

## Balance Sheet Measures

<b>Balance Sheet (with sample figures)</b>		
<b>December 1, Year 1</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash		1,052
Accounts Receivable		63,417
Tenant Deposits		101,600
Tax Escrow		110,000
Prepaid Insurance		10,000
Capital Reserves		<u>15,000</u>
Total Current Assets		301,069
<b>Long-Term Assets</b>		
Land		500,000
Buildings	2,000,000	
Less Depreciation	(72,800)	
Net buildings		<u>1,927,200</u>
Total Long-Term Assets		2,728,269
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Tenant Direct Payable		101,600
Accounts Payable		12,500
Tax Payable		<u>120,000</u>
Total Current Liabilities		234,100
<b>Long-Term Liabilities</b>		
Mortgage Payable		<u>2,294,202</u>
Total Long-Term Liabilities		2,528,302
<b>Owner's Equity (Net Worth)</b>		<u>199,967</u>
<b>Total Liabilities and Equity</b>		2,728,269

- **Current Assets – Current Liabilities = Working Capital**  
301,069 – 234,100 = 66,969

Working capital involves a short-term turnover of money, therefore long-term assets and liabilities are *not* included.

- **Total Assets – Total Liabilities = Owner's Equity (Net Worth)**  
2,728,269 – 2,528,302 = 199,967

The amount of increase of net worth indicates the overall growth of the company.

- **Current Assets ÷ Current Liabilities = Current Ratio**  
301,069 ÷ 234,100 = 1.29

Shows the ability to pay current bills with funds on hand and indicates the company's liquidity.

- **Current Liabilities ÷ Owner's Equity (Net Worth) = Current-Debt-to-Equity Ratio**
- **Total Liabilities ÷ Owner's Equity = Total-Debt-to-Equity Ratio**