

APPLICATIONS TO FINAL ROUNDS

Investment Banking Recruiting & Interview Playbook

Build a credible application. Explain the numbers. Defend your judgment.

Applications & networking

Annotated candidate answers

Technical explanations & cases

Public-filings deal walkthrough

First-round simulation

Three-round Superday practice

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Start here: build evidence, then practice the interview

A banking application needs a reason to invite you. An interview needs evidence that you can explain your work, handle unfamiliar questions and learn from a correction. Prepare those two jobs separately, then connect them.

This playbook is for students and early-career candidates pursuing investment banking analyst roles. It also helps career changers organize relevant experience. MBA associate recruiting, experienced lateral hiring and specialist groups can require additional preparation. The examples emphasize U.S. corporate-finance conventions; confirm the rules of your location and employer.

CHOOSE THE RIGHT PREPARATION

This revised edition replaces our Finance Interview Guide. It includes substantial technical material also available in the Finance Technical Interview Guide. Choose the technical-only book if that is your sole gap; existing owners do not need to buy both to repeat the same material. This edition adds a banking recruiting sequence, annotated candidate examples, transaction analysis and full interview simulations.

What you will produce

DELIVERABLE	A USEFUL COMPLETION TEST
Application control sheet	Every priority role has a verified eligibility rule, source, deadline or unknown, and next action.
Evidence-based resume	You can explain each claim, your personal contribution and its limitations without adding invented numbers.
Candidate story	Your explanation connects two experiences to the work of a banking analyst and survives a follow-up.
Technical error log	You can solve a changed version of each missed problem, not just repeat its solution.
Transaction brief	Facts, management's expectations and your own judgment are visibly distinct.

Two completed simulations

You can identify the assumption, calculation or evidence behind each answer and correct a mistake calmly.

Use the book according to the bottleneck

No interviews: start with role selection, application evidence and outreach. Continue technical practice, but do not interpret a lack of invitations as proof that another hundred technical answers will fix your resume or eligibility mismatch.

Interview scheduled: confirm the assessment format, complete the first-round simulation cold and use its misses to choose technical chapters. Prepare your resume walkthrough, motivation and one transaction discussion in parallel.

Final rounds: run the Superday simulation, defend the assumptions in the connected case, and rehearse questions about mistakes and teamwork. Practice answering an interruption rather than delivering a memorized speech.

Conventions and limits

Candidate stories, employer names inside invented scenarios and numerical cases are fictional unless explicitly identified as a public transaction. Dollar amounts in technical exercises are in millions unless stated otherwise. Tax rates, timing and financing assumptions are teaching inputs, not forecasts. Study tags are editorial priorities, not measured employer question frequencies. No interview questions are represented as leaked, proprietary or recently asked by a named bank.

Read an answer only after attempting the question. Record the initial error, its cause and one variation. A correct number without a defensible explanation is unfinished practice. An interview invitation or offer is never guaranteed by completing this book.

02

Choose the banking role and verify the recruiting route

Investment banking is an application category, not a single job description. Start with the actual role before deciding what evidence to put forward.

ROUTE	WHAT TO VERIFY	USEFUL EVIDENCE TO PREPARE
Summer analyst	Graduation window, location, availability, work authorization and application limits.	Academic and project evidence, relevant internships, clear motivation and a basic technical foundation.
Full-time analyst	Whether hiring is open externally, required start date and experience expectations.	Specific analytical contributions and why the role is the next logical step.
Off-cycle internship	Duration, university status, language requirements and ability to work the full period.	Relevant experience plus a credible availability explanation.
Lateral analyst	Required experience, product or sector knowledge, and restrictions on discussing current work.	Your precise role in transactions or adjacent analytical work, with confidential details removed.
MBA associate	Program-specific eligibility and recruiting process.	Leadership, prior experience and why advisory work fits. This book supports technical practice but is not a complete associate recruiting manual.

Understand the work you are applying to do

In an illustrative sell-side mandate, the team may analyze the company, prepare materials, organize buyer outreach, manage diligence questions, compare bids and support negotiation through signing and closing. Analysts can contribute research, financial analysis, document checks and process tracking. Staffing and responsibilities differ by firm, team and transaction. Do not promise that a particular title guarantees client ownership or a particular kind of deal.

A coverage team develops sector knowledge and client relationships. A product team concentrates on a transaction or financing type. These are useful distinctions for research, not universal organizational rules. Read the firm's business descriptions and ask how the advertised team works with other groups.

