

ENGG401**Balance Sheet****Working Capital Deficiency Example**

		Month	Month	
		0	1	
ASSETS				
current	cash	5	5	
	rec	50	50	
	inv	45	495	
	total	100	550	
fixed	fixed	400	400	
	- deprec	40	45	
	total	360	355	
TOTAL		460	905	
Liabilities				
current	credit line	25	20	pay down credit line a bit
	payables	30	480	material received (debit)
	total	55	500	
	shares	500	500	
	ret earning	-95	-95	
	total	405	405	
TOTAL		460	905	
Working capital		45	50	working capital up (STCL reduced)
Working capital ratio		1.82	1.10	

Receive material

material received (credit)

pay down credit line a bit
material received (debit)

working capital up (STCL reduced)