

### Balance Sheet

Definitions: **Common Size** - The common size column simply represents each item as a percentage of total assets. **Cash** - Your end of year cash position. **Accounts Receivable** - Reflects the lag between delivery and payment of your products. **Inventories** - The current value of your inventory across all products. A zero indicates your company stocked out. Unmet demand would, of course, fall to your competitors. **Plant & Equipment** - The current value of your plant. **Accum Deprec** - The total accumulated depreciation from your plant. **Accts Payable** - What the company currently owes suppliers for materials and services. **Current Debt** - The debt the company is obligated to pay during the next year of operations. It includes your short term debt, bonds that have matured this year, and emergency loans used to keep your company solvent should you run out of cash during the year. **Long Term Debt** - The company's long term debt is in the form of bonds, and this represents the total of those bonds. **Common Stock** - The amount of capital invested by shareholders in the company. **Retained Earnings** - The profits that the company chose to keep instead of paying to shareholders as dividends.

#### ASSETS

		2015 Common Size	2014
Cash	\$19'161	17.4%	\$8'635
Accounts Receivable	\$15'493	14.1%	\$11'649
Inventory	\$15'367	14.0%	\$18'898
Total Current Assets	\$50'021	45.5%	\$39'182
Plant & Equipment	\$85'200	77.5%	\$64'600
Accumulated Depreciation	(\$25'263)	-23.0%	(\$19'583)
Total Fixed Assets	\$59'937	54.5%	\$45'017
Total Assets	\$109'957	100.0%	\$84'198

#### LIABILITIES & OWNER'S EQUITY

Accounts Payable	\$9'601	8.7%	\$7'570
Current Debt	\$5'000	4.5%	\$4'462
Long Term Debt	\$10'500	9.5%	\$3'500
Total Liabilities	\$25'101	22.8%	\$15'532
Common Stock	\$9'823	8.9%	\$9'823
Retained Earnings	\$75'033	68.2%	\$58'842
Total Equity	\$84'856	77.2%	\$68'665
Total Liabilities and Owner's Equity	\$109'957	100.0%	\$84'198

### Cash Flow Statement

The **Cash Flow Statement** examines what happened in the Cash Account during the year. Cash injections appear as positive numbers and cash withdrawals as negative numbers.

The Cash Flow Statement is an excellent tool for diagnosing emergency loans. When negative cash flows exceed positives, you are forced to seek emergency funding. For example, if sales are bad and you find yourself carrying an abundance of excess inventory, the report would show the increase in inventory as a huge negative cash flow. Too much unexpected inventory could outstrip your inflows, exhaust your starting cash, and force you to beg for money to keep you afloat.

#### Cash Flows from Operating Activities

	2015	2014
Net Income (Loss)	\$19'833	\$11'742
Adjustment for non-cash items		
Depreciation	\$5'680	\$3'840
Extraordinary gains/losses/writeoffs	\$0	\$479
Change in Current Assets and Liabilities		
Accounts Payable	\$2'031	(\$309)
Inventory	\$3'531	(\$3'161)
Accounts Receivable	(\$3'844)	(\$59)
Net cash from operations	\$27'231	\$12'531

#### Cash Flows From Investing Activities

Plant Improvements	(\$20'600)	(\$11'260)
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#### Cash Flows from Financing Activities

Dividends Paid	(\$3'642)	(\$1'214)
Sales of Common Stock	\$0	\$0
Purchase of Common Stock	\$0	\$0
Cash from long term debt	\$7'000	\$0
Retirement of long term debt	\$0	(\$162)
Change in current debt (net)	\$538	\$162
Net cash from financing activities	\$3'895	(\$1'214)

#### Net change in cash position

	\$10'526	\$57
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#### Closing cash position

	\$19'161	\$8'635
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