

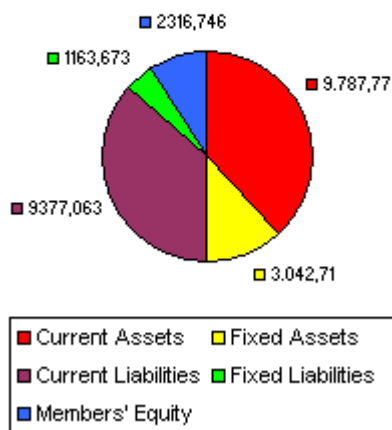


## 1. Introduction

A balance sheet, in formal bookkeeping and accounting, is a statement of the book value of a business or other organization or person at a particular date, often at the end of its "fiscal year," as distinct from an income statement, also known as a profit and loss account (P+L), which records revenue and expenses over a specified period of time.

A balance sheet is often described as a "snapshot" of the company's financial condition on a given date. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time, instead of a period of time. A simple business operating entirely in cash could measure its profits by simply withdrawing the entire bank balance at the end of the period, plus any cash in hand. However real businesses are not paid immediately, they build up inventories of goods to sell and they acquire buildings and equipment. Real businesses also owe money to suppliers and to tax authorities, and the proprietors do not withdraw all their original capital and profits at the end of each period. In other words businesses have liabilities.

**HealthFood Incorporation:  
Balance Sheet 2006**



## Balance Sheet

Assets	Thousands of EUR		Thousands of USD	
	Fiscal 2006	Fiscal 2005	Fiscal 2006	Fiscal 2005
<b>Current Assets:</b>				
Cash	€3,460	€5,492	\$4,220	\$6,697
Deposits	€1.564,432	€1.888,851	\$1.907,844	\$2.303,477
Notes Receivable	€23,888	€24,593	\$29,132	\$29,991
Marketable Securities	€25,37	€111,47	\$30,94	\$135,94
Accounts Receivable-Trade	€3.494,198	€3.072,162	\$4.261,217	\$3.746,539
Accounts Receivable-Others	€3.482,521	€4.183,998	\$4.246,977	\$5.102,437
Inventories	€788,167	€658,401	\$961,179	\$802,928
Other Current Assets	€310,482	€342,053	\$163,648	\$28,078
Deferred Tax Assets	€134,191	€23,024	\$163,648	\$28,078
Doubtful Accounts	€-38,971	€-43,347	\$-47,526	\$-52,862
<b>Total Current Assets</b>	<b>€9.787,769</b>	<b>€10.266,721</b>	<b>\$11.936,304</b>	<b>\$12.520,391</b>
<b>Fixed Assets</b>				
Tangible Fixed Assets	€2.873,158	€2.440,632	\$3.503,851	\$2.976,381
Less Accumulated Depreciation	(€1.598,453)	(€1.353,252)	(\$1.949,333)	(\$1.650,307)
Intangible Fixed Assets	€98,417	€47,767	\$120,021	\$58,252
Investments	€1.019,185	€858,851	\$1.242,909	\$1.047,379
Securities	€355,161	€257,680	\$408,733	\$314,243
Long-term Receivable	€22,779	€14,353	\$27,779	\$17,504
Long-term Prepaid Expenses	€18,124	€23,692	\$22,102	\$28,893
Other Assets	€158,500	€98,666	\$193,292	\$120,324
Long-term Deferred Tax Assets	€277,950	€266,439	\$338,963	\$324,925
Allowance for Doubtful Accounts	€-147,362	€-115,838	\$-179,71	\$-141,265
<b>Total Fixed Assets</b>	<b>€3.042,712</b>	<b>€2.539,005</b>	<b>\$3.710,625</b>	<b>\$3.096,347</b>
<b>Total Assets</b>	<b>€12.830,481</b>	<b>€12.805,726</b>	<b>\$15.646,929</b>	<b>\$15.616,738</b>

