	+ \$25	+ \$97	+ \$105	+ \$100	+ \$283	+ \$360

BISCHOFF GLOBAL SPORTSWEAR  
STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and December 31, 2012

(in Millions)

	2013	2012
<b>Assets</b>		
Current		
Cash and cash equivalents	\$31	\$13
Accounts receivable, net	106	76
Inventories	147	103
Other current assets	229	178
Total current assets	\$513	\$372
Non-current		
Property, plant, and equipment, net	194	175
Other non-current assets	233	199
Total non-current assets	\$427	\$374
Total assets	\$940	\$746
<b>Liabilities and Stockholders' Equity</b>		
Liabilities		
Current		
Accounts payable	25	35
Other current liabilities	95	65
Total current liabilities	\$122	\$100
Non-current		
Long-term borrowings	105	60
Other non-current liabilities	100	70
Total non-current liabilities	\$205	\$130
Total liabilities	\$327	\$230
Stockholders' equity		
Share capital	253	214
Other stockholders' equity	350	272
Total stockholders' equity	\$603	\$486
Total liabilities and stockholders' equity	\$940	\$746

# Take aways

## What should you know?

		Assets							=	Liabilities					+	Owners' Equity											
		Current				+	Non-current		=	Current		+	Non-current		+	Permanent											
		+	C	+	AR	+	Inven	+	OCA	+	PPE	+	ONCA	=	+	AP	+	OCL	+	LTD	+	ONCL	+	SCap	+	OPOE	
December 31, 2012		+	+\$13	+	+\$78	+	+\$103	+	+\$178	+	+\$175	+	+\$199	=	+	+\$35	+	+\$95	+	+\$60	+	+\$70	+	+\$214	+	+\$272	
Period Entries	E1	Issued share capital for cash	+	+ 10	+		+		+		+		+		=	+		+		+		+		+	+ 10	+	
	E2	Issued non-current debt for cash	+	+ 10	+		+		+		+		+		=	+		+		+	+ 10	+		+		+	
	E3	Purchased PP&E with cash	+	- 20	+		+		+	+ 20	+		+		=	+		+		+		+		+		+	
	E4	Purchased merchandise for resale	+		+		+	+ 80	+		+		+		=	+	+ 80	+		+		+		+		+	
	E5	Paid invoices due	+	- 225	+		+		+		+		+		=	+	- 225	+		+		+		+		+	
Other period entries		+	+ 243	+	+ 28	+	- 36	+	+\$51	+	- 1	+	+ 34	=	+	+ 135	+	+\$2	+	+ 35	+	+ 30	+	+ 29	+	- 25	
December 31, 2013		+	+\$31	+	+\$106	+	+\$147	+	+\$229	+	+\$194	+	+\$233	=	+	+\$25	+	+\$97	+	+\$105	+	+\$100	+	+\$253	+	+\$360	

### BSE Matrix Elements

- Header
  - Primary elements
  - Major categories
  - Accounts
- Columns
  - Accounts
  - Account signs
  - Equal sign
- Rows
  - Beginning balances
  - Entries
  - Ending balances
- Entry cells
  - Measures
  - Entry signs

# Take-aways

## What should you know?

### Insiders' perspective

- Observes events
- Makes recognition decisions
- Makes measurement decisions
- Records entries
- Determines ending balances
- Makes disclosure decisions
- Creates balance sheets

	Assets						Liabilities						Owners' Equity		
	Current	Non-current	Current	Non-current	Permanent	Permanent	Current	Non-current	Permanent	Permanent	Permanent	Permanent			
01. Issued shares capital for cash	1.16														
02. Issued non-current assets for cash	1.16														
03. Purchased PPE with cash	1.16														
04. Purchased merchandise for credit															
05. Paid liabilities due															
<b>December 31, 2019</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>

BISSHOFF GLOBAL SPORTWEAR  
STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and December 31, 2018

	2019	2018
<b>Assets</b>		
Current		
Cash and cash equivalents	112	112
Accounts receivable, net	110	110
Inventory	110	110
Other current assets	110	110
<b>Total current assets</b>	<b>442</b>	<b>442</b>
Non-current		
Property, plant, and equipment, net	110	110
Other non-current assets	110	110
<b>Total non-current assets</b>	<b>220</b>	<b>220</b>
<b>Total assets</b>	<b>662</b>	<b>662</b>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities		
Current		
Accounts payable	110	110
Other current liabilities	110	110
<b>Total current liabilities</b>	<b>220</b>	<b>220</b>
Non-current		
Long-term borrowings	110	110
Other non-current liabilities	110	110
<b>Total non-current liabilities</b>	<b>220</b>	<b>220</b>
<b>Total liabilities</b>	<b>440</b>	<b>440</b>
Shareholders' equity		
Share capital	110	110
Other shareholders' equity	110	110
<b>Total shareholders' equity</b>	<b>220</b>	<b>220</b>
<b>Total liabilities and shareholders' equity</b>	<b>662</b>	<b>662</b>

### Outsiders' perspective

- Observe and analyze primary elements
- Observe and analyze major categories
- Observe and analyze line items
- Envision accounts behind line items
- Envision structure of related entries
- Identify other line items and footnotes affected by entries and search for related information
- Qualitatively gauge measures
- When possible, recreate entries and determine their ratio effects
- Envision measurement and recognition judgments behind reported numbers and assess confidence in them

# Take-aways

Where are we heading?

