chapter 2

Investing and Financing Decisions and the Accounting System

Financial Accounting

11e

Libby • Libby • Hodge

Recognition and Measurement Concepts

<u>Assumptions</u>

- Separate entity assumption: each business's activities must be accounted for separately from the personal activities of the owners, all other persons, and other entities.

- Going concern assumption (continuity assumption): it is assumed that the business will continue operating into the foreseeable future, long enough to meet its contractual commitments and plans.

- Monetary unit assumption: the financial statements are reported using the national monetary unit (e.g., dollars in the United States)

<u>Measurement Concept</u>

- Historical cost: the balance sheet elements are initially recorded at their cost.

Elements of the Balance Sheet: Assets

Assets: *resources that provide a future economic benefit.*

- Listed on the balance sheet in order of liquidity.

- Assets are grouped as current or long-term assets.
  - Current assets are resources the company will use or turn into cash within one year.
    - *Cash, Short-Term Investments, Accounts Receivable, Supplies, Inventories, and Prepaid Expenses*

  - Long term (or noncurrent) assets are to be used or turned into cash after a year.
    - *Property and equipment (Land, Buildings, and Equipment), Operating lease right-of-use assets (rented assets), Intangibles, and Stocks and bonds of other companies.*

Exhibit 2.1 Chipotle Mexican Grill, Inc., Balance Sheet

CHIPOTLE MEXICAN GRILL, INC.
Consolidated Balance Sheet*
December 31, 2019
(in millions of dollars, except per share data)

EXPLANATIONS

"Consolidated" means all subsidiaries are combined
Point in time for which the balance sheet was prepared

			Explanations
	ASSETS		
	Current Assets:		
Current Assets	Cash	$ 481	
	Short-term investments	400	*Ownership of other companies' stocks and bonds*
	Accounts receivable	81	*Amounts due from customers and others*
	Supplies	26	*Food, beverage, and packaging supplies on hand*
	Prepaid expenses	85	*Rent, advertising, and insurance paid in advance*
	Total current assets	1,073	*Summary of assets to be used or turned into cash within one year*
Noncurrent Assets	Property and Equipment:		
	Land	13	
	Buildings	1,811	*Buildings owned*
	Equipment	836	*Includes furniture and fixtures*
	Total cost	2,660	*Cost of property and equipment at date of acquisition*
	Accumulated depreciation	(1,201)	*Amount of cost used in past operations*
	Net property and equipment	1,459	
	Operating lease right-of-use assets	2,505	*Facilities rented under leases with right to use the assets*
	Intangible assets	69	*Rights, such as patents, trademarks, and licenses*
	Total assets	$5,106	

Elements of the Balance Sheet: Liabilities

***Liabilities**: obligations that require a future economic sacrifice.*

- Listed in order of maturity (how soon an obligation is to be paid) and grouped by current and noncurrent (long-term).
  - Current liabilities will need to be paid or settled within one year.
    - *Accounts Payable, Unearned Revenue, Accrued Expenses Payable, Current Lease Liabilities, and others.*
  - Noncurrent liabilities have due dates beyond one year.
    - *Notes Payable and Long-term Lease Liabilities.*

Exhibit 2.1 Chipotle Mexican Grill, Inc., Balance Sheet (2 of 2)

	LIABILITIES AND STOCKHOLDERS' EQUITY		
	Current Liabilities:		
Current Liabilities	Accounts payable	$ 116	*Amount due to suppliers*
	Unearned revenue	95	*Unredeemed gift cards*
	Accrued expenses payable:		
	Wages payable	127	*Amount due to employees*
	Utilities payable	156	*Amount due for electric, gas, and telephone utilities*
	Current lease liabilities	173	*Amount due on rented facilities within the next year*
	Total current liabilities	667	*Summary of liabilities to be settled within one year*
Noncurrent Liabilities	Notes payable	77	*Amount owed on loans from banks*
	Long-term lease liabilities	2,678	*Amount due on rented facilities after one year*
	Total liabilities	3,422	
	Stockholders' Equity:		
Stockholders' Equity	Common stock ($0.01 par value)	1	*Total par value of stock issued by company to investors*
	Additional paid-in capital	1,466	*Excess amount received from investors over par*
	Treasury stock	(2,699)	*Amount paid to repurchase its own stock from investors*
	Retained earnings	2,916	*Undistributed earnings reinvested in the company*
	Total stockholders' equity	1,684	
	Total liabilities and stockholders' equity	$5,106	

*The information has been adapted from actual statements and simplified for this chapter.

