**Balance sheet equation**

Assets=liabilities

Assets= liabilities +equity

Fixed Assets + current assets = Debts + current liabilities + equity

Fixed Assets+ (current assets-current liabilities) = debt + equity

**Fixed Assets + Working Capital = debt + equity**

Application of finance = source of finance

**Fixed Assets + Working Capital - debt = equity**

**SET of Financial Statements**

1. Profit and loss Account *(Income statement)*
2. Balance sheet (*statement of financial position)*
3. Cash flow statement
4. Statement of Changes in Equity/ Other Comprehensive Income.
5. Notes to Accounts