

Activity 1

Formula: Assets = Liabilities + Owner's Equity

Instructions: Find the missing value.

1. Assets = \$15,000, Liabilities = \$4,000. What is Owner's Equity? _____
2. Liabilities = \$6,500, Owner's Equity = \$7,500. What are the Assets? _____
3. Assets = \$12,000, Owner's Equity = \$2,000. What are the Liabilities? _____

Activity 2

Formula: Assets = Liabilities + Owner's Capital - Owner's Withdrawals + Revenues - Expenses

Problem 1: Use the information below to find Assets.

Item	Amount (\$)
Liabilities	3,000
Owner's Capital	10,000
Owner's Withdrawals	2,000
Revenues	8,000
Expenses	5,000

Assets =

Problem 2: Use the equation to find the missing value.

- Assets = \$23,000
- Liabilities = \$7,000
- Owner's Capital = \$15,000
- Revenues = \$6,000
- Expenses = \$4,000

Withdrawals = _____

Activity 3

Sarah started a bakery by investing \$20,000. She took a loan of \$5,000 from the bank. In the first month:

- She earned \$8,000 from sales
- Spent \$3,000 on ingredients and rent
- Withdrew \$2,000 for personal use

Question: What are her total assets at the end of the month?

Accounting Equation Worksheet – Answer Key

Activity 1: Basic Accounting Equation

Formula: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$

1. $\text{Assets} = \$15,000$, $\text{Liabilities} = \$4,000$

► $\text{Owner's Equity} = \$15,000 - \$4,000 = \$11,000$

2. $\text{Liabilities} = \$6,500$, $\text{Owner's Equity} = \$7,500$

► $\text{Assets} = \$6,500 + \$7,500 = \$14,000$

3. $\text{Assets} = \$12,000$, $\text{Owner's Equity} = \$2,000$

► $\text{Liabilities} = \$12,000 - \$2,000 = \$10,000$

Activity 2: Extended Accounting Equation

Formula: $\text{Assets} = \text{Liabilities} + \text{Owner's Capital} - \text{Owner's Withdrawals} + \text{Revenues} - \text{Expenses}$

Problem 1:

$\text{Assets} = 3,000 + 10,000 - 2,000 + 8,000 - 5,000 = \$14,000$

Problem 2:

$\text{Withdrawals} = \text{Liabilities} + \text{Capital} + \text{Revenues} - \text{Expenses} - \text{Assets}$

$\text{Withdrawals} = 7,000 + 15,000 + 6,000 - 4,000 - 23,000 = \$1,000$

Activity 3

$\text{Initial Capital} = \$20,000$

$\text{Loan} = \$5,000$ (Liability)

$\text{Revenue} = \$8,000$

$\text{Expense} = \$3,000$

$\text{Withdrawal} = \$2,000$

$\text{Assets} = \text{Liabilities} + \text{Owner's Capital} - \text{Withdrawals} + \text{Revenue} - \text{Expenses}$

$\text{Assets} = 5,000 + 20,000 - 2,000 + 8,000 - 3,000 = \$28,000$