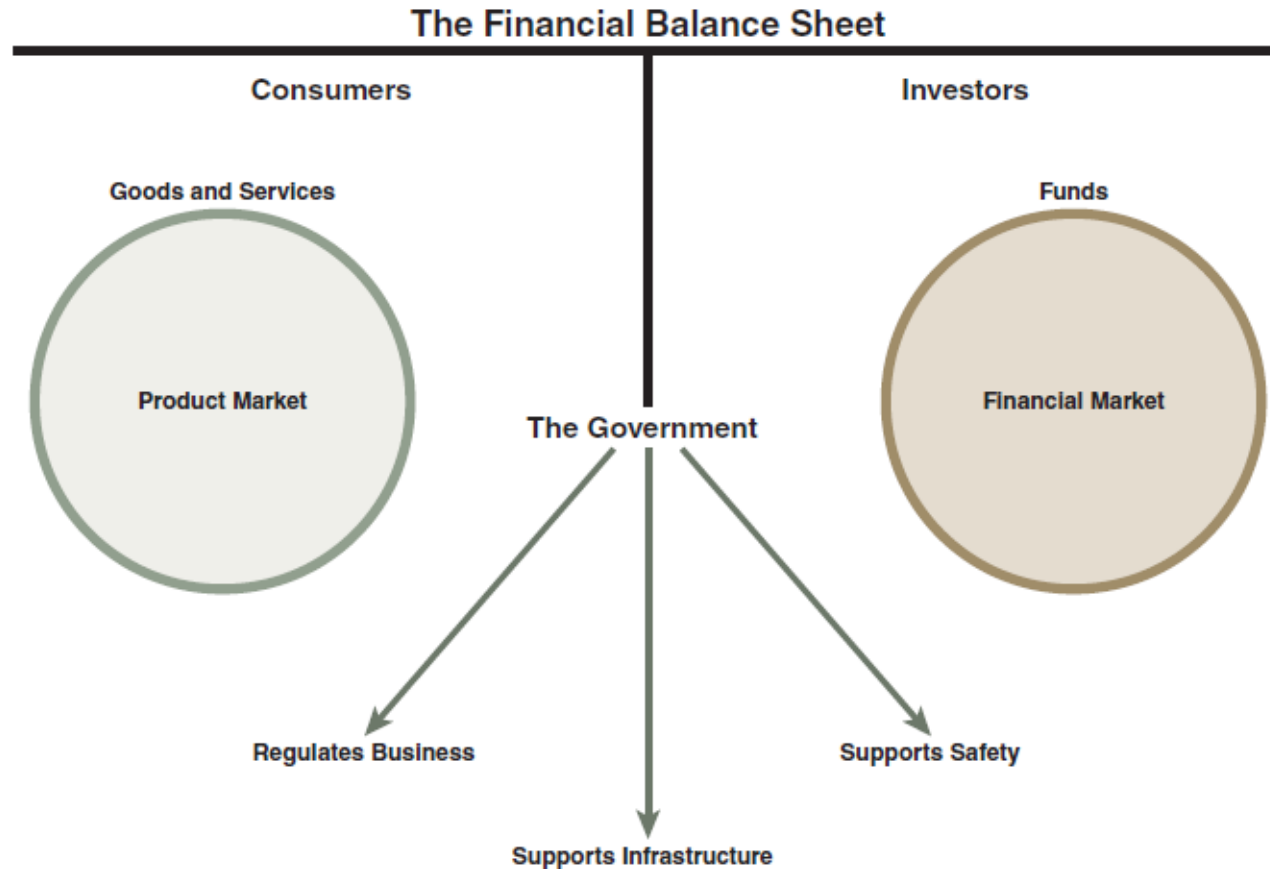


The Financial Balance Sheet Part II

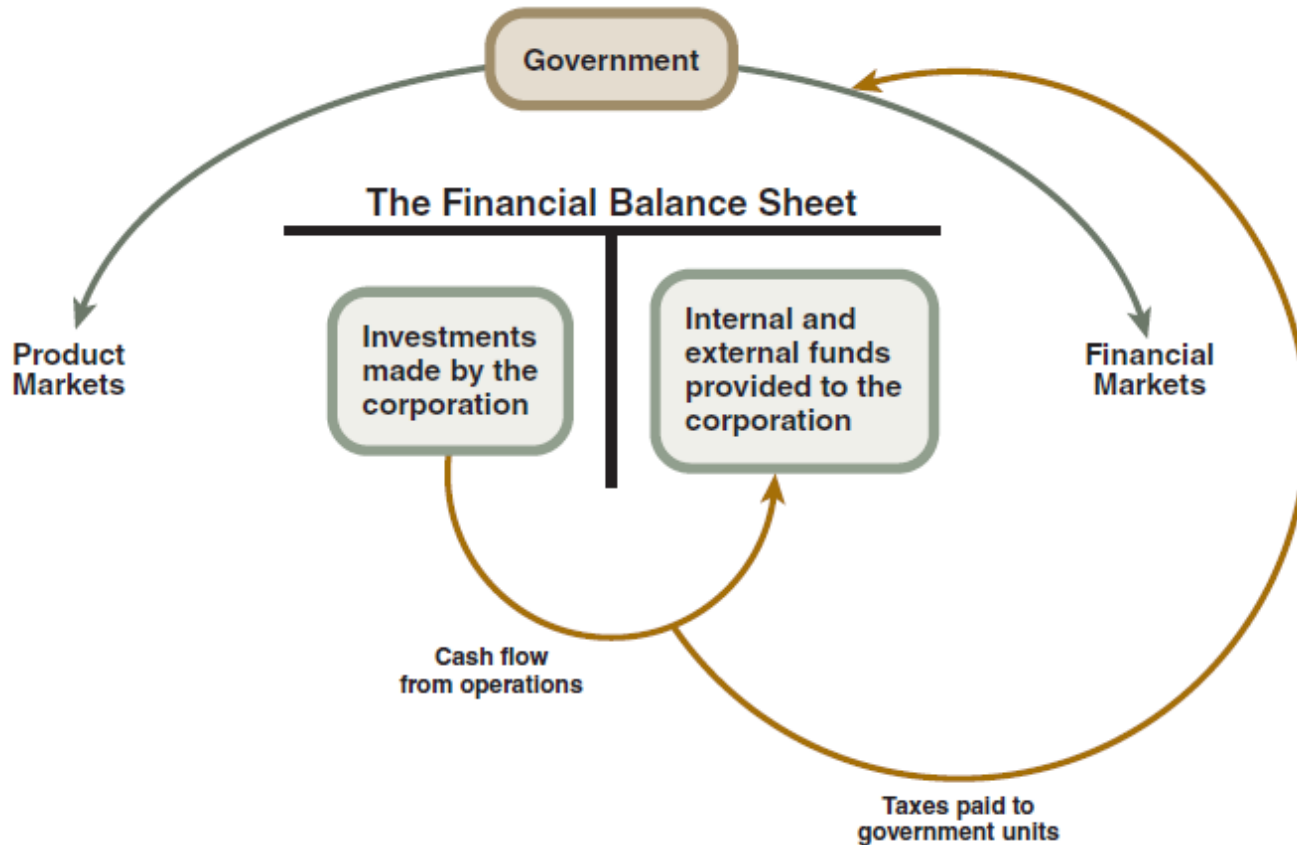
This slideshow continues our review of the Financial Balance Sheet (FBS).

The Financial Balance Sheet



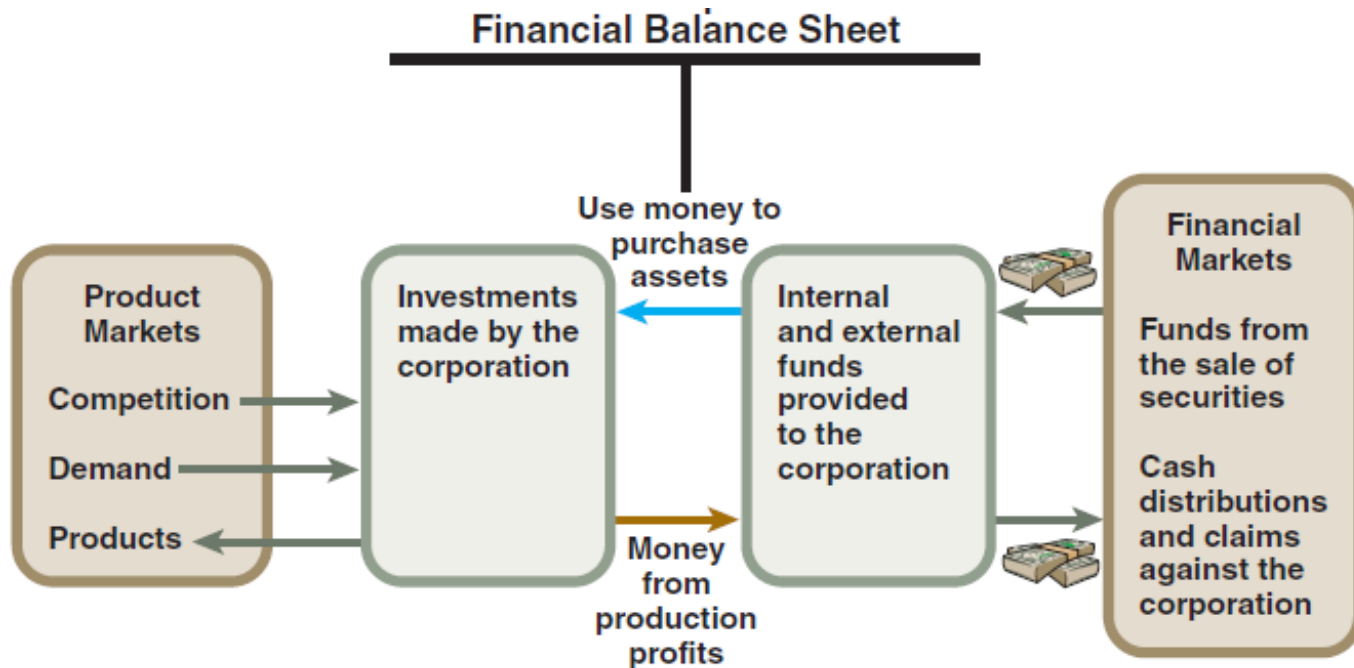
- The FBS is impacted by the economic and regulatory environments in which a firm operates.

Government and the FBS



- The government regulates markets, passes laws that may benefit or limit firms, and collects taxes on business income.

Markets and the FBS



- A firm's activity in **product markets** is reflected by its corporate assets on the LHS.
- A firm's activity in **financial markets** represent how it acquired the RHS funds to finance its assets.