

## Unit 10-Classified Financial Statements pg. 209

The purpose of financial statements is to provide financial information about a company to: Owners

Management  
Creditors  
Government

By classifying items on the statements into special categories, it is possible to provide more information and provide it in a way which is more easily interpreted

**Current Assets**-Assets which are converted into cash in the ordinary course of business, (within one year)

Cash

Government Bonds

Marketable Securities

Accounts Receivable

Merchandise Inventory

Prepaid Expenses

**Fixed Assets**-Assets such as land, building, equipment, and trucks that are used in operating the business and which have a **long life**

The fixed assets that have the longest life are generally listed first

Land

Building

Equipment

Delivery Trucks

**Current Liabilities**-refers to liabilities that must be paid with a year or less, listed in the order that they are to be paid.

Accounts Payable

Taxes Payable

Salaries Payable

Loans Payable

**Long-Term Liabilities**-Are liabilities that are not due to be paid for at least a year.

A loan to be paid over two years

A mortgage payable in 25 years

**Statement of Owner's Equity**-describes the changes in owner's equity for the accounting period.

It is prepared separately from the balance sheet. The owner's equity balance at the end of the period is shown on the balance sheet instead of the full calculation (see page 213 for example)

May-13-15 10:05:47 AM  
Page 1 of 50

UNIT 10/CLASSIFIED FINANCIAL STATEMENTS . . 213

Hill's Sports Club Statement of Owner's Equity For the month ended November 30, 19--		
K. Dubord, Capital November 1		\$90 680
Add: Net Income	\$2 450	
Less: K. Dubord, Drawings	<u>1 500</u>	
Increase in Capital		<u>950</u>
K. Dubord, Capital November 30		<u>\$91 630</u>

Printed by: Pat Connolly  
Title: iPhone image 78D1DC.jpg : St James Assiniboia SD

FIGURE 5-9 Statement of owner's equity

The balance sheet for Hill's Sports Club in Figure 5-6 on page 206

### A Classified Balance Sheet

May-13-15 10:06:57 AM Page 1 of 1

Printed by: Pat Connolly  
Title: iPhone Image 78DIED.jpg : St James Assiniboia SD

Hill's Sports Club Balance Sheet November 30, 19--		
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 7 800	
Accounts Receivable	2 600	
Office Supplies	695	
Total Current Assets		\$ 11 095
<b>Fixed Assets</b>		
Land	25 000	
Building	110 000	
Training Equipment	99 235	
Total Fixed Assets		234 235
Total Assets		<u>\$245 330</u>
<b>Liabilities and Owner's Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable		\$ 10 700
<b>Long-Term Liabilities</b>		
Bank Loan	\$ 63 000	
Mortgage Payable	80 000	
Total Long-Term Liabilities		143 000
Total Liabilities		153 700
<b>Owner's Equity</b>		
K. Dubord, Capital November 30		91 630
Total Liabilities and Owner's Equity		<u>\$245 330</u>

FIGURE 5-10 Balance sheet

## Schedule of Accounts Receivable

Supporting schedules are used to provide details about an item on a main statement. (shows our customers who owe us money and how much money they owe us)

An example would be a schedule of Accounts Receivable

May-13-15 10:07:52 AM  
Page 1 of 1

Printed by: Pat Connelly  
Title: iPhone Image 78D1F6.jpg - St James Assiniboia SD

Hill's Sports Club Schedule of Accounts Receivable November 30, 19--	
B. Adama	\$ 250
C. Brandt	250
L. Fantov	200
W. Lane	200
D. McIsaac	300
K. Otte	100
R. Rurka	200
G. Sundstrum	250
B. Taylor	250
H. Vanede	300
K. Wier	100
A. Wine	200
Total Accounts Receivable	<u>\$2 600</u>

FIGURE 5-11 Schedule of accounts receivable