

Balanced vs. Unbalanced

Directions:

Analyze the following scenarios and create a balance sheet which represents the scenario. Identify whether the sheet is balanced or unbalanced and why.

1. La Napoli, an Italian restaurant, has a balance sheet with the following assets: Cash = \$44,500, Equipment = \$3,300, Inventory = \$2,700, and Accounts Receivable = \$10,000. La Napoli's liabilities are: Accounts Payable = \$7,850 and Notes Payable = \$12,650. Fill out the balance sheet below.

| Assets | | Liabilities | |
|---------------------|-----------------|--------------------------|-----------------|
| Cash | 44,500 | Accounts Payable | 7,850 |
| Equipment | 3,300 | Notes Payable | 12,650 |
| Inventory | 2,700 | | |
| Accounts Receivable | 10,000 | | |
| Total Assets | \$60,500 | Total Liabilities | \$20,500 |

2. Is this a balanced or unbalanced sheet? Why?

Unbalanced because Total Assets do not equal Total Liabilities and Owner's Equity is missing

3. Pizza Bella, a pizza restaurant, has a balance sheet with the following assets: Cash = \$12,500, Equipment = \$5,300, Inventory = \$2,300, and Accounts Receivable = \$5,000. Pizza Bella's liabilities are: Accounts Payable = \$11,850 and Notes Payable = \$10,650. Fill out the balance sheet below.

| Assets | | Liabilities | |
|---------------------|-----------------|--------------------------|-----------------|
| Cash | 12,500 | Accounts Payable | 11,850 |
| Equipment | 5,300 | Notes Payable | 10,650 |
| Inventory | 2,300 | | |
| Accounts Receivable | 5,000 | | |
| Total Assets | \$25,100 | Total Liabilities | \$22,500 |

4. Is this a balanced or unbalanced sheet? Why?

Unbalanced because Total Assets do not equal Total Liabilities and Owner's Equity is missing

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5. HighPoint, an upscale restaurant, has a balance sheet with the following assets: Cash = \$62,500, Equipment = \$25,300, Inventory = \$32,300, and Accounts Receivable = \$25,000. HighPoint's liabilities are: Accounts Payable = \$104,150 and Notes Payable = \$40,950. Fill out the balance sheet below.

| Assets | | Liabilities | |
|---------------------|------------------|--------------------------|------------------|
| Cash | 62,500 | Accounts Payable | 104,150 |
| Equipment | 25,300 | Notes Payable | 40,950 |
| Inventory | 32,300 | | |
| Accounts Receivable | 25,000 | | |
| Total Assets | \$145,100 | Total Liabilities | \$145,100 |

6. Is this a balanced or unbalanced sheet? Why?

Balanced because Total Assets equal Total Liabilities and Owner's Equity is missing