Analysis of Balance Sheet

Balance Sheet shows the summary of the following formula

ASSETS = LIABILITIES + SHAREHOLDERS' EQUITY

Balance Sheet contains two main parts –

1. Net Assets = Fixed Assets + Current Assets - Liabilities
   1. Fixed Assets
      1. Office Equipment
      2. Furniture & Fixture etc.
   2. Current Assets / Non-fixed Asset
      1. Inventories
      2. Receivables / Advance / Deposits
      3. Short-term investments
      4. Cash and cash equivalents etc.
   3. Liabilities
      1. Current Liabilities
         1. Payables
         2. Short-term borrowings
         3. Tax liabilities
         4. Provisions etc.
      2. Non-Current Liabilities
         1. Borrowing
         2. Provision etc.
2. Total Equity : A statement showing how the Net Assets have been financed
   1. Share capital
   2. Retained earnings
   3. Fund Account
   4. Reserves