## **CONCEPT:** CLASSIFIED BALANCE SHEET COMPONENTS

● The ***balance sheet*** shows the company's assets, liabilities, and equity at a ____________________

□ A ***classified balance sheet*** splits up assets and liabilities into _______ categories.

- ***Current Assets*** – any asset that can or will be converted into _______ within ____________

- ***Long Term Assets*** – assets that will be in use by the company for longer than ____________

- ***Current Liabilities*** – any liability that must be paid (cash outflow) within ____________

- ***Long Term Liabilities*** – liabilities that will not be paid back for more than ____________

□ Current assets are presented in order of ***liquidity***, starting with the most liquid.

- ***Liquidity*** – how easily the asset can be converted into cash

- In general, the order of liquidity is:

1.
2.
3.
4.
5.

**Balance Sheet for XYZ Company**

*on December 31, 2015*

| | | | | | |
|---|---|---|---|---|---|
| **Assets** | | | **Liabilities** | | |
| Cash | $ | 350,000 | Accounts Payable | $ | 420,000 |
| Accounts Receivable | | 410,000 | Accrued Expenses | | 680,000 |
| Inventory | | 850,000 | Short-term Debt | | 440,000 |
| Prepaid Expenses | | 250,000 | Total Current Liabilities | | 1,540,000 |
| Total Current Assets | | 1,860,000 | Bonds Payable | | 1,000,000 |
| Land | | 1,500,000 | Notes Payable | | 500,000 |
| Equipment (net) | | 2,800,000 | Total Long Term Liabilities | | 1,500,000 |
| Total Fixed Assets | | 4,300,000 | Total Liabilities | | 3,040,000 |
| Total Assets | **$** | **6,160,000** | | | |
| | | | **Equity** | | |
| | | | Common Stock ($5 par) | | 750,000 |
| | | | Additional Paid-in Capital | | 1,250,000 |
| | | | Retained Earnings | | 1,120,000 |
| | | | Total Equity | | 3,120,000 |
| | | | Total Liabilities and Equity | **$** | **6,160,000** |