**Activity 16: Capital balance**

* + - 1. An organisation has the following assets and liabilities at 31 December.

|  |  |  |
| --- | --- | --- |
| * + - 1. **Assets and liabilities** | * + - 1. **£** |  |
| * + - 1. Equipment | * + - 1. 25,400 |  |
| * + - 1. Cash at bank | * + - 1. 4,000 | * + - 1. **TOTAL ASSETS £31,500** |
| * + - 1. Inventory | * + - 1. 2,100 |  |
| * + - 1. Bank loan | * + - 1. 7,500 | * + - 1. **TOTAL LIABILITIES £7,500** |

In order to determine the amount of capital, the accounting equation can be used:

**ASSETS - LIABILITIES = CAPITAL**

£31,500 - £7,500 = £24,000