

Figure 10.12 Julia's balance sheets.

Now – before consuming

Julia's assets		Julia's liabilities	
Cash	\$58	Loan	\$58

$$\text{Net worth} = \$58 - \$58 = 0$$

Now – after consuming

Julia's assets		Julia's liabilities	
Cash	0	Loan	\$58

$$\text{Net worth} = - \$58$$

Later – before consuming

Julia's assets		Julia's liabilities	
Cash	\$100	Loan	\$64

$$\text{Net worth} = \$100 - \$64 = \$36$$

Later – after consuming

Julia's assets		Julia's liabilities	
Cash	\$64	Loan	\$64

$$\text{Net worth} = 0$$