
BASIC ACCOUNTING EQUATIONS

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

$$\text{Net Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

$$\text{Total Assets} = \text{Current Assets} + \text{Non - Current Assets}$$

$$\text{Total Liabilities} = \text{Current Liabilities} + \text{Non - Current Liabilities}$$

$$\text{Gross Profit} = \text{Net Sales} - \text{Cost of Sales}$$

$$\text{Net Sales} = \text{Sales} - \text{Sales Returns} - \text{Sales Allowances} - \text{Output Tax}$$

$$\begin{aligned} \text{Cost of Goods Available for Sale} \\ &= \text{Merchandise Inventory, Beginning} \\ &+ (\text{Purchases} - \text{Purchase Returns} - \text{Purchase Allowance} - \text{Input Tax}) \\ &+ \text{Freight In} \end{aligned}$$

$$\text{Cost of Sales} = \text{Cost of Goods Available for Sale} - \text{Merchandise Inventory, End}$$

$$\begin{aligned} \text{Net Income (Loss)} \\ &= \text{Gross Profit} - \text{General Expenses} - \text{Administrative Expenses} \\ &- \text{Operating Expenses} \end{aligned}$$

$$\begin{aligned} \text{Owner's Equity, End} \\ &= \text{Owner's Equity, Beginning} + \text{Net Income} + \text{Investment} - \text{Drawings} \\ &- \text{Net Loss} - \text{Dividends} \end{aligned}$$

$$\text{Cash Return} = \text{Ending Price} + \text{Dividends Distributed} - \text{Beginning Price}$$

$$\text{Rate of Return} = \frac{\text{Cash Return}}{\text{Beginning Price}}$$

$$\text{Expected Rate of Return} = \sum \text{Rate of Return}_n \times \text{Probability}_n$$

$$\begin{aligned} \text{Standard Deviation (Risk)} \\ &= \sqrt{\sum (\text{Rate of Return} - \text{Expected Rate of Return}_n)^2 \times \text{Probability}_n} \end{aligned}$$

*where: n = specific scenario

$$\begin{aligned} \text{Statement of Cash Flows} \\ &= \text{Operating Activities} +/ - \text{Investing Activities} +/ - \text{Financing Activities} \end{aligned}$$