

Balance sheet example

ASSETS	£	£
Fixed assets		
Equipment	500	
Transport	2 000	
Property	2 500	5 000
Current assets		
Stock	1 000	
Trade receivables	400	
Cash in bank	1 100	2 500
Total assets		7 500
LIABILITIES		
Current liabilities		
Trade payables	700	
Overdraft	300	1 000
Working capital (net current assets)		1 500
Total assets less current liabilities		6 500
Shareholders' funds		
Share capital	2 500	
Retained profit	500	

Right column is total of left side

Assets – money and items the business owns and can convert to cash to pay debts

Fixed assets – property and other valuable items that can't be turned straight into cash
Current assets – items that are easily turned into cash

Trade receivables – money owed to the business

Right column is total of left side

Total assets = Total Fixed assets + Total Current assets

Trade payables – money the business owes in a short term debt

Right column is total of left side

Liabilities – money the business owes and needs to pay

Overdraft – money owed to a bank in a short term debt

Working capital – money available straight away to pay for things. Should be positive!
= Current assets – Current Liabilities

= Total assets – Current Liabilities

Shareholders' funds – the money that's been put into the business by the shareholders or owners
Retained profit – money reinvested in the business year on year