Elements of the Balance Sheet: Stockholders' Equity

Stockholders' Equity: *Represents the residual interest in the assets of the entity after subtracting liabilities.*

Financing Provided by Owners is referred to as **contributed capital**.

- Use the accounts Common Stock and Additional Paid-in Capital to represent the amount investors paid when they purchased the stock from the company.
- The Treasury Stock account represents the amount the company paid to its investors to repurchase common stock. Treasury Stock **reduces** stockholders' equity.

Financing Provided by Operations is referred to as **earned capital** or retained earnings.

- The portion of profits reinvested in the business is called Retained Earnings.
- Losses and dividends decrease the Retained

Accounts

Accounts are used by companies to accumulate the dollar effect of transactions.

- A list of all account titles and their unique numbers is called a **chart of accounts**.

- Each company has its own chart of accounts. ***<u>Do not try to memorize a typical chart of accounts;</u>*** instead focus on understanding the nature of each typical account and where it is located in the financial statements.

Examples of accounts include:
- Cash
- Inventories
- Accounts payable
- Retained earnings

Exhibit 2.2 Typical Account Titles

Assets	Liabilities	Stockholder's Equity	Revenues	Expenses
Cash	Accounts Payable	Common Stock	Sales Revenue	Cost of Goods Sold
Short-Term Investments	Accrued Expenses Payable	Additional Paid-in Capital	Fee Revenue	Wages Expense
Accounts Receivable	Notes Payable	Retained Earnings	Interest Revenue	Rent Expense
Notes Receivable	Taxes Payable		Rent Revenue	Interest Expense
Inventory (to be sold)	Unearned Revenue		Service Revenue	Depreciation Expense
Supplies	Bonds Payable			Advertising Expense
Prepaid Expenses				Insurance Expense
Long-Term Investments				Repair Expense
Equipment				Income Tax Expense
Buildings				
Land				
Intangibles				

Accounts with "receivable" in the title are **always** assets; they represent amounts owed by (receivable from) customers and others to the business.

Accounts with "payable" in the title are **always** liabilities and represent amounts owed by the company to be paid to others in the future.

Title expense accounts by what was incurred or used followed by the word "expense," except for inventory sold, which is titled Cost of Goods Sold.

Prepaid Expenses is **always** an asset; it represents amounts paid in advance by the company to others for future benefits, such as future insurance coverage, rental of property, or advertising.

Accounts with "unearned" in the title are **always** liabilities representing amounts paid in the past to the company by others who expect future goods or services from the company.

Title revenue accounts by their source followed by the word "revenue."

Principles of Transaction Analysis

Every transaction has at least two effects (**dual effects**) on the basic accounting equation. Most transactions with external parties involve an **exchange** where the business entity **both receives something and gives up something in return**.

Assets (A) = Liabilities (L) + Stockholders' Equity (SE)

- The accounting equation must remain in balance after each transaction.

In-Class Example – Effect on the Accounting Equation

The Journal Entry

- In an accounting system, transactions are recorded in chronological order in a **general journal** (or, simply, journal).
- After analyzing the business documents (such as purchase invoices, receipts, and cash register tapes) that describe a transaction, the effects on the accounts are recorded in the journal using **debits** and **credits**.
- The **journal entry** is an accounting method for expressing the effects of a transaction on accounts.
- It is written in a debits-equal-credits format.

Debits and Credits

Assets	=	Liabilities	+	Stockholders' Equity
↑ with Debits		↑ with Credits		↑ with Credits
Accounts have **debit** balances		Accounts have **credit** balances		Accounts have **credit** balances

The Journal Entry

(a) Assume **Chipotle issued (sold) 100 additional shares of common stock with a par value of \$0.01 per share at a market value of \$0.17 per share, receiving \$17 in cash from investors.**

Account Titles:
Debited accounts on top.
Credited accounts on bottom, usually indented.

Amounts:
Debited amounts on left.
Credited amounts on right.

