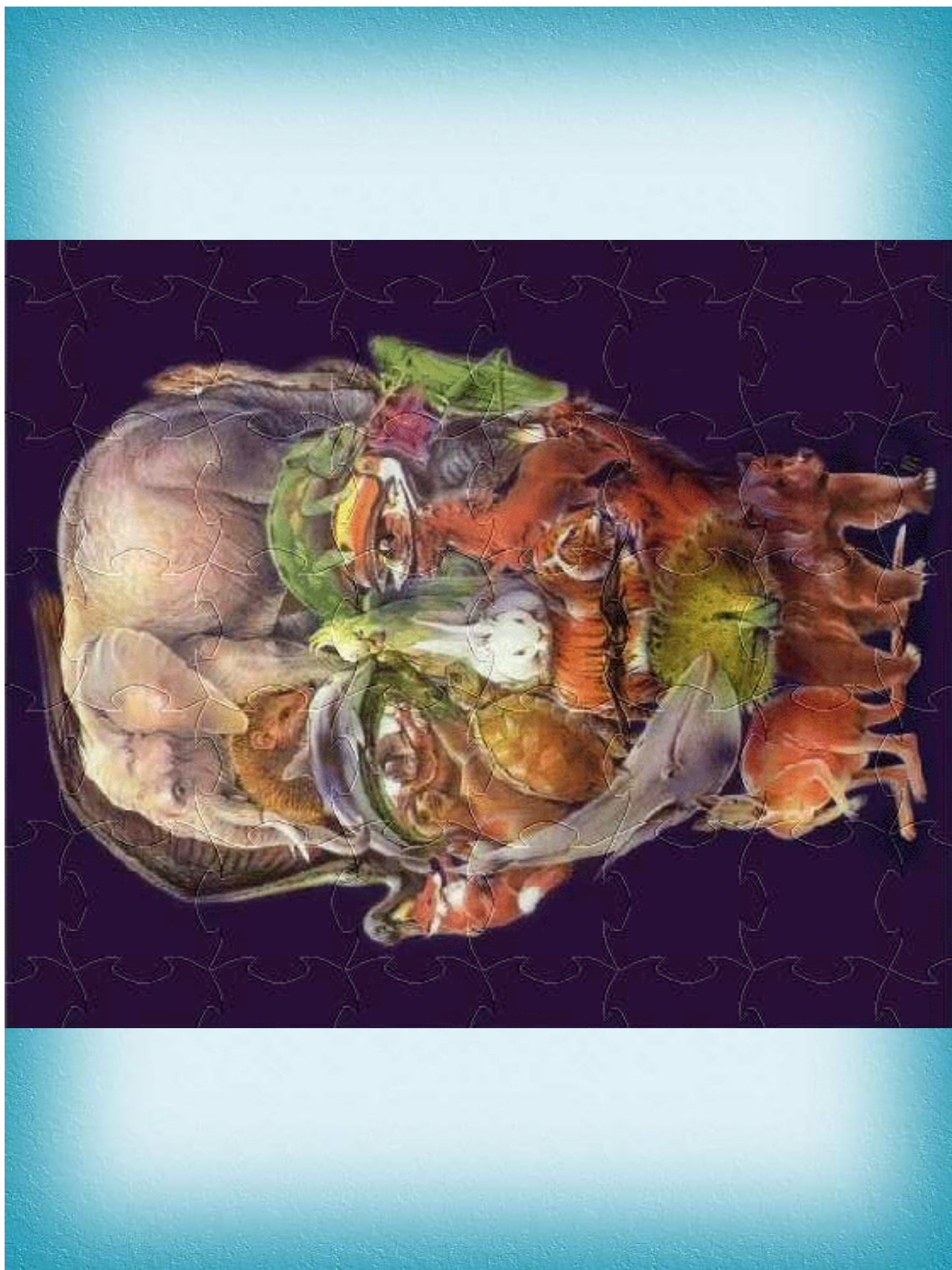


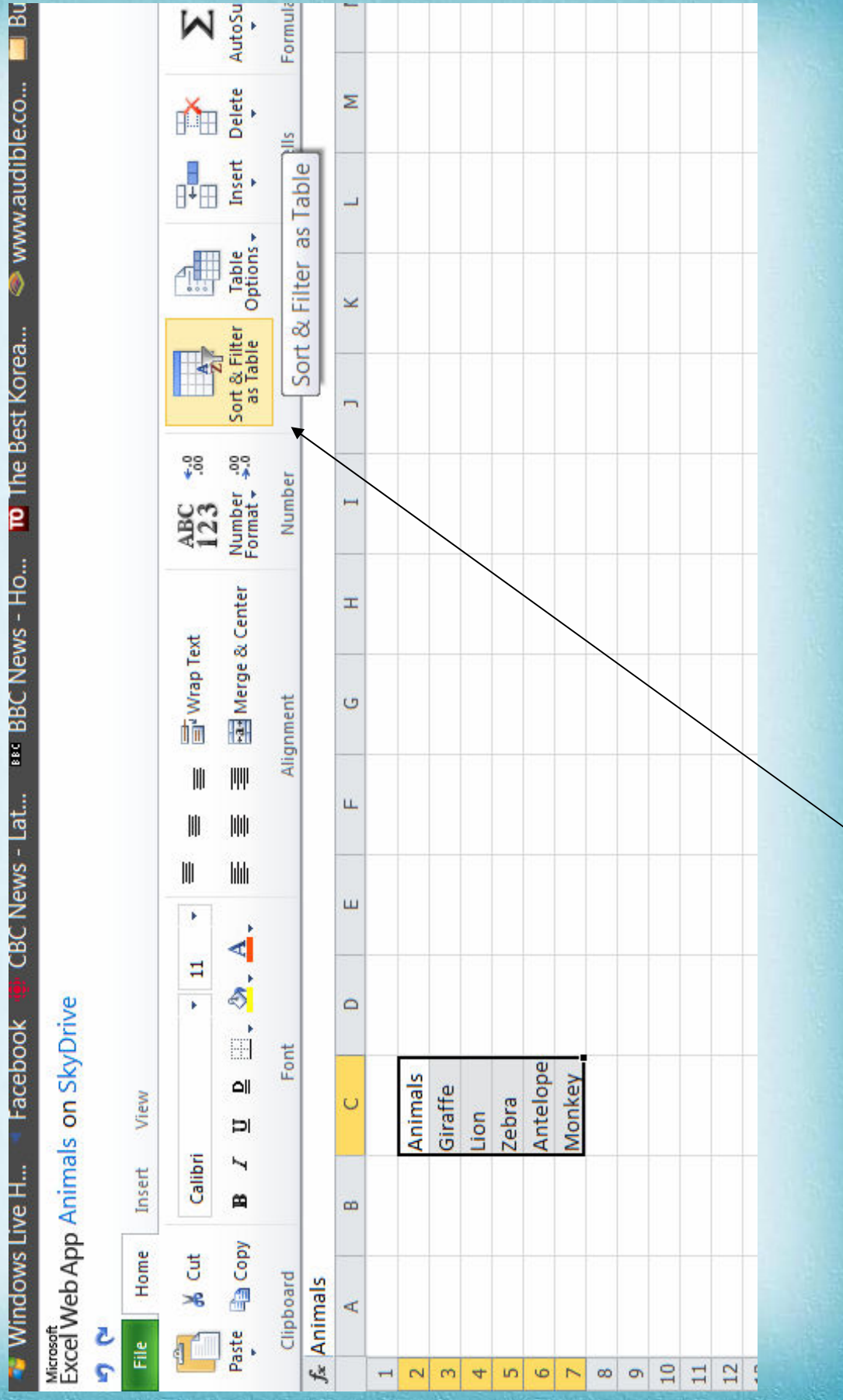
Open a spreadsheet:

List as many animals as you can in
two minutes.

