Cash, debt and net debt

Cash, debt and net debt is a free 50-minute high school lesson on reading a company's borrowing in one line. Students subtract cash from debt for Apple, Alphabet, AT&T and Boeing, using each company's 10-Q or 10-K, and learn what the number leaves out.

5-minute prep

- Print: one worksheet per student (2 pages, black and white). Print the answer key for yourself.
- Project: the slides (12 slides). The company cards start on slide 5.
- Read: "Teacher background in 2 minutes" below, then the discussion guidance.

Grade	High school, grades 9–12
Time	50 minutes (splits into two 25-minute blocks)
Edition	2026–27 first edition v1.0
Lesson page	cityfort.co/teachers/debt-cash-and-staying-power/cash-debt-and-net-debt

Objective

Students can find a company's debt and its cash in a filing, work out net debt or net cash with the date, and name one thing the single number leaves out.

Standards the lesson supports

- HSN.Q.A.1 (Common Core states)
- 7.RP.A.3 (Common Core states)
- Investing 12-5a (Jump$tart / CEE National Standards), in part

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Timing

Minutes	Step	What happens
0–7	**Warm-up**	A made-up student with a car loan and a savings account: does the student owe money overall, or have money left over?
7–15	**Three words**	Debt, cash and net debt, and where each sits on a balance sheet in a 10-Q or 10-K.
15–32	**Four companies**	Pairs work out net debt or net cash for Apple, Alphabet, AT&T and Boeing, each with its date.
32–40	**Read the notes**	Each card has one note that changes the picture: leases, shares held as investments, years of cash flow, a deficit in equity.
40–46	**Discussion**	What does one number hide? Describe, don't judge.
46–50	**Exit ticket**	Exit ticket (4 questions).

Materials

- The slides (projected) or the printed worksheet.
- One worksheet per student. It prints in black and white on two pages.
- A calculator.
- No accounts, no logins and no internet access are required. The student page is optional.

Discussion questions

1. Apple and AT&T both owe billions of dollars. What does the net number add that the debt number alone does not show?
2. Alphabet's cash figure includes shares it holds in other companies. Why might a reader want the number with and without them?
3. AT&T's page compares its net debt with a year of cash from its operations. What does that comparison tell a reader that net debt alone does not?
4. Ford's debt is mostly Ford Credit's, which borrows money to make car loans. How does that change what Ford's debt number means? (Describe it. Do not judge it.)

Adapting the lesson

English language learners: ELL: a picture of a scale with "what it owes" on one side and "what it holds" on the other, a word bank and sentence frames.

IEP and 504 plans: IEP: the Part C table with debt and cash filled in; students subtract and circle "net debt" or "net cash."

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Advanced students: Advanced: students read the Ford card and work out Ford Credit's part of Ford's debt, then explain why the total mixes two kinds of borrowing.

Extension: Students pick one more company from the unit's list on Cityfort and copy its debt, cash and net debt with the date from the "debt and cash" part of its page. They write one sentence on what the page's notes say the number leaves out. Read Cityfort's Learn entry What is net debt?

Teacher background

Debt

Debt is money a company has borrowed and must pay back, usually with interest: bonds (also called notes), bank loans and commercial paper (very short-term borrowing).

Cash

Cash here means cash plus short-term investments the company can turn into cash quickly. Each Cityfort page says which lines it counts.

Net debt

Net debt = debt − cash. A negative result means the company holds more cash than it owes, which pages call net cash.

Where it is

Both numbers sit on the balance sheet in Item 8 of a 10-K, or Part I of a 10-Q. The balance sheet is a picture on one date, so every number needs that date.

What it leaves out

Leases, promises to buy goods, and money customers paid in advance are usually not counted as debt. Cityfort pages list them in notes beside the number.

Ford's two businesses

Ford Credit lends money to car buyers and dealers, so it borrows to lend. It held 85.5% of Ford's debt on Sep 30, 2026.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

Teaching notes

- Students often read any big debt number as trouble. Keep the lesson on what the number measures and what its notes add.
- Signs trip students up. Agree as a class that net debt below zero is written as net cash, with no minus sign.

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Standards supported

This lesson supports these outcomes. It does not cover all of any standard.

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- Common Core HSN.Q.A.1: millions, billions, signs and dates kept straight.
- Common Core 7.RP.A.3 (used as review): net debt compared with a year of cash flow; a part of a total.
- National Standards for Personal Financial Education (2021), Investing 12-5a: partial; how a filing measures borrowing, with no price discussion.

Teacher background in 2 minutes

- Debt: bonds (notes), loans and commercial paper. Most US companies borrow; owing money is normal for a large company.
- Cash: cash plus short-term investments. Each Cityfort page names the lines it counts, and they differ by company.
- Net debt = debt − cash. Below zero, it is net cash.
- The balance sheet is one date's picture. Debt and cash can change a lot from one quarter to the next.
- Leases, purchase commitments and customer prepayments usually sit outside debt. Cityfort pages list them in notes.
- Ford's total debt is mostly Ford Credit's, which borrows to fund car loans and leases. Lesson 2 comes back to this.

Materials

- Slides (PowerPoint, 12 slides). Every table is a real table, not a picture.
- Student worksheet with exit ticket (2 pages).
- Answer key.
- Calculators.

0–7 minutes: Warm-up (slides 1–2)

- Show Riley and Taylor. The numbers are made up, and the slide says so.
- Riley: $6,000 − $1,500 = $4,500 of net debt. Taylor: $2,000 − $5,000 = −$3,000, so $3,000 of net cash.