The application control sheet

Use one row per role, not one row per bank. Record: employer; role title; requisition or official URL; office; division; graduation eligibility; authorization wording; opening and closing dates if published; last checked date; submitted version; contact context; assessment deadline; next action. Write *not stated* when a fact is unknown. A student's spreadsheet or forum calendar is a lead to verify, not an authoritative deadline.

Fictional example: a candidate graduating in May 2028 finds a summer role stating a December 2027-June 2028 graduation window. That graduation requirement appears compatible. It does not establish the candidate's authorization, location or other eligibility. Save the exact posting and verify each condition before treating the role as a qualified target.

A label such as “2028 recruiting” can refer to a graduation year or an internship year. Record both explicitly. This book supplies a method for checking live opportunities, not a fixed 2028 application calendar.

Separate verified process from a planning assumption

Goldman Sachs describes a video-interview stage and subsequent final-round interviews for selected campus applicants. JPMorganChase notes that some opportunities use recorded video interviews. Neither description establishes a universal banking process. Use the invitation for the actual assessment duration, permitted materials, accessibility arrangements and response deadline. Sources appear in the reference section.

For planning, reserve time for an application, possible assessment, live interviews and follow-up. If the employer gives different steps, update the plan. Ask the recruiting contact about ambiguous instructions instead of guessing. A referral does not replace a required application or establish eligibility.

Prioritize without inventing hiring odds

Sort qualified roles by fit, deadline and strength of evidence. A strong fit means your experience gives you specific things to discuss, not that an offer is likely. Include a range of suitable employers; do not build a list solely from prestige rankings. Keep an adjacent-role option where your evidence is stronger, while clearly distinguishing banking from corporate banking, research or wealth management.

Exit test: choose three live roles and explain the differences in eligibility, work and evidence. If the only difference you can name is the logo, you need more research before tailoring applications.

03

Make your resume and project evidence defensible

A useful resume bullet lets a reader see the work, your contribution and the result. It should also give you an answer when someone asks, “What did you actually do?”

The evidence matrix

BANKING-RELEVANT TASK	POSSIBLE EVIDENCE	WHAT YOU MUST BE ABLE TO EXPLAIN
Analyze financial information	Course case, accounting work, research memo or internship analysis.	Source, method, material assumption and a limitation.
Check detailed work	Reconciliation, data-cleaning log or document quality check.	How the error was detected, corrected and prevented.
Communicate a recommendation	Presentation, written brief or client-support task.	Audience, alternatives, your recommendation and response.
Manage a deadline	Team assignment, paid work or volunteer responsibility.	Tradeoff, communication and quality-control step.

One strong example can support several skills. Do not manufacture a new story for each row. If your contribution was small, describe it accurately and explain what you learned. “Supported a transaction” must not become “executed a transaction” simply because the latter sounds stronger.

Three annotated bullet rewrites

Fictional student project, weak: “Built financial models and analyzed companies.”

Specific: “Built a three-year revenue and operating-margin forecast for a listed distributor using its annual report; compared working-capital assumptions and presented the effect on free cash flow.”

Why it works: identifies a deliverable and the actual judgment. It claims neither an investment return nor a business outcome. Follow-up preparation: show the revenue driver, distinguish margins from cash conversion, and explain why a distributor was appropriate for the exercise.

Fictional audit internship, weak: “Improved financial accuracy by 40%.”

Specific: “Reconciled selected invoice records to the receivables schedule, documented exceptions and escalated unresolved items to the supervising associate.”

Why it works: removes an unsupported percentage and states the candidate's scope. If a defensible count is available and permitted, include it; otherwise the method is enough. Do not describe audit work as M&A advisory.

Fictional boutique internship, weak: “Led a \$200 million acquisition.”

Specific: “Prepared a public-company comparable set and updated the buyer-outreach tracker for a sell-side mandate; reconciled financial periods and flagged missing source support for review.”

Why it works: separates support from deal leadership. The candidate should not disclose the client, price, buyer list or nonpublic process status unless authorized. An anonymized description still needs to comply with the employer's confidentiality rules.

A project that creates interview evidence

Choose a public nonfinancial operating company with understandable revenue drivers and accessible filings. Build a short analysis with five parts: source log, historical operating summary, simple forecast, valuation range and one-page conclusion. The goal is a model another person can inspect, not an elaborate spreadsheet full of unsupported precision.

