**Unit 4: The Accounting Cycle**

**Activity 3: The Balance Sheet**

1. What is an account form balance sheet?
2. What type of balance sheet are we going to study in this Unit?
3. Fill in the blank: The accounting equation Assets = Liabilities + Owner’s Equity is \_\_\_\_\_\_\_\_\_\_\_ no matter how the balance sheet is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
4. Fill in the following features of a report form balance sheet:
* Total Assets = Total \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Owner’s Equity (i.e. both are $5,035).
* Both final totals are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ underlined.
* Both final totals are in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ column.
* Final totals are formatted with a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ ($).
1. A **classified balance sheet** groups various balance sheet accounts into these categories.
* Current Assets –
* Fixed Assets –
* Current Liabilities –
* Long-Term Liabilities –
* Owner’s Equity –
1. Net income \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ owner’s equity.
2. Drawings \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ owner’s equity.
3. Here is a close up look at the Owner’s Equity section on the balance sheet. Please memorize this format.



#### Check Your Understanding

1. A 20 year mortgage is a\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .
	1. current asset
	2. fixed asset
	3. current liability
	4. long-term liability
2. Drawings \_\_\_\_\_\_\_\_\_ owner’s equity.
	1. increase
	2. decrease
	3. do not affect
3. Cash is a \_\_\_\_\_\_\_\_\_\_\_\_\_ .
	1. current asset
	2. fixed asset
	3. current liability
	4. long-term liability

\*Please go back to my website and complete the Classified Balance Sheet Assignment. There are three (3) tabs along the bottom of the spreadsheet. #1 Worksheet, #2 Income Statement, #3 Balance Sheet. Please use the worksheet and the income statement to complete the Classified Balance Sheet.