

Analyzing toyota motors

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



Analyzing Toyota Motors Assets in financial accounting are identified as economic resources that encompass all that is intangible and tangible that can be controlled or Owner for the production of value. In this case all economic resources that can produce positive economic value can be identified as assets. The monetary value of the company assets is recorded in the company's balance sheet. Additionally, there are two types of assets which encompass both tangible and intangible assests.

Tangible assets are divided into fixed and current assets (Magee 324).

Current assets are inclusive of inventory whereas fixed assets are inclusive of equipment and building. The company's current assets are inclusive of land and improvements, building and improvements, machinery, furniture, equipment, constructions in progress and the cars that the company sells. Its fixed assets are inclusive of plants, property, building and equipment.

Intangible assets include the nonphysical rights and resources such as copyrights, goodwill, patents and trademarks. Its intangible assets include market securities, short terms investments, accounts and notes receivable, financing receivables, stocks, bonds, deferred tax assets and inventory.

In the listing of the company's assets, Toyota Motors employees the GAAP of principle of consistency, principle of sincerity, principle or regularity and principle of continuity. Under financial accounting, liabilities encompass the obligations that an entity has which arise from past events or transactions, which when settled can culminate into the use of transfer of assets, yield of economic benefit as well as the provision of services. Liabilities can be identified as either current or long-term liabilities (Weetman 123). Current liabilities are those liabilities that should be liquidated within a financial year.

Toyota Motors current liabilities are inclusive of short-term debt, accounts payable, accrued expenses, notes payable and deferred revenues, wages, unearned revenue and portions of long-term bonds. Long-term liabilities are those liabilities that cannot be liquidated within one financial year. In the case of Toyota motors, the long-term liabilities encompass notes payables, pension obligations, long-term product warranties, capital leases obligations, deferred income taxes, preferred securities on subsidiary trust, preferred equity outside stock equity, minority interests and issued long-term bonds.

Provisions can be translated to the liabilities that are of uncertain timing of value. In accordance to the accounting equation, $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$. In recording the company's liabilities, Toyota Motors utilizes the GAAP of principle of regularity, principle of non-compensation, principle of continuity, principle of utmost good faith and principle of full disclosure/materiality. A balance sheet in financial accounting identifies the statement of the financial position of an entity of company. This encompasses the report on the assets, owner's equity and liabilities of an entity, which are, listed in accordance to specific dates and their monetary value for a specific financial year. At the end of the financial year, the balance sheet is balance to forecast the financial position of the entity.

A typical balance sheet is made up of three parts which include assets, liabilities and owners equity. The first listing on the balance sheet encompasses the assets in accordance to their liquidity, which is followed by the liabilities. To acquire equity, the difference between the assets and the liabilities is obtained susceptibly.

Equity is equated into the net worth or entity capital. In the Toyota Motors balance sheet, the owner's equity can be divided into preferred stock equity, common stock equity, common par, additional paid in capital, cumulative translation adjustment, retained earnings, treasury stock and other equity adjustments (Magee 354). To arrive at the owner's equity, Toyota Motors employs the GAAP of principle of periodicity, principle of prudence, principle of full disclosure, principle of good faith, principle of continuity, principle of sincerity and principle of consistency. An entity's income statement relates to the profit and loss statement of an entity. It is identified as the financial statement that identifies the manner in which revenue has been changed into net income (Weetman 183).

In this case, the revenue in the income statement encompasses the monetary value extracted from the sale of services or products before the taking out of the expenses. The revenues for Toyota Motors encompass cost of good, amortization, other income, interests capitalized, pretax equity in earning, extra income and preferred dividend requirements. The expense in the income statement identifies the event in which a liability is incurred or an asset is used up.

Expenses can be of income or capital variety. Capital expense engages in the retaining of value after a purchase, while capital expense does not retain value after a purchase. In accordance to the income statement of Toyota Motors, the company's expenses encompass operating expenses, Research and development, selling general and administrative, non recurring, others, income tax expense, interest expense, extraordinary credit, extraordinary

charge, current foreign income tax, current domestic income tax and reserves. To arrive at the revenues and expenses, Toyota Motors uses the GAAP of principle of consistency, principle of sincerity, principle of regularity and principle of continuity. The statement of cash flow encompasses the financial statement that indicates the effect of changes on the balance sheet income and accounts on cash equivalents and cash while at the same time breaking down the analysis into investing, financing and operating activities. Its nature is such that it not only covers current operating results but also balance sheet changes. In terms of the Toyota Motors statement of cash flows cash and cash equivalents include currency on hand, demand deposits with financial institutions and banks deposited additional funds, withdrawn funds (Magee 223). Cash equivalents encompass market securities, high liquid investments that can be easily converted into monetary value, investments with original maturities of less than three months and treasury notes.

Its purpose is the determination of entity's short-term viability, in particular, the entity's ability to repay its bills. In this case, Toyota Motors is assured of the fact that it making profits and it can be able to cater for the needs of the company as well as the company stakeholders. GAAP codifies the methods employed by firms in presenting their business income, liabilities, assets owner's equity and expenses in their financial statements.

As per the stipulation of GAAP, in arriving at the statement of cash flows, Toyota Motors utilizes the GAAP principles of principle of periodicity, principle of prudence, principle of full disclosure, principle of good faith, principle of

continuity, principle of sincerity and principle of consistency. Works Cited:
Magee, David. How Toyota Became: Leadership Lessons from the World's
Greatest Car Company. New York: Portfolio, 2007. Print.

Weetman, Pauline. Financial Accounting: An Introduction. Harlow: Financial
Times Prentice Hall, 2010. Print.