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

**Activity 1: Accounting Basics 101**

**Estimation of Your Net Worth Activity**

Drop Box **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

Drop Box **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 |  |