



Importance of Year End Reporting

Balance Sheets

- ✦ Five Areas Addressed by a Balance Sheet
 1. Solvency – do assets exceed liabilities
 2. Liquidity – ability to meet financial obligations
 3. Risk-Bearing Capacity – how much loss could the business sustain?
 4. Collateral Identification – what assets are available to help in securing a loan?
 5. Business Trends – evaluating records over multiple years for comparison purposes

Inventories

⚡ When to Inventory?

- January 1st & December 31st

⚡ What to Inventory?

- Current Assets
 - Items with useful life less than a year
- Non-Current Assets
 - Items with useful life over a year

Income Statements

🔦 Five Primary Uses

1. Summarize revenues and expenses
2. Determine profit or loss
3. Calculating profitability & financial efficiency
4. Determining repayment capacity
5. Loan applications & refinancing



Any Questions?