The Balance Sheet

a photograph, not a film

ASSETS = LIABILITIES + EQUITY

equity is the residual, not cash!

WHAT IT IS

- one instant in time
- what we control vs how it was funded
- two doors: other people's money or the owners'

60-SECOND READ

1. cash vs debt = headroom
2. debtors vs creditors = who funds whom?
3. stock vs sales = write-down hiding?
4. equity trend = does it work?

Northwind Ltd · £k	
Fixed assets	420
Stock	180
Debtors	260
Cash	75
TOTAL	935
Creditors	(305)
Loan	(300)
EQUITY	330

Dr | Cr

TRAPS!

- P&L lines never sit here
- current = next 12 months
- balanced is not the same as right!!

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