THE BALANCE SHEET

Learning outcome

Learners will prove that they are able to use the institution’s balance sheet to gain a clear indication of the financial position of the institution.

Range statement

First-, middle-, and top-level managers will show evidence of their understanding of the “terms” and “figures” on the statement.

Assessment criteria

(1) Giving examples of an institution’s current assets, such as cash, accounts receivable and inventories.
(2) Explaining the relationship between/advantages and disadvantages of time and accounts to be paid to the institution.
(3) Explaining the meaning of the terms “bad debts” and “charitable services”.
(4) Giving the meaning of the term “inventory” on the balance sheet.
(5) Giving the meaning of the term “fixed assets” on the balance sheet.
(6) Explaining the meaning of the term “depreciation”.
(7) Describing how depreciation is depicted on the balance sheet.
(8) Describing the meaning of the term “nett worth”.
(9) Describing the meaning of the term “liabilities”.
(10) Explaining the meaning of “accounts payable”.
(11) Giving the meaning of the term “notes payable”.
(12) Explaining the meaning of the term “accrued liabilities”.
(13) Describing what is meant by “long-term liabilities”.

Specific outcome

Learners will demonstrate the ability to draw up a balance sheet when figures for the different terms are supplied.
Critical outcomes

Learners will be able to:

• explain the value of an institution’s balance sheet
• give the correct interpretation of the various terms appearing on the balance sheet