

Chapter 3 Outline

Basic Financial Statements

Statement of Income

Revenue

Cost of Sales

Gross Profit

Operating Expenses

Income Before Fixed Charges and

Income Taxes

Fixed Charges

Income Before Income Taxes

Income Taxes

Net Income (or Loss)

Equity Statements

Statement of Owner's Equity

Statement of Retained Earnings

Balance Sheet

Current Assets

Property and Equipment

Other Assets

Current Liabilities

Long-Term Liabilities

Equity Section

Statement of Cash Flows

Operating Activities

Investing Activities

Financing Activities

Competencies

1. Identify the major financial statements and explain when they are issued. (pp. 57–58)
2. Define the purpose and describe the contents of the statement of income, statement of owner's equity, statement of retained earnings, balance sheet, and statement of cash flows. (pp. 58–72)