

The balance sheet displays the company's assets, liabilities, and shareholders' equity at a point in time. Net income from the income statement flows into the balance sheet as a change in retained earnings (adjusted for payment of dividends). The two sides of the balance sheet must balance: assets must equal liabilities plus equity. The asset section begins with cash and equivalents, which should equal the balance found at the end of the cash flow statement. The balance sheet then displays the ending balance in each major account from period to period.