

## Financial Statements

### 1. Types of financial statements

#### 1) Income Statement(Statements of Income and Comprehensive Income)

- An income statements presents the revenues and expenses and resulting net income or net loss of a company for a specific period of time.

#### 2) Statements of Change in Stockholders Equity

- A Statements of Change in Stockholders Equity summarizes the changes in owner's equity for a specific period of time.

#### 3) Balance Sheet(Statements of Financial Position)

- A balance sheet reports the assets, liabilities, and owner's equity of a business enterprise at a specific date.

#### 4) Statements of Cash Flow

- A cash flow statement summarizes information concerning the cash inflows and outflows for a specific period of time.

#### 5) Notes

- The notes are an integral part of the financial statements.

## 2. Elements of financial statements

### 1) Assets

- ① probable future economics benefits
- ② obtained or controlled by the entity
- ③ as a result of past transactions or events

### 2) Liabilities

- ① probable future sacrifice of economics benefits
- ② arising from obligations of the entity to transfer assets or provide services to other entities in the future
- ③ as a result of past transactions or events

### 3) Equity (or Net Assets)

- The residual interest in the assets of an entity that remains after deducting its liabilities.

### 4) Investment by Owners

### 5) Distribution to Owners

### 6) Revenue

- Inflows or other enhancement of assets of an entity or settlement of liabilities during during a period from delivering or producing goods, rendering services or other activities that constitute the entity's ongoing major or central operations.

### 7) Expense

- Outflow or other using up of assets or incurrences of liabilities during a period from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

#### 8) Gain

- Gains are increases in equity from peripheral or incidental transactions of an entity.

#### 9) Loss

- Losses are decreases in equity from peripheral or incidental transactions of an entity.

#### 10) Comprehensive Income

- Comprehensive Income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

## 2. Financial Statements

### 1) Statements of Income and Comprehensive Income

#### (1) Single-step

<b>Revenues</b>	
Sales	XXX
Other revenue & gains	(XXX)
<b>Total revenues</b>	<b>XXX</b>
<b>Expenses</b>	
Cost of goods sold	XXX
Selling expenses	XXX
Administrative expenses	XXX
Other expenses & loss	XXX
<b>Total expense</b>	<b>XXX</b>
<b>Income from continuing operations</b>	<b>XXX</b>

#### (2) Multiple-step

Sales	XXX
Cost of goods sold	XXX
<b>Gross profit</b>	<b>XXX</b>
Operating expenses:	
Selling expenses	XXX
Administrative expenses	XXX
<b>Operating Income</b>	<b>XXX</b>
Other revenue & gains	XXX
Other expenses & loss	XXX
<b>Income from continuing operations</b>	<b>XXX</b>

## 2) The statement of Financial Position

<b>Assets</b>	<b>Liabilities</b>
Current assets	Current liabilities
Cash and cash equivalents	Accounts payable
Restricted cash	Notes payable
Unrestricted cash	Interest payable
Short-term investments	
Trade receivables(AR, NR)	
Inventory	
Non-current assets	Non-current liabilities
Long-term investments	Bond payable
Property, Plant & Equipment	
Intangible assets	
	<b>Stock holder's equity</b>
	Capital stock
	Preferred stock
	Common stock
	Retained earnings