

Balance Sheet Homework Exercise

Use the following information to construct a balance sheet for Joe's Sporting Goods business for January 1, 2017.

First, classify these items in Current Assets, Non-Current Assets, Current Liabilities or Non-Current Liabilities.

CA = Current Asset

CL = Current Liability

NA = Not Applicable

NCA = Non-Current Asset

NCL = Non-Current Liability

- _____ \$40,000 of loan payments due within the next 12 months
- _____ \$350,000 building & land for the store and parking lot
- _____ \$50,000 of operating loan that is still owed to the bank – used to purchase inventory
- _____ \$150,000 of mortgage (loan) on the building that is due after the next year
- _____ \$8,000 of cash in the cash register
- _____ \$85,000 of furniture, office equipment, and display racks
- _____ \$80,000 of shoes, clothing, and sporting gear in inventory, ready to be sold.
- _____ \$45,000 of loans to buy the furniture & display racks that is not due within the next 12 months
- _____ \$25,000 of accounts receivable from sales to a high school baseball team
- _____ \$10,000 owed to an advertising company for a recent radio commercial
- _____ \$7,500 of accrued interest (interest owed but not yet paid)
- _____ \$3,000 of wages that are owed to the workers
- _____ \$35,000 in the business checking account

Use the above assets and liabilities to create a balance sheet for Joe's Sporting Goods store. Use the attached blank balance sheet

Balance Sheet
Joe's Sporting Goods
 Date: _____

Assets	Liabilities
Current Assets	Current Liabilities
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total Current Assets	Total Current Liabilities
_____	_____
Non-Current Assets	Non-Current Liabilities
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total Non-Current Assets	Total Non-Current Liabilities
_____	_____
	Total Liabilities

	Net Worth (Owner's Equity)

Total Assets	=Total Liabilities & Net Worth
_____	_____

From Joe's balance sheet:

Is Joe's business liquid or not liquid? How did you determine this?

Is Joe's business solvent or insolvent? How did you determine this?

Assume Joe sells all of his business assets today and repays all of his liabilities. How much money will he have left over after all the liabilities are repaid? Where can you find this number on his balance sheet?