Liabilities and Members' Equity	Thousands of EUR		Thousands of USD	
	Fiscal 2006	Fiscal 2005	Fiscal 2006	Fiscal 2005
<b>Current Liabilities:</b>				
Notes Payable	€221,537	€201,002	\$270,167	\$245,124
Short-term Borrowing	€2.281,654	€2.376,431	\$2.782,505	\$3.995,648
Accounts Payable-Trade	€4.141,858	€3.804,308	\$5.051,046	\$4.639,400
Accounts Payable-Others	€70,91	€209,71	\$86,47	\$255,74
Other Current Liabilities	€2.609,243	€2.306,458	\$3.182,004	\$2.812,754
Reserve for Bonus	€51,843	€39,472	\$63,223	\$48,136
<b>Total Current Liabilities</b>	<b>€9.377,063</b>	<b>€9.837,401</b>	<b>\$11.435,443</b>	<b>\$11.996,830</b>

Liabilities and Members' Equity	Thousands of EUR		Thousands of USD	
	Fiscal 2006	Fiscal 2005	Fiscal 2006	Fiscal 2005
<b>Fixed Liabilities:</b>				
Long-term Borrowing	€59,352	€78,207	\$72,381	\$95,374
Long-term Accounts Payable	€27,23	€24,648	\$33,21	\$30,058
Long-term Guarantee Money Received	€2,506	€2,742	\$3,056	\$3,344
Retirement Benefits	€905,965	€830,608	\$1,104,835	\$1,012,937
Other Reservers	€141,601	€137,538	\$172,684	\$167,729
<b>Total Fixed Liabilities</b>	<b>€1.163,673</b>	<b>€1.073,764</b>	<b>\$1.386,186</b>	<b>\$1.309,468</b>
<b>Members' Equity</b>				
Capital	€844,044	€707,308	\$1,029,322	\$862,571
Legal Reserve	€641,329	€500,248	\$782,108	\$610,058
Capital Surplus Reserve	€0	€18,174	\$0	\$22,163
Revaluation Reserve	279,62€	€246	\$341	\$300
Special Reserve	€654,045	€437,356	\$797,616	\$533,361
Unappropriated Earnings	€108,534	€193,219	\$132,359	\$235,632
Evaluation Adjustment	€68,485	€37,985	\$83,518	\$46,323
<b>Total Members' Equity</b>	<b>€2316,746</b>	<b>€1894,555</b>	<b>\$2.825,300</b>	<b>\$2.310,433</b>
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<b>Total Liabilities and Members' Equity</b>	<b>€33,938,954</b>	<b>€34,628,05</b>	<b>\$41,290,187</b>	<b>\$42,229,327</b>

## 2. Items on income statement

### Operating section

- **Net Reven-numberue** - Inflows or other enhancements of assets of an entity or settlements of its liabilities during a period from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations. Usually presented as sales minus sales discounts, returns, and allowances.
- **Expenses** - Outflows or other using-up of assets or incurrence of liabilities during a period from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

### Non-operating section

- **Other reven-numberues or gains** - reven-numberues and gains from other than primary business activities (e.g. rent, patents). It also includes unusual gains and losses that are either unusual or infrequent, but not both (e.g. sale of securities or fixed assets).
- **Other expenses or losses** - expenses or losses not related to primary business operations.

### Irregular items

They are reported separately because this way users can better predict future cash flows - irregular items most likely won't happen next year. These are reported net of taxes.

- **Discontinued operations** is the most common type of irregular items. Shifting business location, stopping production temporarily, or changes due to technological improvement do not qualify as discontinued operations.
- **Extraordinary items** are both unusual (abnormal) and infrequent, for example, unexpected nature disaster, expropriation, prohibitions under new regulations. Note: nature disaster might not qualify depending on location (e.g. frost damage in Canada would not qualify whereas in tropics would).
- **Changes in accounting principle** is, for example, changing method of computing depreciation from straight-line to sum-of-the-years'-digits. However, changes in estimates (e.g. estimated useful life of a fixed asset) do not qualify.