

Sandwich Truck Startup: Simplified Balance Sheet

Back-of-the-envelope capitalization with minimal equity and a bank loan

Initial Outlays (Setup Budget)

Item	Purpose / Balance-Sheet Line	Amount (USD)
Used truck	Vehicle (Asset)	20,000
Initial food & paper stock	Inventory (Asset)	2,000
Business licenses & permits	Prepaid expense / Intangible (Asset)	1,000
Insurance (first period)	Prepaid expense (Asset)	1,000
Cash on hand	Cash (Asset)	2,000
Total setup outlays		26,000

Financing

Source	Amount (USD)
Bank loan secured by truck (<i>note payable</i>)	20,000
Partner A (Student operator) capital contribution	1,000
Partner B (<i>Aunt</i>) capital contribution	5,000
Total financing	26,000

Simplified Balance Sheet at Startup (Day 0)

Assets		Liabilities & Equity	
Cash	2,000	Liabilities	
Inventory	2,000	Bank loan (note payable)	20,000
Prepaid licenses & permits	1,000		
Prepaid insurance	1,000	Equity	
Vehicle (food truck)	20,000	Partner A capital (student)	1,000
		Partner B capital (aunt)	5,000
Total Assets	26,000	Total Liabilities & Equity	26,000

Liabilities + Equity = Assets. The setup shows how outside money (debt) and owner money (equity) finance the assets.

Annotation: Linking Everyday Terms to Capital-Market Language

- **Partnership agreement (50/50 ownership and profit split) → Equity.** In corporations, this would be *issued stock* that can be bought/sold. Shares (stock) is issued through a legal process of registering with a government agency (e.g. SEC in the U.S.).
- **Bank loan for the truck → Debt.** On the balance sheet this appears as a *note payable*. In bond markets, similar borrowing can be issued as *bonds*. Bonds are also registered and can easily be bought and sold.
- **Inventory, cash, prepaid items, and the truck → Assets.** These are resources used to generate future sales.

Security / Collateral - legal language excerpt

Grant of Security Interest. The Borrower hereby grants to the Lender a security interest in the Vehicle described in Section 1 (make, model, VIN, etc.) as collateral to secure repayment of the Loan and all obligations under this Agreement. Upon an Event of Default, the Lender shall have the right to take possession of and sell the Vehicle, apply the net proceeds to the outstanding balance, and hold the Borrower liable for any deficiency. The Borrower authorizes the Lender to file any financing statements (e.g. UCC-1) necessary to perfect this security interest. <https://esign.com/loan-agreement/auto/>

Snam S.p.A. (Italy): Simplified Balance Sheet

Approximate, rounded figures in EUR billions Snam builds and operates Italy's natural-gas pipelines and storage systems. It finances long-term infrastructure with both debt and equity.

Balance Sheet (Illustrative, end of year)

Assets		Liabilities & Equity	
Assets		Liabilities	
Cash and equivalents	1	Bonds outstanding	10
Accounts receivable and other current assets	2	Bank loans	3
Property, plant, and equipment (pipelines, compressors, storage)	18	Commercial paper and short-term debt	2
Total Assets	23	Total Liabilities	15
		Equity	8
		Liabilities + Equity	23