

Basic accounting equation

[Business](#), [Accounting](#)



The basic accounting equation upon which the final accounts are prepared encompasses the following: Assets minus

Liabilities = Ownership

Interest The Balance Sheet is the key financial report that portrays the accounting equation, which will be utilized to compute the accounting equation for the companies at hand.

Assets: Property, plant, and equipment \$20, 984. 70 million. Current Assets \$ 3, 581. 90 million. Other Assets \$ 4, 825. 10 million. Total Assets \$29, 391. 70 million.

Liabilities: Non-Current Liabilities (note 1) \$ 9, 613. 40 million Current Liabilities \$ 4, 498. 50 million Total Liabilities \$14, 111. 90 million Ownership Interest \$15, 279. 80 million Note: ownership interest is represented by total shareholders' equity in the Balance Sheet.

Note 1- Computation of Non-Current Liabilities: Long-Term Debt \$7, 310. 0 million Other Long-Term Liabilities \$1, 342. 5 million Deferred Taxation \$ 960. 9 million Non-Current Liabilities \$9, 613. 4 million

Assets: Non-Current Assets \$1, 284, 313, 000. Current Assets \$ 170, 254, 000.

Under both organizations, the same accounting equation is utilized and the same components are taken. This uniformity is important in accounting in order to ensure comparability. In addition to the aid of such an accounting equation, a uniform structure is given to the Balance Sheet, which is an important medium for pertinent stakeholders to assess the financial position

and stability of the organization. As one can note the assets section is classified between current and non-current assets, while the liabilities are divided between current and non-current liabilities. The subtraction between the two will result in the ownership interest. This basically comprises the equity capital of the company together with capital and revenue/capital reserves. Such features are present both for McDonald's Corporation and Triarc Companies Incorporation. In addition, such features will also be present in the majority of limited liability companies set across the globe. The Balance Sheet is the main medium that one can utilize to identify the assets, liabilities, and ownership interest of the companies. The additional notes in the financial statements serve as detailed specifications on certain assets and liability elements. However, the accounting equation is generic in its nature does not necessitate that one enters into such details. In this respect, the Balance Sheet was the main medium utilized to put in practice the accounting equation for McDonald's Corporation and Triarc Companies Incorporation.

Reference

1. Weetman P. (2003).
2. Financial and Management Accounting. Third Edition. New York: Prentice-Hall.