What Is a Balance Sheet?

Worksheet

A balance sheet lists a company's assets, liabilities and equity at one moment in time, proving that Assets = Liabilities + Equity.

$$A = L + E$$

A = Total Assets
L = Total Liabilities
E = Total Equity

Questions

1. A balance sheet shows a company's financial position…

A) over a full year
B) at one specific point in time
C) only for cash transactions
D) only for shareholders

2. Which is a current asset?

A) Building
B) Long-term investment
C) Inventory
D) Patents

3. Total liabilities are 80,000, total equity is120,000. Total assets?

A) $40,000
B) $200,000
C) $80,000
D) $120,000

4. Which section shows retained earnings?

A) Assets
B) Liabilities
C) Equity
D) Revenue

5. A company reports 60,000 cash,40,000 inventory, 100,000 equipment as assets;50,000 accounts payable and $70,000 loans as liabilities. Find equity.

6. A balance sheet shows total liabilities of 250,000 and total equity of175,000. What are total assets?

7. Current assets are 30,000 and current liabilities are18,000. Find working capital.

8. Define: What is a balance sheet?

9. Define: What are the three main sections of a balance sheet?

10. Define: What's the difference between current and non-current assets?

Answer Key

1. B) at one specific point in time — It's a snapshot at a specific date, unlike the income statement's period view.

2. C) Inventory — Inventory is expected to be sold/converted to cash within a year.

3. B) $200,000 — Assets = Liabilities + Equity = 80,000+120,000 = 200,000.

4. C) Equity — Retained earnings accumulate within the equity section.

5. Total Assets = 60,000+40,000+100,000 = 200,000 Total Liabilities = 50,000+70,000 = 120,000 Equity = Assets − Liabilities = 200,000−120,000 = $80,000

6. Assets = Liabilities + Equity Assets = 250,000+175,000 Assets = $425,000

7. Working Capital = Current Assets − Current Liabilities Working Capital = 30,000 − 18,000 Working Capital = $12,000

8. A snapshot statement showing a company's assets, liabilities and equity at a specific date.

9. Assets, liabilities and equity.

10. Current assets convert to cash within a year (cash, inventory); non-current assets are long-term (property, equipment).