(& put them in alphabetical order)



The 'Sort' Function





Accounting

'Financial Position'

Things I Own			Things I Owe		
Cash		\$250.00	Money to Parents	\$	400.00
X Box		\$335.00	Money to Sister	\$	20.00
Car		\$7,500.00	Hockey stick to Daren	\$	75.00
Bicycle		\$250.00	Lunch to Trevor	\$	5.00
Clothing		\$600.00	Student Loan	\$	2,000.00
iPhone		\$450.00			
Rollerblades		\$250.00			
Total		\$9,635.00	Total	\$	2,500.00
My Net Worth is:		\$7,135.00			

Assets

What we own.



Liabilities

What we owe.



Assets - Liabilities

- What we are worth.




Net Worth or 'Equity'

Assets

- Liabilities

Equity

Things I Own			Things I Owe		
Cash		\$250.00	Money to Parents	\$	400.00
X Box		\$335.00	Money to Sister	\$	20.00
Car		\$7,500.00	Hockey stick to Daren	\$	75.00
Bicycle		\$250.00	Lunch to Trevor	\$	5.00
Clothing		\$600.00	Student Loan	\$	2,000.00
iPhone		\$450.00			
Rollerblades		\$250.00			
Total		\$9,635.00	Total	\$	2,500.00
My Net Worth is:		\$7,135.00			


 EQUITY

MR. ALEXANDER
FINANCIAL POSITION
FEBRUARY 6, 2012

THINGS I OWN					
CASH	22	1	2	9	35
TIMMY'S GIFT CARD			2	5	--
OWED FROM SISTER		3	5	5	--
ROLLERBLADES		2	2	5	94
PORSCHE	84	0	0	0	---
HOUSE	285	0	0	0	--
ELEPHANT	80	0	0	0	--
TOTAL	471	7	3	5	29

ASSETS

THINGS I OWE					
MONEY TO PARENTS			5	5	0 --
PHONE BILL			1	6	4 33
GAMBLING DEBTS	24	0	0	8	--
CREDIT CARD	3	2	5	4	92
MORTGAGE	200	0	0	0	---
CAR LOAN	65	0	0	0	--
TOTAL	292	9	7	7	25

LIABILITIES

The big question is..... What is my **Net Worth**?

THINGS I OWN					
CASH	22	1	2	9	35
TIMMY'S GIFT CARD			2	5	--
OWED FROM SISTER			3	5	--
ROLLERBLADES			2	2	5 94
PORSCHE	84	0	0	0	---
HOUSE	285	0	0	0	--
ELEPHANT	80	0	0	0	--
TOTAL	471	7	3	5	29

THINGS I OWE					
MONEY TO PARENTS			5	5	0 --
PHONE BILL			1	6	4 33
GAMBLING DEBTS		24	0	0	8 --
CREDIT CARD		3	2	5	4 92
MORTGAGE	200	0	0	0	---
CAR LOAN	65	0	0	0	--
TOTAL	292	9	7	7	25

We see that **Assets – Liabilities = Net Worth (Equity)**

$$471,735.25 - 292,977.25 = 178,758.04$$

That is, Mr. Alexander's Equity (or Net Worth) is \$178,758.04

**This brings us to the fundamental
accounting equation:**

$$\text{ASSETS} - \text{LIABILITIES} = \text{EQUITY}$$

This is the same approach we take
to finding out how much a business
is worth!

Assets – Liabilities = Owner's Equity

**(How much a business owns,
minus how much it owes,
equals how much it is worth!)**

Merging Cells

Highlight the cells you wish to merge, then click 'merge and center' to merge the cells and center the text. (You can left justify after, if you wish.)

Microsoft Excel Web App MyNetWorth on SkyDrive

File Home Insert View

Clipboard: Cut, Copy, Paste

Font: Calibri, 11, Bold, Italic, Underline, Text Color, Background Color

Alignment: Left, Center, Right, Merge & Center

Tables: Sort & Filter as Table, Table Options

Cells: Insert, Delete

Formulas: AutoSum

Data: Data, Find

Merge & Center

	A	B	C	D	E	F	G	H	I	J	K	L
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												

Things I Own

Cash	\$250.00
X Box	\$335.00
Car	\$7,500.00
Bicycle	\$250.00
Clothing	\$600.00
iPhone	\$450.00
Rollerblades	\$250.00
Total	\$9,635.00

Things I Owe

Money to Parents	\$ 400.00
Money to Sister	\$ 20.00
Hockey stick to Daren	\$ 75.00
Lunch to Trevor	\$ 5.00
Student Loan	\$ 2,000.00
Total	\$ 2,500.00

My Net Worth is: \$7,135.00

HOMEWORK

- The following questions may be done in an excel file in Skydrive.
- Please share your work with MrAlexanderCHSS@hotmail.com before the start of class tomorrow.

