

Precious Memories Photography Studio

Balance Sheet

(Accrual Method)

As of (fill-in Date) _____

Assets

Current Assets

Cash	2,800
Accts Rec.	12,000
Inventory	5,500
Other	1,700

Total Current Assets **22,000**

Property, Plant, and Equipment

Land	
Buildings	
Equipment	20,831
Less Accum. Depreciation (-)	2,450

Total PP&E **23,281**

Intangible Assets

Patents	
Goodwill	

Total Intangible Assets **-**

Total Assets **\$ 45,281**

Liabilities

Current Liabilities

Accounts Payable	3,865
Wages Payable	780
Other	836

Total C.L. **5,481**

Long-term Liabilities

Credit Accts	20,000
Notes Payable	

Total L-T Liabilities **20,000**

Total Liabilities **25,481**

Owner's Equity **19,800**

Total Liabilities and Owner's Equity **\$ 45,281**

Questions:

1. Should Betty be concerned about her "cash flow" in the coming weeks? If so, Why?

2. Why do you think the bank requires Financial Reports to be in the "Accrual" method?

3. What are the differences between the Balance Sheet and the Income Statement?