Reading a Balance Sheet

Accounting & Finance

What each section tells you, top to bottom.

The sections and what to look for.

Assets

Non-current: property, plant, intangibles	Current: inventory, receivables, cash
Listed by liquidity	Intangibles often hide the real value

Claims

Current liabilities: due within a year	Non-current: long-term debt
Equity: share capital and retained earnings	Equity is a residual, not a cash pile

Working capital is current assets minus current liabilities. Persistently negative working capital is a warning sign.