

# FINPACK®

Financial planning and analysis software made simple

## Balance Sheet Instructions

The Balance Sheet provides a statement of assets, liabilities and net worth at a given point in time. Most commercial balance sheets break both assets and liabilities into two

**Assets** include what you own or what is owed to you on the date of the statement. Current Assets are cash and other assets that you expect to receive, convert to cash, or consume in production during one business year. Noncurrent Assets are those that support production (rather than go for sale) and have an expected useful life of greater than one year. They include such items as machinery, equipment, vehicles, land and buildings.

**Liabilities** include all debts owed as of the statement date. Current Liabilities are those due and payable within one business year. These include short term operating loans, accounts payable and accrued expenses. Noncurrent Liabilities are loans with an original term of greater than one year.

**Net Worth** or equity is the difference between your total assets (what you own) and your total liabilities (what you owe).

The values placed on assets should reflect the purpose of the balance sheet. The FINPACK balance sheet allows noncurrent assets to be valued either at estimated market value, at cost basis (cost + improvements – depreciation), or both. Whichever method is used, it is important to be consistent so that comparisons can be made with past statements and future plans.

### Current Assets

**Cash** in checking and saving accounts as of the statement date.

**Prepaid Expenses and Supplies** should include amounts paid for future production as well as inventories of supplies.

**Accounts Receivable** includes any amounts owed to the business and expected to be collected within a year.

**Inventory** includes items purchased for resale as well as finished goods for sale, production materials, and work in process. Inventories on commercial balance sheets are usually valued at cost.

### Noncurrent Assets

**Machinery & Equipment** should be listed on the back of the balance sheet, valued, and the total values listed here under their respective headings. If using cost basis valuation, value machinery at cost minus depreciation taken.

**Titled Vehicles** can be separated from other machinery and equipment if desired.

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**Land** should be listed, showing the acreage and value of each parcel of land owned.

**Buildings and Land Improvements** should be listed on the back of the statement, valued, and the total value listed here. If using cost basis valuation, value buildings and improvements at cost plus improvements minus depreciation taken.

**Intangible Assets** include the value of patents, trademarks, copyrights and goodwill.



### Personal Assets

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If including non-business assets, include the value of all personal assets owned. In addition to the items listed, consider the value of other businesses and other real property.

### Current Liabilities

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**Accrued Interest** includes all interest that has accrued since last paid on current and noncurrent liabilities.

**Accounts Payable** should be listed with the name of the account holder and the amount owed. Include all amounts owed to suppliers for business expenses.

**Income Taxes Payable** includes taxes payable on income from previous periods.

**Accrued Expenses** includes expense incurred but not yet paid for items such as wages, rents and insurance.

**Current Loans** include the current balance on short term operating loans and other loans that are due within 12 months.

**Interest Rate:** Enter the current interest rate on the note.

**Principal Balance:** Enter the total outstanding principal balance. Do not include accrued interest since it is included above.

**Accrued Interest** is the amount of interest that has accrued since last paid. The total of this column should be included in Accrued Interest above

**P & I Payment:** This is the total amount of principal and interest to be paid within the next year. For most current debts, simply enter the word "all".

**Month Due** is the month the payment for the current year is due. If multiple payments are scheduled, write "multiple" or "monthly."

**Principal Due Within 12 Months on Term Loans** is the total of the Principal Due column for Noncurrent loans.

Total current liabilities is the sum of *Accrued Interest, Accounts Payable, Income Taxes Payable, Other Accrued Expenses, Current Loans, and Principal Due within 12 Months on Term Loans.*

### Noncurrent Liabilities

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Include here all loans with an original term of more than one year. This will usually include loans for the purchase, machinery and equipment, vehicles, land, buildings, and other capital assets. Follow the instructions for Current Loans for most entries.

**Final Year** is the year the loan is scheduled to be paid in full.

**Principal Due** is the principal portion of the P & I Payment. Total Principal Due and include in Principal Due Within 12 Months in Current Liabilities.

**Noncurrent Balance** is Principal Balance minus Principal Due.

### Total Business Liabilities

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This is the sum of *Total Current Liabilities, Total Noncurrent Liabilities.*

### Personal Liabilities

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**Personal Liabilities** include accrued interest on personal loans, accounts payable, and personal loans. Include credit card balances, car loans, school loans, other business debts, house mortgage etc.

### Net Worth

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Total all categories and determine your net worth by subtracting Total Liabilities from Total Assets