Review Questions

1. Explain how to calculate a person's financial position.
2. Define "asset."
3. Define "liability."
4. Define "owner's equity."
5. What is another term that means the same thing as "equity"?
6. ~~Give two forms of the fundamental accounting equation.~~

Exercises

1. Classify each of the following as an asset or a liability:

office furniture
land
bank loan
house and lot
an unpaid heating bill

an amount loaned to R. Jonas
mortgage payable
automobile
a Canada Savings Bond

2. Karen Lipka has assets of \$150 000 and liabilities of \$65 000. What is her equity?

3. If the total assets of a business are \$37 486.49 and the total liabilities are \$11 547.80, calculate the owner's equity.

4. On December 31, 20-1, A. Lower's accounting equation was as follows:

$$\text{Assets } (\$150\,000) - \text{Liabilities } (\$70\,000) = \text{Equity } (\$80\,000)$$

If during 20-2 the assets increase by \$70 000 and the liabilities decrease by \$20 000, calculate the owner's equity at December 31, 20-2.

5. Claude Pineau, a factory worker in Hull, Quebec, asks you to help him find out how much he is worth. From a discussion with him you find out the following facts:

- a. His bank balance is \$754.
- b. He owns a home valued at \$82 500 which has a mortgage on it of \$12 500.
- c. He owns furniture and household equipment valued at \$16 000.
- d. He owns a summer property valued at \$65 000 which he bought entirely with money borrowed from the bank. Since the time of purchase he has paid back \$20 000 of the loan.
- e. He has unpaid bills amounting to \$1 560.
- f. He owes his father-in-law, M. Dupuis, the sum of \$10 000 which he borrowed interest-free several years ago at the time he bought his home.

List Claude Pineau's assets in one column, his liabilities in another, and calculate his net worth.

6. Paul Silva's assets and liabilities are listed below in random order.

Bank balance, \$856.25; Bank loan, \$5 000.00; House and lot, \$185 000.00; Cash on hand, \$85.35; Amount owed to Imperial Oil, \$135.60; Amount owed to Weston Hydro, \$85.50; Miscellaneous equipment, \$1 850.00; Mortgage on house and lot, \$90 000.00; Household furniture and furnishings, \$4 800.00; Amount loaned to Phil Silva, \$2 000.00.

- A. List the assets in one column and total them.**
- B. List the liabilities in another column and total them.**
- C. Calculate Paul Silva's equity.**

Read the following, and then **recreate** the Balance Sheet.

The Balance Sheet

The formal way of presenting financial position is by means of a statement called a balance sheet. A **balance sheet** is a statement showing the financial position of a person, business, or other organization. You can see a balance sheet in Figure 2.1 below. This balance sheet shows the financial position of Chris Turner, whom you met on page 15.

Chris Turner									
Balance Sheet									
July 15, 20—									
Assets							Liabilities		
Cash	\$		5 5 00				Owed to Philip	\$	8 0 00
Bank Balance			2 1 5 50				Owed to Dad		2 0 0 00
Bicycle			1 8 5 00				Overdue Fines		1 2 50
Stereo			2 5 0 00				Total Liabilities	\$	2 9 2 50
Ski Equipment			3 0 0 00						
							Owner's Equity		
							Chris Turner, Capital		7 1 3 00
Total Assets	\$	1 0 0 5 50					Total Liabilities and Equity	\$	1 0 0 5 50

All balance sheets have the same general format. The balance sheet that appears in Figure 2.2 is for a small business.