- 01 Record filing date, reporting period, currency and units. Reconcile historical revenue, EBIT, D&A, capital expenditure and operating working capital to the source.
- 02 Forecast revenue from one or two business drivers and state the margin assumption. Explain why each driver matters.
- 03 Calculate unlevered cash flow using explicit tax, investment and working-capital assumptions. Avoid silently using EBITDA as cash flow.
- 04 Compare a small, justified peer set and a DCF sensitivity. Do not choose peers solely because their multiple supports your conclusion.
- 05 Write what would change your view: a customer loss, lower pricing, more capital required or a different discount rate. Label all forecasts as your assumptions.

Project defense: be ready to rebuild one line without the file; identify one data limitation; explain a peer exclusion; and show the consequence of changing one assumption. If you used AI or an existing template, understand every included formula and follow any academic or employer disclosure rules. Never use hidden assistance during an assessment.

Routes without a banking internship

A non-target student can make evidence easier to inspect through a well-sourced project, accurate experience descriptions and focused conversations. A career changer can translate relevant accounting, analysis or client work, then show the missing valuation foundation. Neither route eliminates employer eligibility requirements. Avoid spending months collecting certificates while leaving application timing and your resume explanation unresolved.

Exit test: ask someone to select any bullet. Explain the input, your action, the output and one limitation in under two minutes. Revise the bullet if the explanation requires a claim that is not actually true.

Network with context and run the application pipeline

Outreach is a request for a useful conversation. Give the recipient a specific reason you chose them and a question they can reasonably answer.

Build a contact brief before writing

Use public professional information: role, team, relevant background and a genuine connection to your question. Do not infer a person's hiring authority from a title. Keep personal details out of your tracker. A contact who understands your work may eventually offer guidance or a referral; the first email should not pretend that relationship already exists.

FICTIONAL FIRST MESSAGE

Subject: Student question on industrials banking

Hello Jordan,

I'm a junior studying economics and preparing for investment banking applications. Your move from accounting into industrials coverage caught my attention because my internship was in audit. I recently built a distributor cash-flow case and would value your perspective on which analytical skills transferred most directly into your first banking role. If you have 15 minutes in the next two weeks, I would appreciate a brief conversation. I can work around your schedule.

Thank you,

[Your name]

Annotation: the message supplies identity, a real reason for choosing the person, evidence of preparation and a bounded request. Use a real connection; do not copy the audit background or project if it is not yours. A shorter message is appropriate when less context is needed.

Make the call useful

Prepare a brief introduction and three questions. For example: “What did you find hardest to learn in your first analytical assignment?” “How does the group divide coverage and execution work?” “What could a candidate demonstrate before joining that would make training more productive?” Avoid confidential transaction questions, personal compensation questions and facts answered clearly on the website.

Leave room for the conversation to move. Summarize one useful point and ask permission before following up. A thank-you can be specific: “Your explanation of working-capital seasonality showed me a gap in my project. I’m adding a monthly sensitivity.” Do not claim you made a change before doing it.

Follow-up and referral logic

If the first message receives no response, one polite follow-up after a reasonable interval can restate the request. Timing is judgment, not a measured optimum. Stop if the person declines or asks not to be contacted. Silence is not permission for a sequence of increasingly urgent messages.

After a substantive conversation, a relevant live opening creates a natural next step: “I found [official role and requisition] and it appears to fit my graduation date. Based on what we discussed, is applying through the portal the right next step?” If they offer a referral, follow their process and describe the relationship accurately. Do not write “referred by” merely because someone answered an email.

Diagnose the funnel using observable events

OBSERVED BOTTLENECK	CHECK BEFORE INCREASING VOLUME	ONE FOCUSED ADJUSTMENT
Messages undelivered	Address accuracy and appropriate contact channel.	Use a verified professional channel; stop guessing addresses.
Delivered, few replies	Relevance, clarity of ask and recipient suitability.	Improve the contact brief and first two sentences.
Calls, no useful next step	Whether the questions reveal preparation and whether a suitable role exists.	Finish one piece of evidence and ask a concrete process question.
Applications, no interviews	Eligibility, submission timing, resume clarity and fit.	Audit a small set against the actual postings.
Interviews, no advancement	Technical misses, vague stories and role understanding.	Run a recorded mock and fix a documented weakness.

