Think Critically

1.	What is the purpose of a balance sheet?
2.	Explain each term in this equation: Assets – Liabilities = Owner's Equity
3.	Explain the difference between current assets and long-term assets.
4.	Name some examples of current assets and long-term assets.
5.	Explain the difference between current liabilities and long-term liabilities.
6.	Name some examples of current liabilities and long-term liabilities.

7.	What is the purpose of preparing a comparative balance sheet?
8.	How does the same-size balance sheet analysis differ from a standard comparative balance sheet analysis?
Pro	blem Solving
1.	At the end of its first year of operations, Berganstein Sportswear had current assets of \$13,000, fixed assets of \$25,000, current liabilities of \$7,000, and long-term liabilities of \$14,000. What is the amount of owner's equity?