Exercise 1 –Understanding Retained earnings & WCR

- Assume an opening balance sheet as follows……

Assets	E	Liabilities+SE	E
Cash	1000	Paid in Capital	1000

- Purchase inventories for 800 E cash. Prepare a B/S.
- Sell the entire inventory for 950 E cash. Prepare a B/S.
- Buy an equipment for 800 E cash.
  - What does RE represent ?

Exercise 2 – Understanding RE & WCR

- Assume an opening balance sheet as follows……

Assets	E	Liabilities+SE	E
Cash	1000	Paid in Capital	1000

- Purchase inventory for 800 E paid in 30 days. Prepare a B/S.

- Sell the entire inventory for 950 E paid in 45 days. Prepare a B/S.

- Pay inventory for 800 E and buy an equipment for 800 E cash. Prepare a B/S

  - What does WCR represent ?