	Debit	Credit
(a) Cash (+A)	17	
Common stock (+SE)		1
Additional paid-in capital (+SE)		16

Dollar signs are not needed!

Reference:
Letter, number, or date.

While you are learning, use the symbols A, L, and SE next to each account title in journal entries. For example, if cash is to be increased, write Cash (+A).

In-Class Example – Journal Entries

Exhibit 2.6

Posting Transaction Effects from the Journal to the Ledger

General Journal Page G1

Date	Ref.	Account Titles and Explanation	Debit	Credit
		(in millions)		
1-2-20	101	Cash (+A)	17	
	301	Common stock (+SE)		1
	302	Additional paid-in capital (+SE)		16
		(Investment by stockholders.)		

General Ledger — CASH — 101

Date	Ref.	Explanation	Debit	Credit	Balance
		Balance			481
1-2-20	G1		17		498

General Ledger — COMMON STOCK — 301

Date	Ref.	Explanation	Debit	Credit	Balance
		Balance			1
1-2-20	G1			1	2

General Ledger — ADDITIONAL PAID-IN CAPITAL — 302

Date	Ref.	Explanation	Debit	Credit	Balance
		Balance			1,466
1-2-20	G1			16	1,482

Exhibit 2.7

T-Accounts Illustrated

Start with a beginning balance.

Draw a line across the T when you are ready to compute the ending balance.

+ Cash (A) –		
Beg. balance	481	
(a)	17	
End. balance	498	

– Common Stock (SE) +		
	1	Beg. balance
	1	*(a)*
	2	End. balance

Use the same reference as in the journal entry.

Put the ending balance amount on the side of the T-account that it represents (e.g., + side if it is a positive number).

Exhibit 2.8 T-Accounts

After analyzing the transactions from (*a*)–(*h*), the T-accounts balances are:

+ Cash (A) –

1/1/20	481		
(*a*)	17	31	(*c*)
(*b*)	4	29	(*d*)
(*e*)	19	1	(*f*)
		103	(*g*)
	357		

+ Short-Term Investments (A) –

1/1/20	400		
		19	(*e*)
	381		

+ Land (A) –

1/1/20	13		
(*d*)	20		
	33		

+ Buildings (A) –

1/1/20	1,811		
(*d*)	40		
	1,851		

+ Equipment (A) –

1/1/20	836		
(*c*)	26		
	862		

+ Operating Lease ROU Assets (A) –

1/1/20	2,505		
(*d*)	86		
	2,591		

+ Intangible Assets (A) –

1/1/20	69		
(*c*)	5		
	74		

– Dividends Payable (L) +

		0	1/1/20
		2	(*h*)
		2	

– Current Lease Liabilities (L) +

		173	1/1/20
		6	(*d*)
		179	

– Notes Payable (L) +

		77	1/1/20
(*f*)	1	4	(*b*)
		80	

– Long-Term Lease Liabilities (L) +

		2,678	1/1/20
		111	(*d*)
		2,789	

– Common Stock (SE) +

		1	1/1/20
		1	(*a*)
		2	

– Additional Paid-in Capital (SE) +

		1,466	1/1/20
		16	(*a*)
		1,482	

+ Treasury Stock (SE) –

1/1/20	2,699		
(*g*)	103		
	2,802		

– Retained Earnings (SE) +

		2,916	1/1/20
(*h*)	2		
		2,914	

Trial Balance

- List the names of the T-accounts in financial statement order (assets, liabilities, stockholders' equity, revenues, and expenses).
- The purpose of the trial balance is to **check the equality of the debits and credits.**
- *Errors may still exist if the wrong accounts or amounts were used in the journal entries!*

CHIPOTLE MEXICAN GRILL -- TRIAL BALANCE
March 31, 2020

	Debit	Credit	
Cash	357		*
Short-term investments	381		*
Accounts receivable	81		
Supplies	26		
Prepaid expenses	85		
Land	33		*
Buildings and leased assets	1,851		*
Equipment	862		*
Accumulated depreciation		1,201	
Operating lease right-of-use assets	2,591		*
Intangible assets	74		*
Accounts payable		116	
Unearned revenue		95	
Wages payable		127	
Utilities payable		156	
Dividends payable		2	*
Current lease liabilities		179	*
Notes payable		80	*
Long-term lease liabilities		2,789	*
Common stock		2	*
Additional paid-in capital		1,482	*
Treasury stock	2,802		*
Retained earnings		2,914	*
Total	**9,143**	**9,143**	

Debits = Credits!

