

FINANCIAL STATEMENTS 2: BALANCE SHEET

DESCRIPTION:

This module provides an introduction to the balance sheet, one of the essential financial statements in accounting and includes an introduction to debits and credits, and double entry accounting. We suggest doing the Balance Sheet module prior to the Income Statement.

Tutorial: 31 slides
Problem Sets: 4 problem sets; 31 questions
Average Time: 174 minutes

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)
Module: Financial Statements 2: Balance Sheet / Problem Set ID: 138

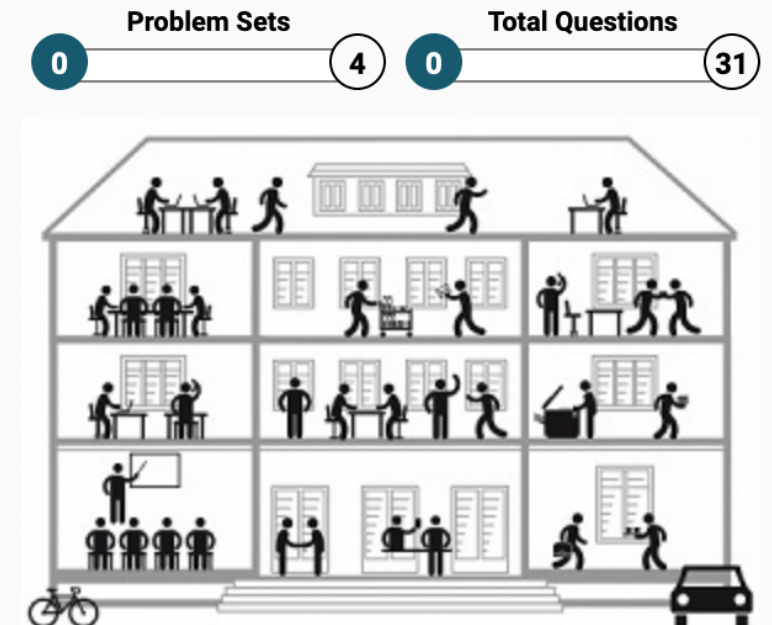
An angel investor has just funded Wi-Space's new business plan for a shared office space system. Wi-Space's accountant therefore needs to create the company's first balance sheet. They have the following transactions:

- (1) Initial funding of **\$230,000** deposited in checking account
- (2) Purchase of computer equipment for **\$27,000** paid out of checking account
- (3) Purchase of office furniture for **\$12,400** paid on credit
- (4) Purchase of an office condo for **\$320,000** which was funded through a long-term loan of **\$230,000** and the remainder from the checking account.
- (5) The manager then directed that 50% of what remained in the checking account after those transactions be invested in a mutual fund consisting of stocks and bonds

Create a balance sheet from these transactions (in \$000s) and then answer the questions below.

Which of the following would be the appropriate entry for the initial investment in Wi-Space (transaction #1):

1. Debit Cash / Credit Accounts Receivable
2. Debit Cash / Credit Capital Surplus
3. Debit Cash / Credit Investments
4. Credit Cash / Debit Long-Term Liabilities
5. None of the Above



TUTORIAL Multiple Choice

PS1 1 2 3 4 5 6 7 8 9

SUBMIT ANSWER EXIT