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**ACTIVITY**

Accounting Activity – Calculating Net Worth

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**ACTIVITY****CALCULATING NET WORTH****SUBJECT****Accounting****OUTCOMES**

Learners will be able to calculate net worth and to differentiate between assets, liabilities, book value, and market value.

**SKILL LEVEL**

Middle School – High School – Post Secondary – Adult

**INSTRUCTIONS**

In the following example, Brian has asked you to help calculate his Net Worth. He has made a list of everything which relates to his finances. Using this information, categorize all the items on the following chart and calculate his Net Worth.

Brian's Financial Information

- a. Mutual Funds worth \$3,000
- b. Checking account with \$500
- c. \$30 cash put aside to buy concert tickets
- d. Telephone Bill - \$120
- e. Student loan - \$4,800 owing including interest (monthly payments are \$120)
- f. Credit card balance - \$430 owing
- g. Savings account with \$1,000
- h. Surround sound stereo system – paid \$2,000 and is now worth \$1,200
- i. Computer – paid \$1,250 and is now worth \$890. There is \$230 owing on the store credit card.
- j. \$500 invested in stocks and bonds. They are now worth \$875
- k. Power Bill - \$200
- l. Rent - \$500/month

**INSTRUCTOR**

<b>BRIAN'S NET WORTH</b>	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>
<b>CASH</b>		
• Chequing Account (b)	\$500	\$500
• Cash for concert tickets (c)	\$ 30	\$30
• Savings Account (g)	\$1,000	\$1,000
<b>PERSONAL USE PROPERTY</b>		
• Surround sound stereo system (h)	\$2,000	\$1,200
• Computer (i)	\$1,250	\$890
<b>INVESTMENT PROPERTY</b>		
• Stocks and Bonds (j)	\$500	\$875
• Mutual funds (a)	Not Stated	\$3,000
<b>TOTAL ASSETS</b>		\$ 7,495
<b>LIABILITIES</b>		
• Computer loan (i)	\$230	\$230
• Credit Card (f)	\$430	\$430
• Student loan (e)	\$4,800	\$4,800
• Telephone Bill (d)	\$120	\$120
• Rent (l)	\$500	\$500
• Power Bill (k)	\$200	\$200
<b>TOTAL LIABILITIES</b>		\$6,280
<b>NET WORTH = ASSETS – LIABILITIES</b>		\$1,215

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LEARNER



<b>BRIAN'S NET WORTH</b>	<b>Book Value</b>	<b>Market Value</b>
<b>CASH</b>		
<b>PERSONAL USE PROPERTY</b>		
<b>INVESTMENT PROPERTY</b>		
<b>TOTAL ASSETS</b>		<b>\$</b>
<b>LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>		<b>\$</b>
<b>NET WORTH = ASSETS - LIABILITIES</b>		<b>\$</b>