Balance sheet part 2: LIABILITIES

TASK 1. ***Complete the LIABILITIES table for a UK company Paradigm Manufacturing with relevant figures, using the information provided below. Then do the calculations and write the figures for TOTAL CURRENT LIABILITIES, TOTAL LONG-TERM LIABILITIES, TOTAL LIABILITIES PLUS SHAREHOLDERS' EQUITY.***

N.B. Write commas in the figures, e.g. 7,000! Don't write £ in front of the figures!

- *Paradigm* has borrowed £20,000 from a bank to be repaid in three years.
- It has issued £100,000 worth of shares.
- It has issued investment securities for £30,000 that it will have to repay in seven years.
- It has profits of £10,500 that have not been distributed to the shareholders.
- It has to pay the amount of £3,500 to the bondholders and the bank, which it charges for lending money.
- It owes £5,000 in tax.
- It owes £6,000 to suppliers and others.
- On one of its bank accounts, *Paradigm* has spent £2,000 more than it had in the account.

Paradigm Manufacturing Balance sheet at 31 March 20___

LIABILITIES	
Creditors	
Overdraft	
Interest payable	
Tax payable	
TOTAL CURRENT LIABILITIES	
Bank loan	
Bonds	
TOTAL LONG-TERM LIABILITIES	
Share capital	
Retained earnings	
SHAREHOLDERS' EQUITY	
TOTAL LIABILITIES PLUS SHAREHOLDERS' EQUITY	

TASK 2. ***Using the information in the table above, decide if these statements about Paradigm's liabilities are TRUE or FALSE.***

1. TRUE FALSE The creditors item includes debts that will have to be paid in two or three years.
2. TRUE FALSE Overdrafts are a form of long-term loan.
3. TRUE FALSE In the coming year, *Paradigm* will have to pay more tax than it pays out in interest on its loans.
4. TRUE FALSE *Paradigm* has borrowed more in the form of bonds than in the form of bank loans.
5. TRUE FALSE Share capital of £100,000 is the current value of *Paradigm's* shares on the stock market.
4. TRUE FALSE Retained earnings is the total of all the dividends that have been paid out to shareholders over the years.