

# ENTERPRISE THEORY – BALANCE SHEET



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UNIVERSITY**  
SCHOOL OF BUSINESS  
ADMINISTRATION IN KARVINA

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An entrepreneur is a person who seizes business opportunities, has an idea and entrepreneurial resources, is capable of effectively combining them, and is willing to bear full responsibility and reasonable business risks.

# INTRODUCTION TO ASSETS AND LIABILITIES



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Definition of assets: Resources owned by a company that have economic value.

Definition of liabilities: Obligations or debts that a company owes.

Importance: Understanding them is crucial for analyzing the financial health of a business.

# Types of Assets



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**Current Assets:** Cash, receivables, inventory (convertible to cash within a year).

**Fixed Assets:** Buildings, machinery, equipment (long-term investments).

**Intangible Assets:** Patents, trademarks.

**Financial assets** (e.g., shares in other business entities, securities intended for long-term investment).

# Types of Liabilities



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**Current Liabilities:** Accounts payable, short-term loans (due within a year).

**Long-term Liabilities:** Bonds payable, mortgages (due after one year).

**Contingent Liabilities:** Potential obligations (e.g., lawsuits).

# The Relationship Between Assets and Liabilities

The role of equity:  $\text{Assets} = \text{Liabilities} + \text{Equity}$ .

Equity represents the ownership value in a company (Shareholders' Equity and Owners' Equity).

Essentially, equity is what would be left for the owners (shareholders) if the company sold off all its assets and paid all its debts.

# The Relationship Between Assets and Liabilities

Balance Sheet (in thousands of USD):

Assets	Amount	Liabilities	Amount
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash	\$200	Accounts Payable	\$150
Accounts Receivable	\$300	Short-term Loan	\$100
Inventory	\$150		
<b>Non-current Assets</b>		<b>Non-current Liabilities</b>	
Property and Equipment	\$600	Long-term Debt	\$400
Intangible Assets (Patents)	\$100		

Equity?



- 1. Finished products**
- 2. Semi-finished products**
- 3. Liabilities to suppliers**
- 4. Receivables**
- 5. Liabilities to employees**
- 6. Current account**
- 7. Overdraft loan**
- 8. Cash**
- 9. Financial investments**
- 10. Machinery and equipment**
- 11. Bank loan**





**From the following accounting items, create a balance sheet for the company Perpetum, a.s.:**

- **Long-term tangible assets: 5,200,000 CZK**
- **Inventory: 2,800,000 CZK**
- **Receivables from trade relations: 1,900,000 CZK**
- **Equity: 4,000,000 CZK**
- **Liabilities from trade relations: 2,300,000 CZK**
- **Bank loans: 3,600,000 CZK**



## ***Solution:***

### Balance Sheet

<b>Credit [thousands CZK]</b>		<b>Debit [thousands CZK]</b>	
<b>Long-term tangible assets</b>	5 200	<b>Equity</b>	4 000
<b>Inventory</b>	2 800	<b>Liabilities</b>	2 300
<b>Receivables</b>	1 900	<b>Bank loans</b>	3 600
<b>Total Credit</b>	9 900	<b>Total Debit</b>	9 900



During the observed month, the following business transactions took place:

- Cashless sale of a printing press (long-term asset) for 1,400,000 CZK (payment due in 30 days).
- Purchase of materials for 200,000 CZK (payment due in 25 days).

Create the balance sheet.



<b>Credit [thousands CZK]</b>		<b>Debit [thousands CZK]</b>	
<b>Long-term tangible assets</b>	3 800	<b>Equity</b>	4 000
<b>Inventory</b>	3 000	<b>Liabilities</b>	2 500
<b>Receivables</b>	3 300	<b>Bank loans</b>	3 600
<b>Total Credit</b>	10 100	<b>Total Debit</b>	10 100