



Business Virtual Learning

Course: Intro to Business

Lesson: Basic Accounting Calculations Continued

May 8, 2020



Lesson: **May 8, 2020**

Objective/Learning Target: Students will be able to:

- (1) Understand the accounting equation**
- (2) Calculate totals on the Balance Sheet**



Lesson Starter

From the previous lessons, can you remember what items appear on the balance sheet?



Balance Sheet

Please watch the video to understand the terms and process in calculating The Balance Sheet. We will practice this process in upcoming slides. Be sure to pay attention and take notes if needed

ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash	\$ 4,300	Accounts Payable	\$ 4,000
Accounts Receivable	2,750	Wages Payable	3,100
Inventory	3,310	Interest Payable	1,450
Prepaid Insurance	1,700	Taxes Payable	2,400
Total Current Assets	12,060	Total Current Liabilities	10,950
Investments	11,000	Long-Term Liabilities	
Property, Plant, and Equipment		Notes Payable	5,400
Land	6,400	Bonds Payable	3,800
Buildings	4,350	Total Long-Term Liabilities	9,200
Equipment	2,100	Total Liabilities	
Less: Accum Depreciation	(1,100)		20,150
Net PP&E	11,750	STOCKHOLDERS' EQUITY	
Intangible Assets		Common Stock	14,350
Goodwill	3,000	Retained Earnings	8,160
Patents	2,450	Total Stockholders' Equity	22,510
Total Intangible Assets	5,450	Total Liab. & SE	
Other Assets			\$ 42,660
	2,400		
Total Assets	\$ 42,660		



Accounting Equation

The fundamental accounting equation, also called the balance sheet equation, represents the relationship between the assets, liabilities, and owner's equity of a person or business.

Accounting Equation Formula

$$\text{Assets} = (\text{Liabilities} + \text{Owner's Equity})$$



Practice Problem

Please look at the Balance Sheet and try to calculate **Total Assets**, **Total Liabilities**, and finally **Capital** (owner's equity).

Bill's Bath Shoppe Balance Sheet 31-Dec-19

Assets	Amount
Cash	\$ 5,400.00
Inventory	\$ 3,200.00
Supplies	\$ 1,298.00
Prepaid Insurance	\$ 300.00
Office Equipment	\$ 10,400.00
Building	\$ 20,800.00
Total Assets	\$ _____
Liabilities	
Accounts Payable	\$ 500.00
Notes Payable	\$ 1,800.00
Mortgage Payable	\$ 13,400.00
Total Liabilities	\$ _____
Owner's Equity	
Bill Boogie, Capital	\$ _____



Practice Problem **SOLVED**

Bill's Bath Shoppe Balance Sheet 31-Dec-19

Assets	Amount
Cash	\$ 5,400.00
Inventory	\$ 3,200.00
Supplies	\$ 1,298.00
Prepaid Insurance	\$ 300.00
Office Equipment	\$ 10,400.00
Building	\$ 20,800.00
Total Assets	\$ 41,398
Liabilities	
Accounts Payable	\$ 500.00
Notes Payable	\$ 1,800.00
Mortgage Payable	\$ 13,400.00
Total Liabilities	\$ 15,700
Owner's Equity	
Bill Boogie, Capital	\$ 25,698



Activity: Balance Sheet Calculations

Directions: Similar to the practice problem, you use the following examples to calculate Total Assets, Total Liabilities, and Capital (owner's equity)

Juan's Vacuum Repair Shop Comparative Balance Sheet 31-Dec-19

Assets		
Cash	\$	15,456.00
Inventory	\$	6,398.00
Supplies	\$	2,347.00
Prepaid Insurance	\$	1,000.00
Office Equipment	\$	20,500.00
Building	\$	100,000.00
Total Assets	\$	_____
Liabilities		
Accounts Payable	\$	35,000.00
Notes Payable	\$	23,500.00
Mortgage Payable	\$	30,000.00
Total Liabilities	\$	_____
Owner's Equity		
, Capital	\$	_____



Activity Extension: Find the Missing Piece

Directions: Using the accounting equation, figure out the missing piece to the equation. I have listed the formula below and remember the equation should be balanced! **ASSETS= LIABILITIES+OWNER'S EQUITY**

Assets	Liabilities	Owner's Equity
\$2,397	\$1,457	?
\$12,629	\$9,462	?
?	\$62,300	\$2,937
?	\$4,543	\$94,123
\$8,832	?	\$8,000