* Balance changed due to hypothetical investing and financing transactions during the first quarter of 2020.

Current Ratio

KEY RATIO ANALYSIS

Current Ratio = $\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$

Does a company have the short-term resources to pay its short-term debt?

The 2019 ratio for Chipotle is (dollars in millions):

$$\frac{\$1{,}073}{\$667} = 1.609$$

COMPARISONS OVER TIME		
Chipotle Mexican Grill, Inc.		
2017	2018	2019
1.944	1.811	1.609

COMPARISONS WITH COMPETITORS	
El Pollo Loco Holdings, Inc.	Shake Shack, Inc.
2019	2019
0.334	0.882

Offers Mexican-inspired grilled chicken and entrees

Offers a classic American menu of premium burgers, hot dogs, crispy chicken, crinkle cut fries, shakes, and more

The Slides below are Transaction Analysis and Journal Entry Textbook Slides – Left in slide show for reference.

Analyzing Chipotle's Transactions

(a) **Chipotle issued (sold) 100 additional shares of common stock with a par value of $0.01 per share at a market value of $0.17 per share, receiving $17 in cash from investors** – a financing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Cash (+A) 17

Step 2: What was **given**?

Given: Additional stock shares →	Common Stock (+SE)	1 *(100 shares × $0.01 per share)*
	Additional Paid-in Capital (+SE)	16 *(100 shares × $0.16 per share)*

Step 3: Verify that the **accounting equation** balances: A 17 = L 0 + SE 17

	Assets	=	Liabilities	+	Stockholders' Equity	
	Cash				Common Stock	Additional Paid-in Capital
(a)	+17				+1	+16

Analyzing Chipotle's Transactions

(b) **Chipotle borrowed $4 from its local bank, signing a note to be paid in three years (a noncurrent liability)** – a financing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Cash (+A) 4

Step 2: What was **given**?

Given: Written promises to pay the bank: Notes Payable (+L) 4 *(noncurrent)*

Step 3: Verify that the **accounting equation** balances: A 4 = L 4 + SE 0

	Assets	=	Liabilities	+	Stockholders' Equity
	Cash		Notes Payable		
(b)	+4		+4		

Analyzing Chipotle's Transactions

(c) **Chipotle purchased for cash $26 in new equipment and $5 in additional intangible assets –** an investing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received:	Equipment (+A)	26
	Intangible Assets (+A)	5

Step 2: What was **given**?

Given: Cash (−A) 31

Step 3: Verify that the **accounting equation** balances: A 0 = L 0 + SE 0

	Assets			=	Liabilities	+	Stockholders' Equity
	Cash	Equipment	Intangible Assets				
(c)	−31	+26	+5				

Analyzing Chipotle's Transactions

(d) **Chipotle acquired $20 in additional land and $40 in new buildings, signed leases for $86 for right-of-use (ROU) assets, paid $29 in cash, and signed $6 in current leases and $111 in long-term leases to rent facilities—**an investing activity.

Step 1: What was **received**? **(account name, type of account, amount, and direction of effect)**

Received:	Land (+A)	20
	Buildings (+A)	40
	Operating Lease Right-of-Use Assets (+A)	86

Step 2: What was **given**?

Given:	Cash (−A)	29
	Current Lease Liabilities (+L)	6
	Long-Term Lease Liabilities (+L)	111

Step 3: Verify that the accounting equation balances: A 117 = L 117 + SE 0

	Assets				=	Liabilities		+	Stockholders' Equity
	Cash	Land	Buildings	Operating Lease ROU Assets		Current Lease Liabilities	Long-Term Lease Liabilities		
(d)	−29	+20	+40	+86		+6	+111		

Analyzing Chipotle's Transactions

(e) **Chipotle sold $19 in its short-term investments for $19 cash**—an investing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Cash (+A) 19

Step 2: What was **given**?

