**Activity 2.5.2 – Statement of Owner’s Equity**

Purpose: Demonstrate skill in preparing a Statement of Owner’s Equity

Owner’s equity is calculated to reflect the changes during the fiscal period. Some businesses do this by reporting the owner’s equity in detail on the balance sheet and other businesses prepare a Statement of Owner’s Equity.

Divide your students into teams of 4 to work on problems calculating owner’s equity. Write the formula on the whiteboard and plug in some numbers to demonstrate the formula.

Ending Owner’s Equity= Beginning Owner’s Equity + Investments + Net Income (or – Net Loss) – Drawing

Problem 1:

|  |  |
| --- | --- |
| Beginning Owner’s Equity | 10,400 |
| Plus Investments | 1,000 |
| Plus Net Income | 5,000 |
| Less Net Loss |  |
| Less Drawing | 2,000 |
| Ending Owner’s Equity | ? |

Problem 2:

|  |  |
| --- | --- |
| Beginning Owner’s Equity | 44,055 |
| Plus Investments | 0 |
| Plus Net Income | 12,985 |
| Less Net Loss |  |
| Less Drawing | 4,200 |
| Ending Owner’s Equity | ? |

Problem 3:

|  |  |
| --- | --- |
| Beginning Owner’s Equity | 8,789 |
| Plus Investments | 10,000 |
| Plus Net Income | 2,000 |
| Less Net Loss |  |
| Less Drawing | 1,000 |
| Ending Owner’s Equity | ? |

Problem 4:

|  |  |
| --- | --- |
| Beginning Owner’s Equity | 12,044 |
| Plus Investments | 0 |
| Plus Net Income |  |
| Less Net Loss | 10,000 |
| Less Drawing | 2,000 |
| Ending Owner’s Equity | ? |

Problem 5:

|  |  |
| --- | --- |
| Beginning Owner’s Equity | 15,067 |
| Plus Investments | 11,000 |
| Plus Net Income |  |
| Less Net Loss | 759 |
| Less Drawing | 3,000 |
| Ending Owner’s Equity | ? |

Demonstrate preparation of Statement of Owner’s Equity.