

Course Code	: FIN 101
Course Title	: Introduction to Finance
Chapter 1	: Financial Reporting Mechanics
Do it	: In-Class Activities

Activity 1

Use the following information to calculate for the year ended December 31, 2017 (a) net income (net loss), (b) ending retained earnings, and (c) total assets.

Supplies	¥ 1,000	Revenues	¥21,000
Operating expenses	12,000	Cash	13,000
Accounts payable	9,000	Dividends	1,000
Accounts receivable	3,000	Notes payable	1,000
Beginning retained earnings	5,000	Equipment	6,000

Activity 2

For the items listed below, fill in the appropriate code letter to indicate whether the item is an asset, liability, or equity item.

	<u>Code</u>
Asset	A
Liability	L
Equity	E
_____ 1. Rent Expense	_____ 6. Cash
_____ 2. Equipment	_____ 7. Accounts Receivable
_____ 3. Accounts Payable	_____ 8. Dividends
_____ 4. Share Capital-Ordinary	_____ 9. Service Revenue
_____ 5. Insurance Expense	_____ 10. Notes Payable

Activity 3

Two items are omitted from each of the following summaries of statement of financial position and income statement data for two companys for the year 2017, Holly Enterprises and Craig Stevens.

	<u>Holly Enterprises</u>	<u>Craig Stevens</u>
Beginning of year:		
Total assets	€ 98,000	€129,000
Total liabilities	70,000	(c)
Total equity	(a)	80,000
End of year:		
Total assets	160,000	180,000
Total liabilities	120,000	50,000
Total equity	40,000	130,000
Changes during year in equity:		
Additional investment	(b)	25,000
Dividends	25,000	(d)
Total revenues	215,000	100,000
Total expenses	180,000	65,000

Instructions

Determine the missing amounts.

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Activity 4

Bill Phinnes decides to open a cleaning and laundry service near the local college campus that will operate as a corporation. Analyze the following transactions for the month of June in terms of their effect on the basic accounting equation. Record each transaction by increasing (+) or decreasing (–) the dollar amount of each item affected. Indicate the new balance of each item after a transaction is recorded. It is not necessary to identify the cause of changes in equity.

Transactions

- (1) Issued ordinary shares in exchange for \$20,000 cash on June 1.
- (2) Purchased laundry equipment for \$5,000 paying \$3,000 in cash and the remainder due in 30 days.
- (3) Purchased laundry supplies for \$1,200 cash.
- (4) Received a bill from College News for \$300 for advertising in the campus newspaper.
- (5) Cash receipts from customers for cleaning and laundry amounted to \$1,500.
- (6) Paid salaries of \$200 to student workers.
- (7) Billed the Lion Soccer Team \$200 for cleaning and laundry services.
- (8) Paid \$300 to College News for advertising that was previously billed in Transaction 4.
- (9) Paid dividends of \$700.
- (10) Incurred utility expenses for month on account, \$150.