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- Say: "Companies are the same idea with bigger numbers."

7–15 minutes: Three words (slides 3–4)

- Define debt, cash and net debt. Students copy them into Part B.
- Show where debt and cash sit on a balance sheet: Item 8 of a 10-K, Part I of a 10-Q.

15–32 minutes: Four companies (slides 5–8)

- Pairs fill in the Part C table: debt, cash, debt − cash, and "net debt" or "net cash."
- Check units: all four cards are in millions of dollars. The answer key writes the results in billions too.

32–40 minutes: Read the notes (slides 9–10)

- Pairs answer Part D from the note on each card.
- At Alphabet, work out the number without the shares in other companies together. At AT&T, divide net debt by a year of operating cash flow.

40–46 minutes: Discussion (slide 11)

- Use the discussion questions below.
- If students say a company is "in trouble" or "safe," ask: "Which number or note shows that?"

46–50 minutes: Exit ticket (slide 12)

- Students answer the four exit-ticket questions on page 2 of the worksheet.

Splitting into two 25-minute blocks

Block 1 covers minutes 0–25, ending after two cards. Block 2 opens with a 3-minute recap, then the last two cards, the notes, discussion and the exit ticket.

Guidance for the discussion questions

Question 1. Net debt sets what a company owes against what it holds. Apple owes billions but held more in cash and securities; AT&T's cash covered a small part of its debt.

Question 2. Shares in other companies can change in value and, for SpaceX, have short-term limits on selling, as Alphabet's page notes. Without them, Alphabet's cash still exceeded its debt, by $48.6 billion.

Question 3. It measures net debt in years of the cash the business brings in. It is a size comparison, not a forecast.

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Question 4. Most of Ford's debt pays for loans to car buyers, which Ford Credit expects to collect. Accept descriptions; do not accept "too much" or "risky."

Sentence frames

- "On ____ (date), ____ had $____ of debt and $____ of cash, so its net ____ was $____."
- "The note says the number leaves out ____."
- "____'s net debt was about ____ years of the cash its operations brought in."

Differentiation: ELL

- A scale picture: "owes" on one side, "holds" on the other.
- Word bank: debt, borrow, loan, bond, note, cash, investment, net, balance sheet, lease, equity, deficit.
- Sentence frames (above). Pair ELL students with a partner for Part C.

Differentiation: IEP

- Part C with debt and cash filled in; students subtract and circle the label.
- Two cards only: Apple and AT&T.
- Calculator allowed. Large print: enlarge the worksheet when printing (tabloid paper works well).
- Shorter exit ticket: questions 1 and 2 only.

Differentiation: Advanced

- Ford card (Sep 30, 2026): total debt $163,082 million; Ford Credit debt $139,393 million; debt excluding Ford Credit $23,689 million.
- Ford Credit borrows, then lends, mostly for car loans and leases.
- Ask: what part of Ford's debt was Ford Credit's? What does that change about reading Ford's total?

student page

Scan the code or type: **cityfort.co/class/net-debt**

Sources

1. S1: Apple: Form 10-K for fiscal year 2026 (year ended Sep 26, 2026), Apple Inc. (SEC EDGAR), Nov 3, 2026. https://www.sec.gov/Archives/edgar/data/320193/000032019326000026/aapl-20260926.htm
2. S2: Alphabet: Form 10-Q for the quarter ended September 30, 2026, Alphabet Inc. (SEC EDGAR), Oct 29, 2026. https://www.sec.gov/Archives/edgar/data/1652044/000165204426000084/goog-20260930.htm

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4. S4: AT&T: Form 10-Q, Q3 FY2026 (quarter ended Sep 30, 2026), AT&T Inc. (SEC EDGAR), Oct 21, 2026. https://www.sec.gov/Archives/edgar/data/732717/000073271726000372/t-20260930.htm
5. S5: AT&T: Financial and Operational Trends (trending schedule), Q3 FY2026, AT&T Inc. (investor relations), Oct 21, 2026. https://investors.att.com/~/media/Files/A/ATT-IR-V2/financial-reports/quarterly-earnings/2026/3Q-2026/T_3Q26_Trending_Schedule.pdf
6. S6: Boeing: third quarter 2026 earnings release (Form 8-K, Exhibit 99.1), The Boeing Company (SEC EDGAR), Oct 27, 2026. https://www.sec.gov/Archives/edgar/data/12927/000162828026067411/a202609sep308kprex991.htm
7. S7: Boeing: Form 10-Q, third quarter 2026 (ended Sep 30, 2026), The Boeing Company (SEC EDGAR), Oct 27, 2026. https://www.sec.gov/Archives/edgar/data/12927/000162828026067508/ba-20260930.htm
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9. S9: Boeing: Form 10-K, fiscal year 2025 (ended Dec 31, 2025), The Boeing Company (SEC EDGAR), Jan 30, 2026. https://www.sec.gov/Archives/edgar/data/12927/000162828026004357/ba-20251231.htm
10. S10: Boeing: Form 10-K, fiscal year 2023 (ended Dec 31, 2023), The Boeing Company (SEC EDGAR), Jan 31, 2024. https://www.sec.gov/Archives/edgar/data/12927/000001292724000010/ba-20231231.htm
11. S11: Boeing: Form 10-K, fiscal year 2021 (ended Dec 31, 2021), The Boeing Company (SEC EDGAR), Jan 31, 2022. https://www.sec.gov/Archives/edgar/data/12927/000001292722000010/ba-20211231.htm

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