Given: Short-Term Investments (−A) 19

Step 3: Verify that the accounting equation balances: A 0 = L 0 + SE 0

	Assets		=	Liabilities	+	Stockholders' Equity
	Cash	Short-Term Investments				
(e)	+19	−19				

Analyzing Chipotle's Transactions

(f) **Within the quarter, assume Chipotle paid $1 on the note payable in (b) above (ignore any interest on the loan in this chapter)—**a financing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Reduction in the amount owed: Notes Payable (−L) 1

Step 2: What was **given**?

Given: Cash (−A) 1

Step 3: Verify that the accounting equation balances: A (1) = L (1) + SE 0

	Assets	=	Liabilities	+	Stockholders' Equity
(f)	Cash		Notes Payable		
	−1		−1		

Analyzing Chipotle's Transactions

(g) **Chipotle repurchased a portion of its issued common stock from investors for $103 cash**—a financing activity.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Reduction in stockholders' equity (the owners' claims to the company's assets:)
Treasury Stock (−SE) 103

Step 2: What was **given**?

Given: Cash (−A) 103

Step 3: Verify that the **accounting equation** balances: A (103) = L 0 + SE (103)

	Assets	=	Liabilities	+	Stockholders' Equity
(g)	Cash −103				Treasury Stock −103

Analyzing Chipotle's Transactions

(h) For illustration purposes, **assume Chipotle's board of directors declared that the Company will pay a total of $2 in cash as dividends to shareholders next quarter**.

Step 1: What was **received? (account name, type of account, amount, and direction of effect)**

Received: Reduction in owners' claims to the company's assets: Retained Earnings (−SE) 2

Step 2: What was **given**?

Given: A promise to pay: Dividends Payable (+L) 2

Step 3: Verify that the accounting equation balances: A 0 = L 2 + SE (2)

	Assets	=	Liabilities	+	Stockholders' Equity
			Dividends Payable		Retained Earnings
(h)			+2		−2

Transaction Analysis Illustrated

(a) **Assume Chipotle issued (sold) 100 additional shares of common stock with a par value of \$0.01 per share at a market value of \$0.17 per share, receiving \$17 in cash from investors—**an financing activity. Common stock is recorded at par (100 shares × \$0.01 par value per share) and Additional Paid-in Capital is recorded for the excess over par value (100 shares × \$0.16 per share).

	Debit	Credit
(a) Cash (+A)	17	
Common stock (+SE)		1
Additional paid-in capital (+SE)		16

Assets		=	Liabilities	+	Stockholders' Equity	
Cash	+17				Common stock	+1
					Additional paid-in capital	+16

+ Cash (A) −

1/1/20	481	
(a)	**17**	

− Common Stock (SE) +

	1	1/1/20
	1	*(a)*

− Additional Paid-in Capital (SE) +

	1,466	1/1/20
	16	*(a)*

Transaction Analysis Illustrated

(b) **Chipotle borrowed $4 from its local bank, signing a note to be paid in three years (a noncurrent liability)**—an financing activity.

	Debit	Credit
(b) Cash (+A)	4	
Notes payable (+L)		4

Assets		=	Liabilities		+	Stockholders' Equity
Cash	+4		Notes payable	+4		

+ Cash (A) −		
1/1/20	481	
(a)	17	
(b)	**4**	

− Notes Payable (L) +		
	77	1/1/20
	4	*(b)*

Transaction Analysis Illustrated

(c) **Chipotle purchased for cash $26 in new equipment and $5 in additional intangible assets**—an investing activity.

	Debit	Credit
(c) Equipment (+A)	26	
Intangible assets (+A)	5	
Cash (– A)		31

Assets		=	Liabilities	+	Stockholders' Equity
Equipment	+26				
Intangible assets	+5				
Cash	−31				

+ Cash (A) –			
1/1/20	481		
(a)	17	**31**	*(c)*
(b)	4		

+ Equipment (A) –		
1/1/20	836	
(c)	**26**	

+ Intangible Assets (A) –		
1/1/20	69	
(c)	**5**	

Transaction Analysis Illustrated

(d) **Chipotle acquired \$20 in additional land and \$40 in new buildings, signed leases for \$86 for right-of-use (ROU) assets, paid \$29 in cash, and signed \$6 in current leases and \$111 in long-term leases to rent facilities**—an financing activity.

