|  |  |  |
| --- | --- | --- |
| **Fixed assets** |  |  |
| Land and buildings | 400,000 |  |
| Machinery | 200,000 |  |
| **Total** |  | **600,000** |
| **Current assets** |  |  |
| Stocks (*of the finished product which is ready for sale)* | 30,000 |  |
| Debtors *(Money that is owed to the business from customers)* | 100,000 |  |
| Cash | 60,000 |  |
| Total | **190,000** |  |
|  *Less* |  |  |
| **Current liabilities** |  |  |
| Creditors *(Money that is owed by the business to suppliers)* | 160,000 |  |
| Bank overdraft | **-** |  |
| Total | **160,000** |  |
| **Working capital (net current assets)***(Current assets minus current liabilities)* |  | **+30,000** |
| **Net assets** (*Working capital plus fixed assets)* *= Total value of the business’ assets* |  | **=630,000** |
|  *Financed by:* |  |  |
| **Shareholders’ funds** *(Money put into thebusiness by its owners and retained profits)* |  |  |
| Share capital | 500,000 |  |
| Profit and loss account reserves | 30,000 |  |
| Total | **530,000** |  |
| **Long-term liabilities** |  |  |
| Long-term bank loan | 100,000 |  |
| **Capital employed** = Shareholders’ funds + Long Term Liabilities*(All money raised should have been spent on assets. The figures should balance.* |  | **630,000** |

Using the figures from the cash-flow forecast and the profit and loss statement below, and the following information, draw up an end-of-year balance sheet for Makeum & Useum Ltd.in the blank template.

Land and buildings 500,000

Machinery 90,000

Stock at the end of the year 20,000

Debtors 30,150

Creditors 40,500

Share capital 630,000

Dividends paid 0

Long-term loans 10,000

Cashflow Forecast



Balance Sheet for Makeum and Useum Ltd.

|  |  |  |
| --- | --- | --- |
| **Fixed assets** |  |  |
| Land and buildings |  |  |
| Machinery |  |  |
| **Total** |  |  |
| **Current assets** |  |  |
| Stocks  |  |  |
| Debtors  |  |  |
| Cash |  |  |
| **Total** |  |  |
|  *Less* |  |  |
| **Current liabilities** |  |  |
| Creditors  |  |  |
| Bank overdraft |  |  |
| **Total** |  |  |
| **Working capital (net current assets)** |  |  |
| **Net assets**  |  |  |
|  *Financed by:* |  |  |
| **Shareholders’ funds**  |  |  |
| Share capital |  |  |
| Profit and loss account reserves |  |  |
| **Total** |  |  |
| **Long-term liabilities** |  |  |
| Long-term bank loan |  |  |
| **Capital employed** |  |  |

Using the information in the cash flow forecast, profit and loss account and balance sheet, write your thoughts about the financial health and performance of Makeum and Useum Ltd.

Some things you might like to consider…

* Cash flow – do they run out often? What problems might that lead to? How could they be avoided/solved?
* Profit and loss account – are the results good? What might be the reason? How could they be improved?
* Balance sheet – is there anything concerning about it? Would shareholders be happy about the dividend situation?

|  |  |  |
| --- | --- | --- |
| **Fixed assets** |  |  |
| Land and buildings | **500,000** |  |
| Machinery | **90,000** |  |
| **Total** |  | **590,000** |
| **Current assets** |  |  |
| Stocks (*of the finished product which is ready for sale)* | **20,000** |  |
| Debtors *(Money that is owed to the business from customers)* | **30,150** |  |
| Cash | **40,350** |  |
| Total | **90,500** |  |
|  *Less* |  |  |
| **Current liabilities** |  |  |
| Creditors *(Money that is owed by the business to suppliers)* | **40,500** |  |
| Bank overdraft | **-** |  |
| Total | **40,500** |  |
| **Working capital (net current assets)***(Current assets minus current liabilities)* | **50,000** |  |
| **Net assets** (*Working capital plus fixed assets)* *= Total value of the business’ assets* |  | **640,000** |
|  *Financed by:* |  |  |
| **Shareholders’ funds** *(Money put into thebusiness by its owners and retained profits)* |  |  |
| Share capital | **630,000** |  |
| Profit and loss account reserves | **0** |  |
| Total |  |  |
| **Long-term liabilities** |  |  |
| Long-term bank loan | **10,000** |  |
| **Capital employed** = Shareholders’ funds + Long Term Liabilities*(All money raised should have been spent on assets. The figures should balance.* |  | **640,000** |