

Balance Sheet Exercises KEY

Name KEY

A. The accounting equation can be expressed as: Assets minus Liabilities equals Owner's Equity. In other words, Own minus Owe equals Worth. Complete the table below:

Assets	Liabilities	Owner's Equity
\$ 2,397	\$ 1,457	1. \$ 940
\$ 12,629	\$ 9,462	2. \$ 3,167
\$ 50,388	\$ 5,294	3. \$45,094
4. 65,237	\$62,300	\$ 2,937
5. 98,666	\$ 4,543	\$94,123
\$ 8,832	6. 832	\$ 8,000
\$ 4,765	7. 4,365	\$ 400
\$ 120,654	\$38,621	8. \$82,033

B. Complete the blanks below. Calculate the percents as a fraction of assets rounded to two decimal places.

Bill's Bath Shoppe

Balance Sheet

31-Dec-10

Assets	Amount	Percent
Cash	\$ 5,400.00	13. 13%
Inventory	\$ 3,200.00	14. 8%
Supplies	\$ 1,298.00	15. 3%
Prepaid Insurance	\$ 300.00	16. 1%
Office Equipment	\$ 10,400.00	17. 25%
Building	\$ 20,800.00	18. 50%
Total Assets	9. 41,398	19. 100%
Liabilities		
Accounts Payable	\$ 500.00	20. 1%
Notes Payable	\$ 1,800.00	21. 4%
Mortgage Payable	\$ 13,400.00	22. 32%
Total Liabilities	10. 15,700	23. 38%
Owner's Equity		
Bill Boogie, Capital	11. 25,698	24. 62%
Total Liabilities and Owner's Equity	12. 41,398	25. 100%

C. A comparative balance sheet is used to show both the absolute and percentage changes for a business between years. Find the amount of change in dollars and the percentage change for the balance sheet below.

Juan's Vacuum Repair Shop
Comparative Balance Sheet
31-Dec-10

Assets	Year 2	Year 1	Amount of Change	Percent Of Change
Cash	\$ 15,456.00	\$ 14,258.00	26. 1,198	39. 8.4%
Inventory	\$ 6,398.00	\$ 7,238.00	27. (840)	40. -11.61%
Supplies	\$ 2,347.00	\$ 1,500.00	28. 847	41. 56.47%
Prepaid Insurance	\$ 1,000.00	\$ 1,000.00	29. 0	42. 0%
Office Equipment	\$ 20,500.00	\$ 19,500.00	30. 1,000	43. 5.13%
Building	\$ 100,000.00	\$ 102,000.00	31. (2,000)	44. -1.96%
Total Assets	\$ 145,701.00	\$145,496.00	32. 205	45. 0.14%
Liabilities				
Accounts Payable	\$ 35,000.00	\$ 20,200.00	33. 14,800	46. 73.27%
Notes Payable	\$ 23,500.00	\$ 20,200.00	34. 3,300	47. 16.34%
Mortgage Payable	\$ 30,000.00	\$ 29,500.00	35. 500	48. 1.69%
Total Liabilities	\$ 88,500.00	\$ 69,900.00	36. 18,600	49. 26.61%
Owner's Equity				
Bill Boogie, Capital	\$ 57,201.00	\$ 75,596.00	37. (18,395)	50. -24.33%
Total Liabilities and Owner's Equity	\$ 145,701.00	\$145,496.00	38. 205	51. -0.14%

D. Is this company a good investment? Why or why not? Be sure to describe which aspects on the balance sheet aided you in your decision making.