Detailed balance sheet template

April 20, 2006 3 minutes reading Opinions expressed by Entrepreneur contributors is their own. The balance sheet provides a snapshot of the business owner's assets, liabilities and equity for a period of time. Again, using clothing manufacturers as examples, here are the main components of the balance sheet:Current assets: These are assets in the business that can be converted to cash in a year or less. They include cash, shares and other liquid investments; receivables; inventory; and prepaid fees. For clothing manufacturers, the inventory will include raw materials (yarn, yarn, etc.), ongoing work (started but not finished yet), and finished goods (shirts and pants ready to be sold to customers). Receivables represent the amount of money owed to the business by customers who have purchased in the account. Fixed assets: These are real assets of the business that will not be converted to cash in a year during normal operations. Fixed assets are for long-term use and include land, buildings, rental repairs, equipment, machinery and vehicles. Intangible assets: These are assets that you can't touch or see but have value. Intangible assets include franchise rights, goodwill, incompetent agreements, patents and many other items. Other assets: There are many assets that can be classified as other assets, and most business balance sheets have other asset categories as catch-all. Some of the other most common assets include the cash value of life insurance, long-term investment properties, and compensation due from employees. Current liabilities: This is a business obligation that is due within one year. Current liabilities include notes paid on lines of credit or other short-term loans, maturities of current long-term debt, accounts paid to trading creditors, expenses and accrual taxes (accruals are payroll-like expenses caused by employees working long hours but unpaid), and amounts due to shareholders. Long-term debt: This is a business obligation that is not due for at least a year. Long-term liabilities typically consist of all bank debt or shareholder loans paid out over the next 12 months. Shareholders' equity: This figure represents the total amount invested by shareholders plus accumulated operating profit. Components include common shares, paid-up capital (the amount invested does not involve the purchase of shares), and retained earnings (cumulative income from the outset of the business is less dividends paid to shareholders). Excerpted from Start Your Own Business: The Only Start-Up Book You'll Ever Need, by Rieva Lesonsky and Entrepreneur Magazine Staff, © 1998 Entrepreneur Press Get stack discounts for books you like delivered directly to your inbox. We'll show you a different book weeks and share exclusive offers that you won't find anywhere else. Base your business knowledge and reach your full entrepreneurship with the exclusive benefits of Entrepreneur Insider. For just $5 per month, get access to premium content, webinars, ad-free experiences, and more! Plus, enjoy a FREE 1-year Entrepreneur magazine subscription. Do you pay too much for business insurance? Do you have a critical gap in your coverage? Trust the Entrepreneur to help you find out. Balance sheet is how the business records its financial information. By writing down the values of everything a business owes and owns, one can determine what the value of the business is and allow the owner or his shareholders to make better business decisions. Balance's deeper definition sheet can quickly tell business owners how much their business is worth over a certain period of time, usually a year. That's because they are a complete record of business finance. Conventions vary between different countries and accounting standards, but, in the US, the balance sheet is formatted with two columns: the asset on the left, the liabilities and equity of the owner on the right. The balance sheet is a summary of these three variables, and can be expressed with the equation Assets = Liabilities + Owner's Equity.Assets are what income generating companies have. These can be repaired, or real, assets such as equipment and real estate, which are worked on for long periods of time, or current assets, which must be consumed to generate income, such as receivables and inventory. Liabilities are what the company owes. That means any debts the company has earned, wages and pensions that need to be paid, or other operating expenses. The owner's equity, or shareholder's equity, is usually recorded along with the liabilities on the right side of the balance sheet. Owner equity is higher when the value of an asset is higher, and lower when the value of an asset is exceeded by business liabilities, as set forth by the asset formula – Liabilities = Owner's Equity.If your business assets become strong, you may want to look at business credit cards. Bankrate can help you get rewarded. An example of the balance sheetscooby Snacks Inc., a maker of dog brand treats that are marketed and sold to a single dog, needs to calculate how the business is done. The company's accounts make up the balance sheet. On the asset side, Scooby Snacks lists its ovens, treat ingredients, treat inventory, and receivables for orders made by a group of unemployed hippies, for a total of $1,200 in assets. On the liabilities side, he lists debts owed on small business loans, which equal to $500. Under it, one can read that the equity of the owner of the company is $ 700. The balance sheet represents business assets and liabilities on a given date. The type of balance sheet a company is making depends on what it wants to report. The two basic forms of balance sheet are general, report type and account type. Businesses subsequently modified both of these forms to display the and detailed information. Balance sheet follows basic accounting principles assets equal to liabilities plus equity. Although companies adjust data based on individual preferences, they generally include cash, receivables, fixed assets and account debt, among others. Balance sheets are used to demonstrate to owners, investors, and creditors the business's ability to meet debt obligations by detailing current liquidity. Balance sheets work like financial statements cards that show areas where businesses prosper and areas that need to be improved. The balance sheet in the account