A fictional tracker with 20 delivered messages, 4 replies and 2 calls describes that batch only. It does not establish a reliable future reply rate, a referral rate or hiring odds. Separate outreach events from submitted applications and interviews. Record causes only when you have evidence; otherwise mark a hypothesis.

A sustainable weekly review

Review deadlines, update source links, resolve missing eligibility information and select the next few actions you can complete well. Allocate time to applications, evidence-building, conversations and interview practice according to your bottleneck. If an interview arrives tomorrow, the schedule changes. The tracker is a control tool, not a quota to satisfy.

Explain your path: resume walkthrough and why banking

Your answer should explain a choice. Select experiences that made the work of banking more concrete to you, then connect them to the role you are pursuing.

A four-part resume walkthrough

Present: where you are now. **Evidence:** two experiences that developed relevant skills. **Choice:** what those experiences taught you about the work you want. **Next step:** why this role follows. Practice a short version and a longer version so you can respond to the interviewer's requested depth.

FICTIONAL UNDERGRADUATE ANSWER

"I'm studying economics and have been testing my interest in corporate finance through accounting work and company analysis. During an audit internship, I reconciled receivables records and learned how much the quality of the underlying information affects a conclusion. In a student project, I then forecast a distributor's cash flow and found that working-capital needs changed the valuation more than a small margin improvement. I enjoyed explaining that result and revising the analysis when teammates challenged the assumptions. Those experiences made me interested in advisory work around transactions, where financial analysis supports a client's decision. I'm applying for an analyst role to develop that skill in a team, and I'm prepared for the detailed checking and revisions that come with it."

What the answer establishes: two distinct experiences, personal actions, a specific observation and a reason for the move. It does not claim live deal execution, client responsibility or an offer from another bank. Its strength depends on the candidate being able to substantiate the story.

LIKELY PRACTICE FOLLOW-UP

WHAT A DEFENSIBLE RESPONSE NEEDS

What did the audit work involve?	A precise task and supervision boundary; no confidential client detail.
Why did working capital affect value?	Explain that cash tied up in receivables or inventory reduces cash flow, with a simple calculation.
Why banking rather than equity research?	A reason connected to advisory and transaction work; respect the analytical work in both careers.
What will be difficult for you?	A real development need and a practical way to learn, rather than a disguised strength.

Translate a career change without inventing a lifelong plan

Fictional audit-to-banking version: “My current work developed my ability to reconcile financial information and explain exceptions. I became more interested in the decisions the numbers support, particularly how a buyer evaluates earnings quality and financing. I tested that interest through a public-company valuation project and conversations about transaction execution. I understand that this is a change in responsibilities, not simply the same job with different clients. I'm looking for an analyst role where I can apply my accounting foundation while developing modeling and execution skills.”

This answer should be followed by actual evidence of the project and conversations. If you have not done them, describe what you have done instead. A planned activity is not completed experience.

Answer “why banking” through a tested preference

Replace “fast-paced, prestigious and a steep learning curve” with three connected points: the work that attracts you, an experience that tested that interest, and the responsibility you want to develop. Compensation can be one real consideration, but it does not explain why you fit this work rather than another demanding career.

Weak: “I want exposure to deals and excellent exit opportunities.” **More useful:** “I liked turning an operating forecast into a decision about price and financing. I want to learn how that analysis is tested in a transaction and communicated to a client. My project showed me I enjoy revising assumptions when the evidence changes.” The second answer is still incomplete if the candidate cannot discuss the forecast.

Do not promise a career duration you cannot know. You can be committed to learning and contributing in the role while remaining honest about an uncertain long-term path. Avoid disparaging audit, consulting or another team to make banking sound attractive.

A self-review that catches generic answers

Underline each sentence that could be said by almost any applicant. Replace one with a real action or observation. Then ask a partner to interrupt at any point and request detail. If the answer collapses when interrupted, reduce the script and strengthen the underlying evidence.

06

Research the employer and make a specific why-firm answer

A named deal is useful only if you understand the bank's role and why that work matters to your application.

The fact-to-fit card

FIELD	WHAT BELONGS THERE
Verified fact	Official team description, role requirement or transaction adviser disclosure, with a source and date.
Your interpretation	What that fact suggests about the work. Clearly distinguish inference from confirmation.
Personal connection	An experience or interest that makes the work relevant to you.
Remaining question	Something a conversation can resolve, such as how junior responsibilities differ across mandates.

