

## Balance Sheet In-Class Exercise

Determine where the following items would belong on a balance sheet for a greenhouse/floral shop. Use the following classifications:

CA = Current Asset

CL = Current Liability

NA = Not Applicable

NCA = Non-Current Asset

NCL = Non-Current Liability

- \_\_\_\_\_ \$800 of cut flowers that are ready to be sold
- \_\_\_\_\_ \$20,000 of operating loan that is still owed to the bank
- \_\_\_\_\_ \$200,000 of mortgage (loan) that is due after the next year
- \_\_\_\_\_ \$5,000 of wages that are owed to the workers
- \_\_\_\_\_ \$3,000 of cash in the cash register
- \_\_\_\_\_ \$265,000 worth of greenhouse, land, and other buildings
- \_\_\_\_\_ \$25,000 of seed and fertilizer to be used to grow plants
- \_\_\_\_\_ \$45,000 of equipment loans that will not be repaid within the next 12 months
- \_\_\_\_\_ \$75,000 of equipment (fork lift, carts, delivery truck, etc.)
- \_\_\_\_\_ \$35,000 of money owed to the business from "credit sales"
- \_\_\_\_\_ \$125,000 of operating expenses paid over the year (utilities, labor, fertilizer, etc.)
- \_\_\_\_\_ \$4,500 of accrued interest (interest owed but not yet paid)
- \_\_\_\_\_ \$15,000 in the business checking account
- \_\_\_\_\_ \$300,000 of revenues from sales throughout the entire year

Use the above assets and liabilities to create a balance sheet for this flower store.

A convenience store has total assets of \$750,000. As of today, the owner still owes \$200,000 of liabilities (loans, accounts payable, etc.) to her lenders. Calculate this owner's Net Worth in her business on this day.

Two years later this convenience store has total assets of \$800,000 and total liabilities of \$100,000. Has the owner's Net Worth increased (improved) or decreased (declined)?

Increased

Decreased