form will list the assets on the left side of the page and liabilities and equity on the right. The total of the two columns at the bottom of the information will match when the account is balanced. When using the report format, business assets are listed, followed by liabilities and equity. Sometimes, the report format indicates the reduced liabilities of the asset, with the bottom line of the equity data list. Comparative balance sheets are used to evaluate account balances at more than one point in time. For example, a company might want to present account information for three years. The comparative balance sheet displays the year-end balance side by side for easier evaluation. The comparative balance sheet shows whether the company's net worth is increasing or not and whether debt obligations are declining or not. Comparative balance sheets can also be built in a confidential format. Classified balance sheets, the most popular types, break down accounts into subcategories. For example, assets can be separated into fixed assets such as real estate and equipment, intangible assets such as patents and copyrights, and current assets such as cash and account receivables. Unclassified balance sheets do not use this subcategory. Instead the main assets are listed by liquidity with cash in advance, followed by the recording of obligations with the current account paid in advance and subsequent liabilities booked by the due date. A balance sheet is a business financial position statement that lists the owner's assets, liabilities and equity at a certain point in time. In other words, the balance sheet represents the net worth of the business. Learn more about what a balance sheet is, how it works, if you need it, and also see examples. Balance sheets are the most important of the three main financial statements used to describe the financial health of a business. The other two are income statements and cash flow statements. The balance sheet helps business stakeholders and analysts evaluate the company's overall financial position and its ability to pay for its operating needs. You can also use your balance sheet to determine how to meet your financial obligations and how best to use credit to finance your operations. The balance sheet can also have details from previous years so you can do back-to-back comparisons two years in a row. This data will help you track performance and identify ways to and see where you need to improve. Alternative name: Financial position report It is a good idea to ask the accountant to do your first balance sheet, especially if you are new to business accounting. A few hundred dollars from the time the accountant can pay for himself by avoiding problems with the tax authorities. You may also want to review the balance sheet with your accountant after major changes to your business. All accounts in your general ledbook are categorized as assets, liabilities or equity. Items listed on the balance sheet may vary depending on the industry, but in general, the sheets are divided into these three categories. Assets are usually set up into liquid assets, or cash or can be easily converted into cash, and non-liquid assets that cannot be quickly converted to cash, such as land, buildings, and equipment. They can also include intangible assets, such as franchise agreements, copyrights, and patents. Liabilities are funds owed by the business and broken down into current and long-term categories. Current liabilities are due within one year and include items such as account debt (supplier invoices), wages, income tax deductions, pension plan contributions, payment of medical plans, building and equipment leases, customer deposits (prepayments for goods or services to be delivered), utilities, temporary loans, lines of credit, interest, maturing debt, and sales and/or goods taxes, and service taxes charged on purchases. Long-term liabilities are any due after a one-year period. This can include deferred tax liabilities, any long-term debt such as interest and principal on bonds, and any pension fund liabilities. Equities, also known as owner's equity or shareholders' equity, are fixed after deducting liabilities from assets. Retained earnings are profits retained by corporations—that is, not paid to shareholders in the form of dividends. Retained earnings are used to pay down debt or reinvest in businesses to capitalize on growth opportunities. While the business is in a growth phase, retained earnings are typically used to fund expansion rather than being paid as dividends to shareholders. COMPANY NAMEBALANCE SHEET as on _____ (Date) ASSETS $ LIABILITIES $ Current Assets: Current Liabilities: Cash in the Bank $ 18,500.00 Debt Debt $ 4800.00 Petty Cash $ 500.00 Wage Paid $ 14300.00 Net Cash $500.00 19,000.00 Office Rental — Inventory $25,400.00 Utility $430.00 Receivables $5,300.00 Federal Income Taxes Paid $2,600.00 Prepaid Insurance $5,500.00 Overdraft — Total Current Assets $55,200.00 Customer Deposits $900.00 Pension Debt $720.00 Fixed Assets: Union Dues Debt — Land $150,000.00 Medical Debt $1,200.00 Building $330,000,000 Sales Tax Paid Less Depreciation $50,000.00 Total Current Liabilities $24,950.00 Land & Building Net $430,000.00 Long Term Liabilities: Equipment $68,000.00 Long Term Loan $40,000.00 $40,000.00 Depreciation $35,000.00 Mortgage $155,000.00 Net Equipment $33,000.00 Total Long-Term Liabilities $19 5.00 TOTAL LIABILITIES $219,950.00 Owner's Equity: Common Owner Shares $120,000.00 - Withdrawing $50,000,000 0000 Retained Earnings $128,250.00 Total Owner's Equity: $298,250.00 TOTAL ASSETS $518,200.00 LIABILITIES AND EQUITY $518,200.00 An up-to-date and accurate balance sheet is essential for business owners seeking additional debt or equity financing, or who wish to sell the business and need to determine its net worth. Incorporated businesses are required to include balance sheets, income statements, and cash flow statements in financial statements to shareholders and tax and regulatory authorities. Setting up a balance sheet is optional for sole proprietorships and partnerships, but is useful for monitoring business health. Balance sheet is an important tool to assess and monitor the financial health of a business. They typically include the owner's assets, liabilities and equity. The U.S. government requires incorporated businesses to have balance sheets. Sheet.