Fictional example: a candidate confirms that a team advised the seller in a distribution-sector transaction. Their project examined working-capital needs in distribution. A useful connection is the analytical overlap, not a claim that the bank must share the candidate's culture or values. They should not describe the bank as the buyer's adviser unless the disclosure supports it.

FICTIONAL WHY-FIRM ANSWER

“I'm interested in your industrials team because the transactions described on your site include businesses with the working-capital and cash-conversion questions I enjoyed studying. In the disclosed seller-advisory mandate I reviewed, I focused on how the company's operating characteristics could affect a buyer's valuation. That gives me a concrete reason to learn more about the group's execution work. My conversation with an analyst helped me understand the importance of checking source data before presenting a conclusion. I'd like to develop that discipline in this role.”

The conversation sentence belongs only if it happened. Without a conversation, use another verified role-specific fact and acknowledge what you still want to learn. Do not invent a personal connection or present an employee's anecdote as firm-wide policy.

Questions that build on the discussion

- “You mentioned that the team works across both pitches and live mandates. What changes most in an analyst's responsibilities between them?”
- “When a junior analyst's model needs revision, what makes the handoff to the reviewer effective?”
- “Which industry-specific concepts would you recommend learning before starting in this group?”
- “How do you organize feedback for someone learning the firm's execution process?”

These are conversation prompts, not a script to recite regardless of what has already been answered. Keep questions within the person's experience. Do not ask for confidential pipeline information or an assessment of another candidate.

07

Behavioral evidence: actions, tradeoffs and follow-ups

Prepare a small set of experiences you can examine from several angles. The useful unit is an event with decisions, not a polished speech with an interchangeable question attached.

Build six evidence cards

Choose examples covering teamwork, an error, competing deadlines, feedback, disagreement and analytical judgment. Each card should contain context, your responsibility, the options available, the action you took, the observed result, and what changed afterward. Results may be qualitative. Avoid fabricated percentages and claims that you alone produced a team outcome.

Example 1: a model error

Fictional answer: “In a class valuation project, I carried one quarter of revenue into a table that was supposed to show a full year. I caught the mismatch while checking the units before our presentation. I told the team, corrected the source mapping and reran the affected growth and valuation calculations. We used the revised table in the presentation. I then added period labels next to each source input and a review check that compared annual totals with the filing. The mistake showed me that checking a formula does not catch a wrong input period.”

Follow-ups: Why did the first review miss it? Which outputs changed? What if it had already been sent? A useful response owns the error and explains escalation. If distributed work is wrong, notify the appropriate reviewer promptly, identify the affected version and help issue a correction through the team's process. Do not quietly replace a file and assume nobody relied on it.

Example 2: competing deadlines

Fictional answer: “Two project leads requested analysis for the same afternoon. I estimated the remaining work and found that finishing both to the expected standard was unlikely. I asked each lead which parts were essential for the immediate decision, explained the conflict and proposed sending the checked core analysis first, with the sensitivity table afterward. We agreed on that sequence. I sent the first deliverable at the revised time and flagged the outstanding sensitivity rather than presenting it as complete.”

Follow-ups: Who approved the priority? What did you sacrifice? How did you preserve quality? The point is not that every conflict has a painless solution. Show that you surfaced the constraint early and did not unilaterally decide which stakeholder could be ignored.

Example 3: disagreement about a peer set

Fictional answer: “A teammate wanted to include a high-growth software company in our distributor peer set because it raised the median multiple. I suggested comparing business models before looking at the valuation result. We documented why recurring software revenue and inventory-heavy distribution had different cash-flow characteristics, excluded that company from the core set and showed it separately as context. I also checked whether my preferred peers had weaknesses, including different geographic exposure. That made the discussion about comparability rather than whose number won.”

Follow-ups: What if the teammate remained unconvinced? What evidence could change your mind? Do not turn the story into an account of proving someone foolish. Explain a common objective, evidence and a proportionate escalation path when needed.

Example 4: feedback that changed the work

Fictional answer: “A supervisor said my analysis was accurate but made the reader search for the conclusion. I revised the memo to lead with the decision, then show the supporting calculation and uncertainty. On the next assignment, I agreed on the decision question before building the analysis. The supervisor could review the recommendation more directly. I still use a checklist because I can over-explain the method when I find the topic interesting.”

