

BALANCE SHEET BASICS

COMPANY NAME	This identifies who we are talking about
DATE	The date is important because this tells you as of when the account balances are accurate. A balance sheet is like a snapshot of account balances ON THAT DAY.

ASSETS = WHAT THE COMPANY OWNS.

CURRENT ASSETS:	Listed below: Shows ready cash and things that are expected to be converted to cash within a short period of time.
CASH	This shows how much cash is on hand. See the Bank Reconciliation Report and Check Register.
ACCOUNTS RECEIVABLE	This shows how much customers owe. See the AR Aging and the Open Invoices Reports.
INVENTORY	This shows how much stuff you have in stock to sell. Usually only applies to retail and wholesale business.
PREPAID EXPENSES	This shows how much you've paid in advance (like insurance). See the Register Report.
EMPLOYEE RECEIVABLES	This shows how much you've loaned to employees. See the Register Report.
Total Current Assets	This total shows how much you have (or will have soon) to pay the bills.

FIXED ASSETS:	Big purchases, like vehicles and equipment. Stuff that costs over \$500 and will last longer than one year. See the Register Report.
ACCUMULATED DEPRECIATION	The total amount of depreciation you have taken off the fixed assets.

OTHER ASSETS	These are things you own, but aren't going to be using very soon. Deposits paid to landlords and utility companies, loans you made to people who are paying off for more than one year.
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TOTAL ASSETS	This number represents what the Company OWNS. (see Total Liabilities)
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LIABILITIES = WHAT THE COMPANY OWES.

CURRENT LIABILITIES	Listed below: Shows account balances of things that will need to paid soon.
ACCOUNTS PAYABLE	This shows how much you owe to vendors. See the AP Aging and Unpaid Bills Reports.
SALES TAX PAYABLE	This shows how much you owe in sales tax. See the Sales Tax Report.
PAYROLL TAX PAYABLE	This shows how much you owe in payroll taxes. See the Payroll Liabilities Report.
OTHER CURRENT LIABILITIES	This would show other bills that you are expected to pay within a short period of time. See the Register Report.
Total Current Liabilities	This total shows how much you have to pay to stay current with the bills. The bank compares this amount to the Total Current Assets to see if you have enough. If you don't , you can expect cash flow problems in the near future.

LONG TERM LIABILITIES	These are loans that are being paid off over more than one year. See amortization schedules and loan statements.
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TOTAL LIABILITIES	This number represents what the Company OWES. (see Total Assets)
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EQUITY = ASSETS - LIABILITIES

COMMON STOCK	This number represents the value of the stock issued and outstanding. It usually doesn't change.
CONTRIBUTED CAPITAL	This shows the amount of money the shareholders have given to the Company.
DRAWINGS	This shows the amount of money the shareholders have taken from the Company.
RETAINED EARNINGS	Net income is measured annually. Every year, it gets set back to zero. Every year, the net income is moved from the Profit and Loss Statement to Retained Earnings. This is the sum total of all the net income and net losses over the years.

TOTAL EQUITY	The bank wants to see a nice big number here. It means the company is solvent and well run.
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