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

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 is $120,000. 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 of $175,000. What are total assets?

7. Current assets are $30,000 and current liabilities are $18,000. 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?

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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 = 200,000120,000 = $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).

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