## Record-Keeping & Reporting Map

	Assets													Liabilities										Owners' Equity									
	Current						Non-current							Current					Non-current					Permanent					Comprehensive Income				
	C	CC	Inv	PP&E	OCIA	PP&E	Net PP&E	OCIA	PP&E	OCIA	AP	Accr	DivP	OCIA	LTD	OCIA	SCap	RE	OP&E	Rev	Exp	Div	OCIA	ANGL	OCIA	OCIA							
December 31, 2012	+ \$53	+ \$5	+ \$15	+ \$25	+ \$150	+ \$220	+ \$45	+ \$150	+ \$150	+ \$35	+ \$25	+ \$7	+ \$35	+ \$50	+ \$70	+ \$214	+ \$239	+ \$33	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5								
Operating																																	
Investing																																	
Financing																																	
December 31, 2013	+ \$51	+ \$56	+ \$17	+ \$15	+ \$200	+ \$254	+ \$15	+ \$200	+ \$150	+ \$25	+ \$14	+ \$12	+ \$15	+ \$100	+ \$100	+ \$253	+ \$309	+ \$51	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5	+ \$5								

### BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CASH FLOWS (Direct format)

For years ended December 31, 2012 and 2013

(In Millions)	2013	2012
<b>Cash flows from operating activities</b>		
Receipts from customers	\$480	\$380
Payments related to operations:		
Paid invoices due	(225)	(201)
Other payments related to operations	(136)	(124)
Total	(361)	(325)
Other operating cash flows	(23)	(30)
Net cash provided by (used in) operations	96	25
<b>Cash flows from investing activities</b>		
Payments for property, plant, and equipment	(20)	(17)
Other investing cash flows	(65)	(23)
Net cash provided by (used in) investing activities	(85)	(40)
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	7	7
Proceeds from borrowings	10	9
Other financing cash flows	(15)	(14)
Net cash provided by (used in) financing activities	2	2
Net increase (decrease) in cash during year	13	24
Other	2	2
Cash and Cash equivalents at start of year	13	24
Cash and Cash equivalents at end of year	\$31	\$13

### BISCHOFF GLOBAL SPORTSWEAR STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and December 31, 2012

(In Millions)	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$31	\$13
Accounts receivable, net:		
Gross receivables	111	81
Less provision for bad debts	(5)	(3)
Net	106	78
Accounts receivable, net	106	78
Inventories	147	103
Prepaid expenses	10	20
Other current assets	219	158
<b>Total current assets</b>	513	372
<b>Non-current</b>		
Property, plant, and equipment:		
Historical cost of PP&E	264	220
Less accumulated depreciation	(70)	(45)
Net	194	175
Other non-current assets	233	199
<b>Total non-current assets</b>	427	374
<b>Total assets</b>	\$940	\$746
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	25	35
Accrued liabilities	14	20
Dividends payable	12	7
Other current liabilities	71	68
<b>Total current liabilities</b>	122	130
<b>Non-current</b>		
Long-term borrowings	105	60
Other non-current liabilities	100	70
<b>Total non-current liabilities</b>	205	130
<b>Total liabilities</b>	327	260
<b>Stockholders' equity</b>		
Share capital	253	214
Retained earnings	309	239
Reserves	51	33
<b>Total stockholders' equity</b>	613	486
<b>Total liabilities and stockholders' equity</b>	\$940	\$746

### BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF COMPREHENSIVE INCOME

For years ended December 31, 2012 and 2013

(In Millions)	2013	2012
<b>Net revenues</b>	\$505	\$440
<b>Cost of goods sold</b>	(253)	(220)
<b>Gross profit</b>	252	220
<b>Selling, general, and administrative expenses:</b>		
Depreciation	(7)	(6)
Amortization and post-employment benefits	(18)	(16)
Other selling, general, and administrative	(99)	(89)
Total	(124)	(111)
<b>Other operating income and (expense):</b>		
Gain (loss) on sale of building	3	3
Other	19	17
<b>Total</b>	22	20
<b>Operating profit</b>	150	129
<b>Other income and costs</b>	(55)	(48)
<b>Net profit (loss)</b>	95	83
<b>Other comprehensive income</b>	18	12
<b>Comprehensive income (loss)</b>	\$113	\$100

### BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CASH FLOWS

For years ended December 31, 2012 and 2013

(In Millions)	2013	2012
<b>Cash flows from operating activities</b>		
Net profit	\$95	\$83
Adjustments to reconcile net profit to net cash from operating activities:		
Gain on sale of PP&E	(3)	(9)
Depreciation	32	28
Accounts receivable	(10)	(46)
Inventories	(27)	(32)
Prepaid expenses	15	13
Accounts payable	(22)	(21)
Accrued liabilities	(12)	(10)
Other adjustments needed to reconcile profits to cash from operations	28	13
Net cash provided by (used in) operations	96	25

### BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CHANGES IN EQUITY

(In Millions)	Share Capital	Retained Earnings	Reserves	Total
December 31, 2011	\$180	\$179	\$16	\$375
Comprehensive income		83	17	83
Profit (loss)		83	17	100
Other comprehensive income				7
Common stock issued	7			(23)
Dividends declared		(23)		27
Other	27			
<b>December 31, 2012</b>	<b>\$214</b>	<b>\$239</b>	<b>\$33</b>	<b>\$486</b>
Comprehensive income		95	18	95
Profit (loss)		95	18	113
Other comprehensive income				10
Common stock issued	10			(25)
Dividends declared		(25)		29
Other	29			
<b>December 31, 2013</b>	<b>\$253</b>	<b>\$309</b>	<b>\$51</b>	<b>\$613</b>

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