Financial Statement Connections

OPENING BALANCE SHEET

Assets
+ Cash & cash equivalents
+ Inventory
+ Accounts receivable
+ Property, plant & equipment
+ Intangible assets
= Total assets (A)

Liabilities
+ Accounts payable
+ Short-term debt
+ Long-term debt
+ Other
= Total liabilities (B)

Shareholders' equity (C) (A+B+C)

INCOME STATEMENT

Revenue
- Cost of sales
= Gross profit
- SG&A expenses
+ Other income
- Other expenses
= Earnings before interest & taxes
+ Interest income
- Interest expense
= Earning before taxes
- Taxes
= Net Income
- Dividends
= Retained earnings

CASH FLOW STATEMENT

Operating Profit
+ Depreciation
+ Other non-cash charges
- Increase in inventory
- Increase in accounts receivable
+ increase in accounts payable
= Operating Cash Flow
- Net interest paid
- Taxes paid
= Net Operating Cash Flow
- Capital expenditures
- Dividends
= Change in equity
= Change in debt
= Change in cash & cash equivalents

CLOSING BALANCE SHEET

Assets
+ Cash & cash equivalents
+ Inventory
+ Accounts receivable
+ Property, plant & equipment
+ Intangible assets
= Total assets (A)

Liabilities
+ Accounts payable
+ Short-term debt
+ Long-term debt
+ Other
+ Intangible assets
= Total liabilities (B)

Shareholders' equity (C) (A+B+C)