# Balance Sheet

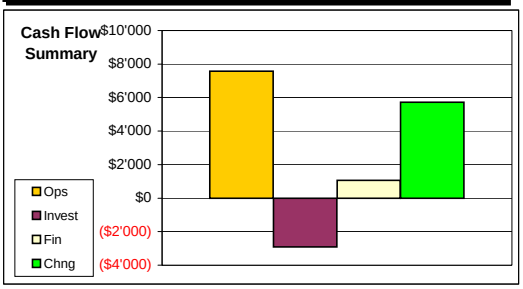
Definitions: **Common Size** - The common size column simply represents each item as a percentage of total assets. **Cash** - Your end of year cash position. **Accounts Receivable** - Reflects the lag between delivery and payment of your products. **Inventories** - The current value of your inventory 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** | | | 2010 Common Size | 2009 |
|---|---|---|---|---|
| Cash | $6'174 | | 18.8% | $453 |
| Accounts Receivable | $7'003 | | 21.3% | $3'947 |
| Inventory | $0 | | 0.0% | $1'601 |
| Total Current Assets | | $13'177 | 40.0% | $6'001 |
| Plant & Equipment | $27'320 | | 83.0% | $24'400 |
| Accumulated Depreciation | ($7'581) | | -23.0% | ($5'760) |
| Total Fixed Assets | | $19'739 | 60.0% | $18'640 |
| Total Assets | | $32'915 | 100.0% | $24'641 |
| **LIABILITIES & OWNER'S EQUITY** | | | | |
| Accounts Payable | $5'004 | | 15.2% | $2'988 |
| Current Debt | $867 | | 2.6% | $0 |
| Long Term Debt | $5'333 | | 16.2% | $6'200 |
| Total Liabilities | | $11'204 | 34.0% | $9'188 |
| Common Stock | $4'823 | | 14.7% | $3'323 |
| Retained Earnings | $16'888 | | 51.3% | $12'130 |
| Total Equity | | $21'711 | 66.0% | $15'453 |
| Total Liabilities and Owner's Equity | | $32'915 | 100.0% | $24'641 |

# 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** | 2010 | 2009 |
|---|---|---|
| Net Income (Loss) | $5'199 | $1'817 |
| Adjustment for non-cash items | | |
| Depreciation | $1'821 | $960 |
| Extraordinary gains/losses/writeoffs | $0 | $0 |
| Change in Current Assets and Liabilities | | |
| Accounts Payable | $2'016 | $134 |
| Inventory | $1'601 | $752 |
| Accounts Receivable | ($3'056) | ($594) |
| Net cash from operations | $7'581 | $3'069 |
| **Cash Flows From Investing Activities** | | |
| Plant Improvements | ($2'920) | ($10'000) |
| **Cash Flows from Financing Activities** | | |
| Dividends Paid | ($441) | ($209) |
| Sales of Common Stock | $1'500 | $1'000 |
| Purchase of Common Stock | $0 | $0 |
| Cash from long term debt | $0 | $1'000 |
| Retirement of long term debt | ($867) | $0 |
| Change in current debt (net) | $867 | $0 |
| Net cash from financing activities | $1'059 | $1'791 |
| **Net change in cash position** | $5'720 | ($5'140) |
| **Closing cash position** | $6'174 | $453 |