**19 -8**

Abbreviated financial statements for Archimedes Levers are shown in Table 19.12. If sales increase by 10% in 2011 and all others items, including debt, increase correspondingly, what must be the balancing item? What will be its value?

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Income Statement | |  |  |
|  |  |  |  |  |  |  |  |  |
| Sales |  |  |  |  | $ 4,000 |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Cost, including interest | | |  |  | $ 3,500 |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Net Income | |  |  |  | $ 500 |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  | Balance Sheet, Year-End | | | | |  |
|  |  |  |  |  |  |  |  |  |
|  |  | 2010 |  | 2009 |  | 2010 |  | 2009 |
|  |  |  |  |  |  |  |  |  |
| Assets |  | $ 3,200 |  | $ 2,700 | Debt | $ 1,200 |  | $ 1,033 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | Equity | $ 2,000 |  | $ 1,667 |
|  |  |  |  |  |  |  |  |  |
| Total |  | $ 3,200 |  | $ 2,700 | Total | $ 3,200 |  | $ 2,700 |