

Accounting I: Balance Sheet Pre-Work

Overview:

This session introduces the balance sheet, which is a financial statement that provides a snapshot at a particular time of an organization's sources and uses of funds. Sources of funds are either liabilities, which are various forms of borrowing from non-owners, or equity, which are forms of funding by owners. Uses of funds are the organization's financial and non-financial assets. We focus first on the logic relationships among items in a simple balance sheet and then move to categorize transactions.

1. Balance Sheet Equation. If Total Assets are \$2,600 and Total Equity is \$1,600 then what is the value of Total Liabilities?

2. Balance Sheet Simple. Fill in the missing information from the balance sheet.

Valley Technology Balance Sheet As of December 31, 2009 (amounts in thousands)			
Cash		Liabilities	2,900
Non-Cash Assets	3,500	Equity	3,500
Total Assets		Total Liabilities & Equity	

What is the value for Cash?

3. Balance Sheet Update. Use the starting balance sheet and the list of changes to create an updated balance sheet and to answer the question.

Ruston Company Balance Sheet As of December 31, 2009 (amounts in thousands)			
Cash	3,800	Liabilities	3,500
Non-Cash Assets	2,500	Equity	2,800
Total Assets	6,300	Total Liabilities & Equity	6,300

Between January 1 and March 31, 2010:

- a. Cash does not change
- b. Liabilities decrease by \$100,000
- c. Equity increases by \$500,000

What is the value for Liabilities on March 31, 2010?

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4. Balance Sheet Equation Transactions. Evaluate each of the following transactions in terms of their effect on assets, liabilities, and equity.
 - a. Purchase equipment for \$50,000 in cash
 - b. Borrow \$63,000 from a bank

What is the net change in Total Liabilities?