	Debit	Credit
(d) Land (+A)	20	
Buildings (+A)	40	
Operating lease right-of-use assets (+A)	86	
Cash (−A)		29
Current lease liabilities (+L)		6
Long-term lease liabilities (+L)		111

Assets		=	Liabilities		+	Stockholders' Equity
Land	+20		Current lease liabilities	+6		
Buildings	+40		Long-term lease liabilities	+111		
Operating lease ROU assets	+86					
Cash	−29					

+ Cash (A) −

	Debit	Credit	
1/1/20	481		
(a)	17	31	*(c)*
(b)	4	**29**	***(d)***

+ Land (A) −

	Debit	Credit
1/1/20	13	
(d)	**20**	

+ Buildings (A) −

	Debit	Credit
1/1/20	1,811	
(d)	**40**	

+ Operating Lease ROU Assets (A) −

	Debit	Credit
1/1/20	2,505	
(d)	**86**	

− Current Lease Liabilities (L) +

Debit	Credit	
	173	1/1/20
	6	***(d)***

− Long-Term Lease Liabilities (L) +

Debit	Credit	
	2,678	1/1/20
	111	***(d)***

Transaction Analysis Illustrated

(e) **Chipotle sold $19 in its short-term investments for $19 cash**—an investing activity.

	Debit	Credit
(e) Cash (+A)	19	
Short-term investments (−A)		19

Assets		=	Liabilities	+	Stockholders' Equity
Cash	+19				
Short-term investments	−19				

+ Cash (A) −

1/1/20	481		
(a)	17	31	*(c)*
(b)	4	29	*(d)*
(e)	**19**		

+ Short-Term Investments (A) −

1/1/20	400		
		19	*(e)*

Transaction Analysis Illustrated

(f) **Within the quarter, assume Chipotle paid $1 on the note payable in *(b)* above (ignore any interest on the loan in this chapter)**—a financing activity.

	Debit	Credit
(f) Notes payable (−L)	1	
Cash (−A)		1

Assets		=	Liabilities		+	Stockholders' Equity
Cash	−1		Notes payable	−1		

+ Cash (A) −			
1/1/20	481		
(a)	17	31	*(c)*
(b)	4	29	*(d)*
(e)	19	1	*(f)*

− Notes Payable (L) +			
		77	1/1/20
(f)	1	4	*(b)*

Transaction Analysis Illustrated

(g) **Chipotle repurchased a portion of its issued common stock from investors for $103 cash**—a financing activity. When a company buys back its stock, it is accounted for in a new type of account called a **contra-account.** A contra-account reduces an account or section of a financial statement it is related to. In this case, the account is called **Treasury Stock** and it reduces total stockholders' equity. Treasury Stock accounting and reporting are discussed in more depth in Chapter 11.

	Debit	Credit
(g) Treasury stock (−SE)	103	
Cash (−A)		103

Assets		=	Liabilities	+	Stockholders' Equity	
Cash	−103				Treasury Stock	−103

+ Cash (A) −

1/1/20	481		
(a)	17	31	*(c)*
(b)	4	29	*(d)*
(e)	19	1	*(f)*
		103	*(g)*

+ Treasury Stock (SE) −

1/1/20	2,699	
(g)	**103**	

Transaction Analysis Illustrated

(h) Chipotle does not pay dividends, but instead reinvests profits into growing the business. However, for illustration purposes, **assume Chipotle's board of directors declared that the Company will pay a total of $2 in cash as dividends to shareholders next quarter.** Dividends are a distribution of profits (from Retained Earnings) to shareholders. When cash dividends are declared, a liability is created until the cash is distributed to shareholders. Because Dividends Payable was not listed on the December 31, 2019, balance sheet (see Exhibit 2.1), it has a $0 balance on January 1, 2020.

	Debit	Credit
(h) Retained earnings (−SE)	2	
Dividends payable (+L)		2

Assets	=	Liabilities		+	Stockholders' Equity	
		Dividends payable	+2		Retained earnings	−2

− Dividends Payable (L) +			
		0	1/1/20
		2	*(h)*

− Retained Earnings (SE) +			
		2,916	1/1/20
(h)	2		