Note: **Bold** numbers mean a calculated amount.

Reinforcement Problems

LG 9-1.

Cumulative Change:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
+ $5,000 & + $15,000 & - $10,000
\end{align*}
\]

The company borrowed $15,000 in resources; during the same time, the combination of operations and owner’s drawing decreased owner’s equity by $10,000 (not a good business plan).

LG 9-2.

Cumulative Change:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
+ $40,000 & + $20,000 & + $20,000
\end{align*}
\]

The company borrowed $20,000 and also increased resources by $20,000 from operations and/or owner’s investments.

LG 9-3.

Cumulative Change:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
+ $16,000 & - $9,000 & + $25,000
\end{align*}
\]

This company used $9,000 of resources to pay debts. These resources were more than replaced by a $25,000 combination of operations and/or owner investments. These are good changes.

LG 9-4.

January 1:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
$90,000 & $15,000 & $75,000
\end{align*}
\]

Cumulative Change:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
+ $12,000 & - $15,000 & + $22,000 & + $7,000 & (L = 90,000 – 75,000)
\end{align*}
\]

December 31:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
$95,000 & $25,000 & $70,000
\end{align*}
\]

This is similar to what happened to Diablo Valley Services in LG 9-3, above.

LG 9-5.

June 1:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
$90,000 & $15,000 & $75,000
\end{align*}
\]

Cumulative Change:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
+ $12,000 & + $22,000 & - $10,000 & + $12,000 & (L = 90,000 – 75,000)
\end{align*}
\]

June 30:  
\[
\begin{align*}
\text{Assets} & = \text{Liabilities} + \text{Owner’s Equity} \\
$37,000 & $22,000
\end{align*}
\]

This is similar to what happened to Vermont Street Surf Shop in LG 9-1, above.
**LG 9-6.** First, calculate the January 1 equation and owner’s equity:
\( A \) $400,000 = \( L \) $300,000 + \( OE \) $100,000.

a. Still $300,000 because assets and owner’s equity have each gone up by the same amount.
b. \( OE \) $105,000
c. \( A \) $395,000
d. \( OE \) $145,000
e. \( L \) $290,000

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>51,000</td>
<td>(18,000)</td>
<td>69,000</td>
</tr>
<tr>
<td>644,000</td>
<td>238,000</td>
<td>406,000</td>
</tr>
</tbody>
</table>

**LG 9-7.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>305,000</td>
<td>96,000</td>
<td>(54,000)</td>
</tr>
<tr>
<td>218,000</td>
<td>(41,000)</td>
<td>A = 41,000 + 54,000</td>
</tr>
</tbody>
</table>

**LG 9-8.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>241,000</td>
<td>320,000</td>
<td>(79,000)</td>
</tr>
<tr>
<td>A = 241,000 + (95,000)</td>
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<td></td>
</tr>
</tbody>
</table>

**LG 9-9.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>957,000</td>
<td>(81,000)</td>
<td>OE = 79,000 – 2,000</td>
</tr>
<tr>
<td>893,000</td>
<td>295,000</td>
<td>A = (27,000) + (37,000)</td>
</tr>
</tbody>
</table>

**LG 9-10.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>957,000</td>
<td>(81,000)</td>
<td>OE = 79,000 – 2,000</td>
</tr>
<tr>
<td>893,000</td>
<td>295,000</td>
<td>A = (27,000) + (37,000)</td>
</tr>
</tbody>
</table>

**LG 9-11.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Owner’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>957,000</td>
<td>(81,000)</td>
<td>OE = 79,000 – 2,000</td>
</tr>
<tr>
<td>893,000</td>
<td>295,000</td>
<td>A = (27,000) + (37,000)</td>
</tr>
</tbody>
</table>

\( OE = 19,000 + 28,000 – 9,000 \)
\( L = (7,000) – 38,000 \)