

# THE BASICS

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## ASSETS

- Probable future economic benefit
- Most often these are "things"
- What your company has that has value. Things like:
  - Cash, buildings, furniture, etc.
  - Also includes what people owe you (receivables)

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## LIABILITIES

- Probable future economic sacrifices
- What your company owes to others
  - Often the word debt or payable is in the title

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## STOCKHOLDERS' EQUITY

- The leftovers
- The assets less the liabilities is what the owners of the company really "own"
- Three accounts that are Stockholders' Equity:
  - Common stock
    - Contributions made by the owners
    - Increases Stockholders' Equity
  - Dividends
    - Withdrawal of cash from the company by the owners
    - Reduces Stockholders' Equity
  - Retained Earnings
    - Where you "store" all the company's profits over the company's lifetime

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## ACCOUNTING EQUATION

$$\text{Assets} = \text{Liabilities} + \text{Stockholders' Equity}$$

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**LET'S GET  
STARTED!!**

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