

**THE STATEMENT OF FINANCIAL POSITION**

This shows the value of the business at the end of the year. It set of the net assets of a business, the Liabilities and the Capital structure.

**Capital Structure**      *Def* This is the money that the business is given. It can come from a loan, selling shares, or retained earnings.

The statement of Financial Position is made up of the following sections

**Fixed Assets**              *Def* These are items that a business has for long term use. They depreciate over time and include premises, Machinery, fixture and fittings.

**Current Assets**          *Def* These are assets that can be quickly converted into cash - usually within one year. Examples include - Closing Stock, Debtors, Cash and bank (if bank is on the Cr side of the Trial balance it is a bank overdraft and goes in creditors falling due within one year but if the Bank is on the Dr side of the Trial balance it is an asset and goes in current assets)

**Creditors falling due Within 1 year**      *Def* These are short-term debts owed by the business. They include Bank overdraft, Unpaid bills and Creditors

**Working Capital**        *Def* This is the different between Current Assets and Creditors failing due within one year. It also set out the liquidity of the business. This is how quickly the business can generate income to pay their short-term debts

**Total Net Assets**      *Def* This is the net worth of the business and is calculate by adding the Fixed assets to the working capital. It shows the worth of the business

**Capital Employed**        *Def* This is the total of the financed by section and lays out the capital structure of the company. It is made up of Long-term loans, share capital (Authorised and Issued) and Closing reserve form the Income Statement

Additional Terms

**Capital**                      *Def* This is the money that is invested into a business and used to generate income.

**Equity Capital**          *Def* This is money that is given by shareholders or profits that is put back into the business

<b>Debt Capital</b>	Def This is money that the business raises from borrowing such as loans
<b>Authorised capital</b>	Def This is the amount of finance a company can raise through the issue of shares
<b>Issued Capital</b>	Def This is the amount of fiancé that the company has risen form issuing shares

### ADJUSTMENTS TO FINAL ACCOUNTS

There are two types of adjustments that come up all the time as part of this question. These adjustments need to be entered twice in the account once in the Income Statement and second in the Statement of Financial Position. This adjustment are -

1. Closing Stock

Closing stock goes in the Income statements in the trading account and in the Statement of Financial Position as Current Asset

2. Depreciation

Depreciation for the year will go in the expense section of the Income Statement and the total depreciation for all the previous year and this year will go in the Fixed asset section under Accumulated Depreciation

## STATEMENT OF FINANCIAL POSITION LAYOUT

Statement of Financial Position for ABC LTD as at 31.12.2019			
Fixed Assets	Cost	Acc. Dep.	NBV
FIXED ASSETS			
Premises	X	X	* (+) X
Vehicles	(+) X	(+) X	* (+) X
Machinery	(+) X	(+) X	* (+) X
Fixture and Fittings	(+) X	(+) X	* (+) X
	(+) X	(+) X	* (+) X
CURRENT ASSETS			
Closing Stock	X		
Debtors	(+) X		
Cash	(+) X		
Bank	(+) X	X	
CREDITORS FALLING DUE WITHING ONE YEAR			
Creditors	X		
Bank Over Draft	(+) X		
Unpaid expenses	(+) X	(-) X	
WORKING CAPITAL			(+) X
TOTAL NET ASSETS			X
FINANCED BY			
Creditors due over one year			X
Share Capital	<b>Authorised</b>	<b>Issued</b>	
	X	X	
Closing Reserves		(+) X	(+) X
Capital employed			X

\* Remember

To calculate NBV we use the cost figure and take away the Accumulated Dep

This layout must be known