**Unit 2: How Do You Do Accounting Anyway?**

**Activity 1: Accounting Basics 101**

**Estimation of Your Net Worth Activity**

 **Complete the following activity and save into your Accounting folder.**

Fill in the following chart as best you can to determine your net worth. It is recommended that you copy the chart to a word processor and then fill it in. Don't forget to put a title and your name on your document.

|  |  |  |  |
| --- | --- | --- | --- |
| **Items I Own**  | **Value**  | **Items I Owe**  | **Value**  |
| *List items you own here.*  |  | *List items you owe here.*  |  |
| **Total Value of Items I Own.** *(add up the column)*  |  | **Total Value of Items I Owe.** *(add up the column)*  |  |
| **Estimation of My Net Worth***(Subtract value of what you own from what you owe.)* |  |

#### Accounting Equation Practice

 **Complete the following activity and save into your Accounting folder.**

Determine the missing value of the accounting equation for each of the following.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets**  | **=**  | **Liabilities**  | **+**  | **Owner' Equity**  |
| **??**  | =  | $10 500  | +  | $31 500  |
| $62 750  | =  | **??**  | +  | $20 000  |
| $57 000  | =  | $18 000  | +  | **??**  |
|  |  |  |  |  |

Determine the unknown for each of the following; be sure to use the correct rearranged formula.

1. The equity of the owner of a business having $43 350 of assets and $9 175 of liabilities.
2. The liabilities of a business having $25 360 of assets and in which the owner has a $19 600 equity.
3. The assets of a business having $6 365 of liabilities in which the owner has $ 12 430 equity.

**Complete the following activity and save into your Accounting folder.**

Before you hand in your work, ensure that your name is at the top of every page.

Copy and paste the following table into a word processor. Classify each account as an Asset, Liability, or Owner's Equity.

**A = Asset**
**L = Liability**
**OE = Owner's Equity**

|  |  |  |  |
| --- | --- | --- | --- |
| **Account Name**  | **Type**  | **Account Name**  | **Type**  |
| John Smith, Capital  |  | Accounts Receivable  |  |
| Mortgage  |  | Buildings  |  |
| Office Equipment  |  | Bank Loan  |  |
| Cash  |  | Land  |  |
| Wages Payable  |  | Supplies  |  |
| Truck  |  | Accounts Payable  |  |
| Inventory  |  | J. McMillan, Capital  |  |