**Diversity on the Street: Week 2, Accounting Homework**

Name:

Date:

1. **What are the 3 financial statements, and what do each show?**
2. **Describe assets, liabilities, and equity (on balance sheet). Include definition and line items for each.**
3. **What are the main line items on an income statement in order?**
4. **What are the 3 types of activities on a cash flow statement and what line items might be under each?**
5. **Which statements are at a point in time vs which statements are over a period of time?**
6. **TRUE OR FALSE: Items on the balance sheet are recorded in order of liquidity (most liquid to least liquid).**
7. **How do the three financial statements connect?**
8. **What are accounts receivable? What are accounts payable?**
9. **If you had to choose 2 financial statements out of the 3, which would you pick and why?**
10. **If you had to choose 1 financial statement out of the 3, which would you pick and why?**
11. **What is the accounting equation, found from the balance sheet? Write it out 5 times.**
12. **What are capital expenditures? Describe it and note which statement it can be found on.**
13. **What is net working capital? Describe and include equation.**
14. **What is Cost of Goods Sold (COGS)? Describe it and note which statement it can be found on.**
15. **What is depreciation? What is amortization?**

**Challenge: If depreciation increases by $10, how does this affect the 3 financial statements?**