

Accounting: Making Sound Decisions

Prof. Marc Badia

Week 1: "Introduction to Accounting: The Balance Sheet"

Transactions for the preoperational period x0:

1. On December 1st, Cristina incorporates the Campus Bookstore and together with her uncle, they contribute €50,000 of capital to the business.
2. Cristina negotiates a loan with the bank. On December 31st, the Campus Bookstore receives a three-year bank loan of €20,000. The full amount of the principal has to be repaid at the end of the third year.
3. On December 31st, the Campus Bookstore purchases furniture and equipment for €25,000 (€15,000 paid in cash and the rest to be paid in the coming year).
4. On December 31st, the Campus Bookstore acquires a bookstore management software for €3,000 paid in cash.
5. On December 15th, the Campus Bookstore purchases books on credit for a total amount of €40,000.
6. On December 31st, Cristina signs a one-year lease for the premises of the Campus Bookstore. The lease will start on January 1st and will end on December 31st of year x1. The Campus Bookstore prepays €6,000 for the full year rent.