



C
Pass

Income Statements

B
Merit

Name.....

A/A*
Distinction



Understand what is a Balance Sheet

Apply data to a Balance Sheet

Analyse how a Balance Sheet can help a business

Key Terms

What is a Balance Sheet?

You need to know....



Assets

1 FIXED =

EG

2 CURRENT =

EG

Liabilities

1 LONG TERM =

EG

2 CURRENT =

EG

Balance Sheets are broken into three sections

ASSETS	£	
FIXED ASSETS		160,000
Buildings	160,000	
Vehicles	47,000	
Total fixed assets	207,000	207,000
CURRENT ASSETS		10,000
Stock	10,000	
Debtors	38,000	
Bank account	1,000	
Total current assets	49,000	49,000

What are the total fixed and current assets?

LIABILITIES	£	
CURRENT LIABILITIES		
Creditors	(10,000)	
Overdraft	(2,000)	
Total current liabilities	(12,000)	
Net current assets/liabilities	37,000	
Total assets less current liabilities	244,000	

Total assets minus current liabilities. This is also known as capital employed.

LEARN THIS

CAPITAL AND RESERVES	£
Share capital	95,000
Reserves	55,000
Profit and loss account	94,000
Shareholders' funds	244,000

This is what one looks like

Assets	
Current Assets	
Cash	7,314
Accounts receivable	
Inventory	5,560
Prepaid expenses	
Short-term investments	
Total current assets	12,874
Fixed (Long-Term) Assets	
Long-term investments	2,310
Property, plant, and equipment (Less accumulated depreciation)	14,442 (2,200)
Intangible assets	
Total fixed assets	14,552
Other Assets	
Deferred income tax	
Other	
Total Other Assets	-
Total Assets	27,426
Liabilities and Owner's Equity	
Current Liabilities	
Accounts payable	9,060
Short-term loans	
Income taxes payable	3,349
Accrued salaries and wages	
Unearned revenue	
Current portion of long-term debt	
Total current liabilities	12,409
Long-Term Liabilities	
Long-term debt	3,450
Deferred income tax	
Other	
Total long-term liabilities	3,450
Owner's Equity	
Owner's investment	6,000
Retained earnings	5,567
Other	
Total owner's equity	11,567
Total Liabilities and Owner's Equity	27,426

What Does a Balance sheet show us?

Who Wants to see it?

What does a business need to consider?

Now your turn



Goldina's Est. 1938	
Buildings	£ 74,000
Debtors	£ 34,000
Creditors	£ 32,000
Share Capital	£ 126,000
Bank	£ 24,000
Profit and loss - account	£ 20,000
Stock	£ 64,000
Retained Profit - (reserves)	£ 60,000
Equipment	£ 42,000

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Goldina's Department Store Balance Sheet 2006/7		£
ASSETS		
Fixed assets		
Buildings		
Equipment		
Total fixed assets		
Current assets		
Stock		
Debtors		
Bank		
Total current assets		
LIABILITIES		
Current liabilities		
Creditors		
Net current assets/liabilities		
Total assets minus current liabilities		
Capital and reserves		
Share capital		
Reserves		
Profit and loss account		
Shareholders' funds		

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Goldina's Department Store Balance Sheet 2006/7		£
ASSETS		
Fixed assets		
Buildings		
Equipment		
Total fixed assets		
Current assets		
Stock		
Debtors		
Bank		
Total current assets		
LIABILITIES		
Current liabilities		
Creditors		
Net current assets/liabilities		
Total assets minus current liabilities		
Capital and reserves		
Share capital		
Reserves		
Profit and loss account		
Shareholders' funds		

Now try
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