This supplies a real weakness, a response and a remaining limitation. Do not choose a supposedly safe weakness that you cannot substantiate. A candid account with evidence is more useful preparation than a disguised compliment.

Practice prompts and what to listen for

PROMPT	REVIEW CRITERION
When did you lead without authority?	Identify an action that changed the team's direction, not merely a title.
What did you do with incomplete information?	Separate a known fact, an assumption and a decision that could be revisited.
When did you miss a goal?	Own your part and describe the consequence without inventing a later success.

PROMPT	REVIEW CRITERION
How did you respond to a difficult colleague?	Describe behavior, your response and a boundary; avoid personal attacks.
What would you improve in your project?	Name a material weakness and an attainable next investigation.
What if a senior asks for an unsupported adjustment?	Clarify the rationale, show the evidence and use the appropriate review process. Never knowingly misstate the analysis.
What do you enjoy outside work?	Give an honest answer that permits a normal conversation.
Why should we hire you?	Connect two relevant capabilities to evidence and the role's requirements.

Exit test: ask a partner to choose an unfamiliar follow-up. Answer the narrower question rather than restarting the story. If you cannot recall a detail, say so; do not improvise a precise number to preserve fluency.

08

Accounting fundamentals

Accounting connects operating decisions to cash and valuation. Practice tracing each transaction through all three statements, then use the question bank to test timing, classification and the assumptions behind your answer.

What accounting questions actually test

CATEGORY	WHAT THEY TEST	EXAMPLE
The three statements	Can you explain what each statement shows?	"Walk me through the income statement."
How statements link	Do you understand the mechanics connecting IS, BS, and CFS?	"How are the three statements connected?"
Accounting concepts	Do you know the accrual vocabulary?	"What is working capital?" "What is goodwill?"

CATEGORY	WHAT THEY TEST	EXAMPLE
Three-statement changes	Can you trace a transaction through all three?	"Depreciation increases \$10 - what happens?"

INTERVIEWER PERSPECTIVE

An accounting question is a logic test wearing an accounting costume. The interviewer is watching whether you move through the statements in a fixed order, keep the tax effect straight, and land on a balance sheet that balances. Method is the answer.

The three financial statements

STATEMENT	WHAT IT SHOWS	TIME FRAME	THE QUESTION IT ANSWERS
Income statement	Profitability: revenue minus expenses	A period (quarter, year)	"Is this company making money?"
Balance sheet	Position: what the company owns vs. owes	A snapshot (point in time)	"What does this company own?"
Cash flow statement	Cash: where it came from, where it went	A period (quarter, year)	"Is this company generating actual cash?"

KEY CONCEPT

Each statement has a blind spot the other two cover. The income statement shows profitability but ignores cash timing. The balance sheet shows position but not how you got there. The cash flow statement shows cash movement but not economic profitability. That is why there are three - and why interviewers test the links between them harder than the statements themselves.

The income statement, line by line

LINE ITEM	CALCULATION	WHAT IT TELLS YOU
Revenue	Top line	Total value of goods and services sold
– COGS	Direct production costs	Costs tied directly to making the product

LINE ITEM	CALCULATION	WHAT IT TELLS YOU
= Gross profit	Revenue – COGS	Profit before operating expenses
– SG&A	Salaries, rent, marketing	Operating costs not tied to production
= EBITDA	Gross profit – SG&A	The most-quoted profit metric; pre-D&A, pre-interest
– D&A	Non-cash expense	Asset cost spread over useful life
= EBIT	EBITDA – D&A	Operating profit before financing
– Interest	Cost of debt	What the company pays lenders
= EBT	EBIT – interest	Pre-tax income
– Taxes	Tax provision	The government's share
= Net income	EBT – taxes	The bottom line - what shareholders keep

COMMON MISTAKE

EBITDA is a profit measure, not cash flow. It excludes investment in operating working capital, capital expenditure and cash taxes. Explain those differences before using it as a valuation denominator.

The balance sheet, section by section

THE EQUATION THAT ALWAYS HOLDS

Assets = Liabilities + Shareholders' Equity

This identity is not an approximation - it holds after every transaction, or the books are wrong. If a company buys equipment for \$50,000 in cash, total assets are unchanged: cash falls \$50,000, PP&E rises \$50,000.

SECTION	KEY ITEMS	WHAT IT REPRESENTS
Current assets	Cash, A/R, inventory, prepaid expenses	Converts to cash within one year