



Rural Services of Indiana, Inc.

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SOLUTION SESSION 1 - EXERCISE 1

Using the attached work sheet, prepare a balance sheet using the following information for the Jones Farm as of June 30.

Cash	\$ 600
Crops on Hand	1,000
Prepaid Chemicals	2,000
Equipment	1,400
Hogs - Breeding Stock	900
Accounts Payable	300
60-day bank note	1,200
Accounts receivable	2,500
3-year bank note	6,000
Owner's equity	10,900
Land	25,000
25 Year Real Estate Loan	15,000

<u>ASSETS</u>				<u>LIABILITIES</u>		
Cash	\$ 600			Accts payable	\$ 300	
Crops on hand	1,000			60-day note	1,200	
Chemical	2,000			Subtotal		<u>\$1,500</u>
Acct Rcv	2,500			3-yr bank note	\$6,000	
Subtotal		<u>\$ 6,100</u>		Subtotal		<u>\$6,000</u>
Equipmnt	\$ 1,400			RE 25-yr note	\$15000	
Hogs/ breeders	900			Subtotal		<u>\$15000</u>
Subtotal		<u>\$ 2,300</u>		TOTAL LIABILITIES		<u>\$22500</u>
Land	\$25,000			<u>NET WORTH</u>		<u>\$10900</u>
Subtotal		<u>\$ 25,000</u>		Liabilities + Net Worth		<u>\$33400</u>
TOTAL ASSETS		<u>\$ 33,400</u>				

Identify each of the following as an asset, a liability or capital asset.

- | | |
|------------------------------|----------------------|
| 1. cash | asset |
| 2. feed bill | liability |
| 3. tractor | capital asset |
| 4. interest due to bank | liability |
| 5. supplies on hand | asset |
| 6. land and building | capital asset |
| 7. insurance paid in advance | asset |