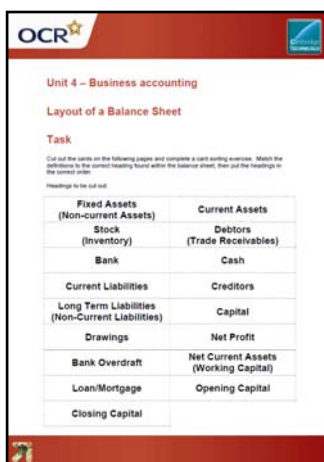


Unit 4 – Business accounting

Layout of a Balance Sheet

Instructions and answers for Teachers

These instructions should accompany the OCR resource 'Layout of a Balance Sheet' which supports the OCR Level 3 Cambridge Technicals in Business Unit 4 – Business Accounting



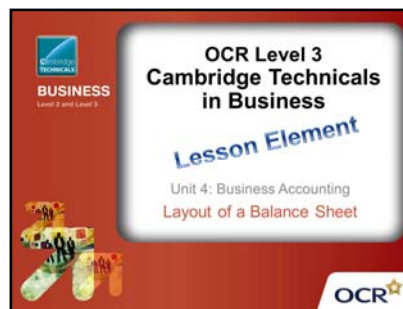
Unit 4 – Business accounting
Layout of a Balance Sheet

Task

Cut out the cards on the following pages and complete a card sorting exercise. Match the definitions to the correct heading found within the balance sheet, then put the headings in the correct order.

Headings to be cut out:

Fixed Assets (Non-current Assets)	Current Assets
Stock (Inventory)	Debtors (Trade Receivables)
Bank	Cash
Current Liabilities	Creditors
Long Term Liabilities (Non-Current Liabilities)	Capital
Drawings	Net Profit
Bank Overdraft	Net Current Assets (Working Capital)
Loan/Mortgage	Opening Capital
Closing Capital	



Associated Files:

Layout of a Balance Sheet presentation
Layout of a Balance Sheet worksheet

Expected Duration:

Task approx. 45 minutes
Task 2 approx. 30 minutes

Learners should gain knowledge of the different headings and definitions that are associated with a balance sheet as well as the types of financial information that are required to ensure that accurate accounts are kept in a business.

Task 1

Cut out the cards on the following pages and complete a card sorting exercise. Match the definitions to the correct heading found within the balance sheet, then put the headings in the correct order.



The cards should be sorted as follows:

Heading	Definition
Fixed Assets (Non-current Assets)	Assets that are used within the business and last for longer than one year
Current Assets	Assets that are likely to change within the short term
Stock (Inventory)	Items purchased during the financial year for re-sale, but remain unsold.
Debtors (Trade Receivables)	Customers who owe the business money for goods sold on credit
Bank	Money held in a bank account.
Cash	Notes and coins held within the business – eg in the till
Current Liabilities	Debts due for payment within one year
Creditors	People the business owes money to for items purchased on credit
Long Term Liabilities (Non-Current Liabilities)	Debts due for payment in future – more than one year
Equity	Money that has been invested in a business
Drawings	Money taken out of the business by the owner(s) for personal use
Net Profit	Gross profit less expenses
Bank Overdraft	Where the bank allows a business to withdraw more money from their bank account than they have in it.
Net Current Assets (Working Capital)	Current assets less current liabilities
Loan/Mortgage	Long term loan for external stakeholder
Owner's Capital	The money initially invested by the owner(s) of the business
Reserves	Previous profits retained within a business by the owner(s)



Headings to be cut out:

Fixed Assets (Non-current Assets)	Current Assets
Stock (Inventory)	Debtors (Trade Receivables)
Bank	Cash
Current Liabilities	Creditors
Long Term Liabilities (Non-Current Liabilities)	Equity
Drawings	Net Profit
Bank Overdraft	Net Current Assets (Working Capital)
Loan/Mortgage	Owner's Capital
Reserves	



Definitions to be cut out:

Assets that are used within the business and last for longer than one year	Assets that are likely to change within the short term
Items purchased during the financial year for re-sale, but remain unsold	Customers who owe the business money for goods sold on credit
People the business owes money to for items purchased on credit	Money held in a bank account
Notes and coins held within the business – eg in the till	Debts due for payment within one year
Debts due for payment in future – more than one year	Money that has been invested in a business
Money taken out of the business by the owner(s) for personal use	Gross profit less expenses



Where the bank allows a business to withdraw more money from their bank account that they have in it	Current assets less current liabilities
Long term loan for external stakeholder	The money initially invested by the owner(s) of the business
Previous profits retained within a business by the owner(s)	

Task 2

Using the following information compile the balance sheet for McGregory Wholesales as at 31st December 2013:

Item	£
Premises	150,000
Cash	200
Debtors	32,000
Creditors	25,000
Machinery	30,000
Stock (closing)	16,000
Bank	5,000
Loan due 2020	77,000
Net Profit	56,000
Owner's Capital	111,200
Drawings	36,000



Learners should produce a balance sheet similar to the following:

	£	£
Fixed Assets		
Premises		150,000
Machinery		30,000
		180,000
Current Assets		
Stock	16,000	
Debtors	32,000	
Bank	5,000	
Cash	200	
	53,200	
Current Liabilities		
Creditors	(25,000)	
Net Assets		28,200
		208,200
Less Long Term Liability		
Loan due 2020		(77,000)
Net Assets		131,200
Financed By		
Owner's Capital		111,200
Add Net Profit		56,000
Less Drawings		(36,000)
Equity		131,200



This activity offers an opportunity for English and maths skills development.

LESSON Elements

The building blocks you need to construct informative and engaging lessons

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