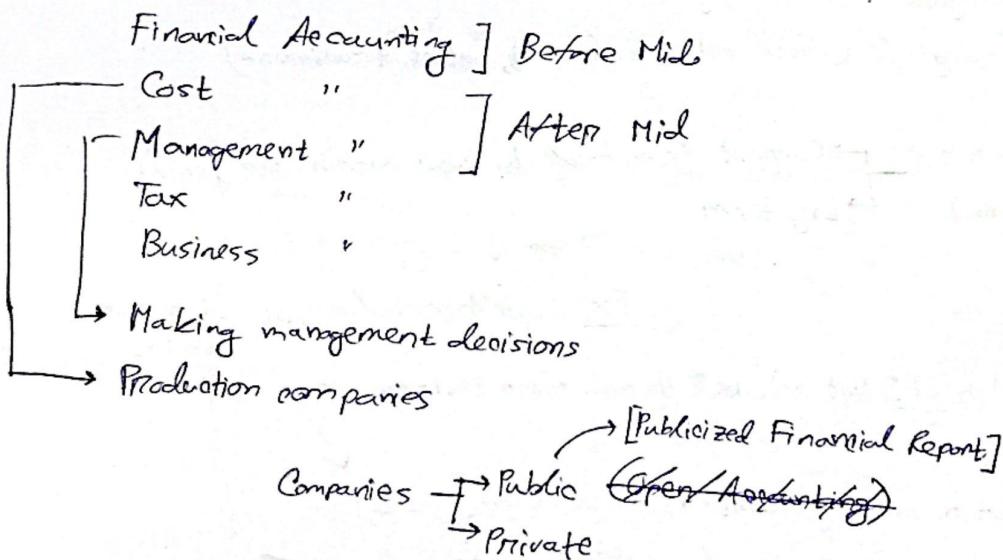
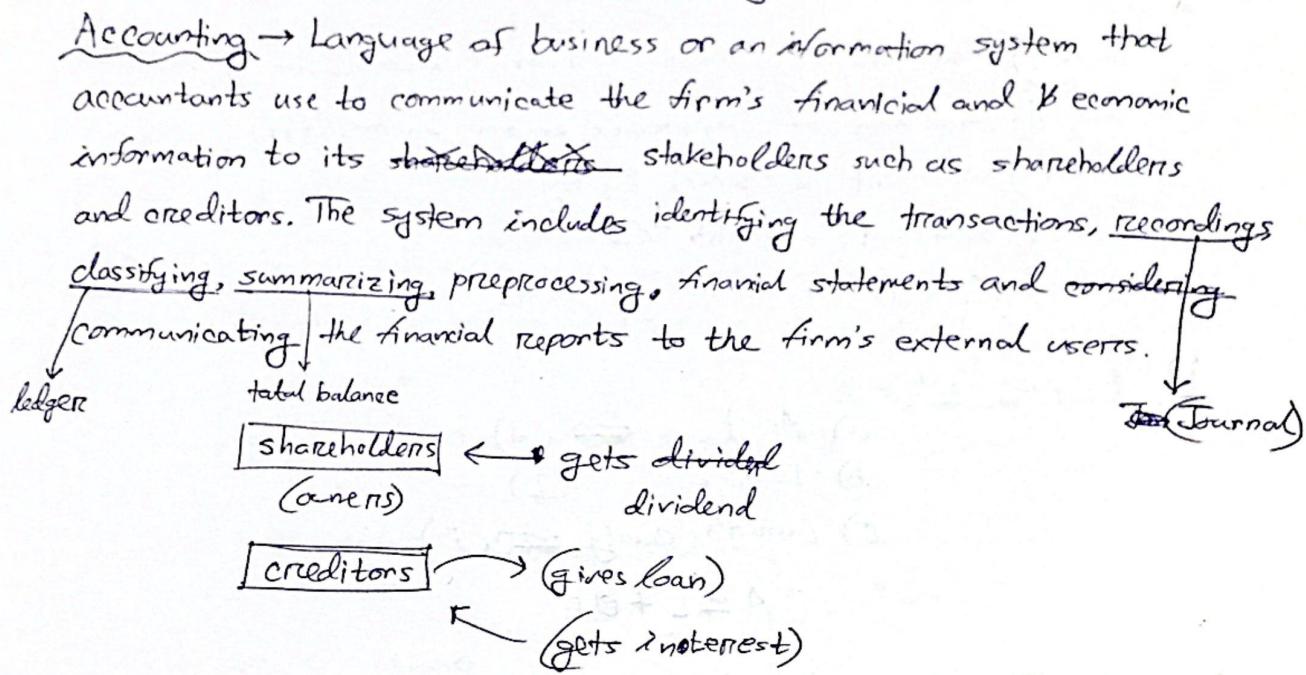


(#1)

HUM-46

Accounting

16-011-21



Types of financial statements

- i) Statement of Financial Position (balance sheet)
- ii) Statement of Comprehensive Income (income sheet)
- iii) Statement of Owner's Equity
- iv) Statement of Cash Flow
- v) Notes to the financial statements

i) Balance Sheet:

- a) Asset ~~(A)~~ (A)
- b) Liability ~~(L)~~ (L)
- c) Owner's equity ~~(E)~~ (E)

$$A = L + E$$

(a) Asset → Tangible
→ Intangible (Goodwill/Brandname, patent, trademark)

Types of Assets → Current (convertible to cash within one year)
(tangible) → Long term

Ex: Cash, bank balance, account receivable, inventory.

On Account: Not received the cash from customer for sold product.

Summation of on account is account receivable)

Notes Receivable: Accounts receivable in terms of notes.

Ex - Loan from company.

Inventory → Raw Materials
(Production-based) → Work-in Progress
→ Finished Goods

Long-term Assets

Example → Long Term Investments, Land, Equipments, Buildings

Intangible Assets

Goodwill → Arises when one company purchases another for a premium value. The values of a company's brand name, solid customer base, good customer relationships, good employee relationships, and any patent and proprietary terminology represent good will.

(b) Liability → Paid in the future by the company. → Current
→ Long term

Ex - Accounts Payable } Usually current
Notes Payable } Liability
Salaries Payable }

Long term liabilities

→ Bonds Payable (Long-term loans)

Ex - My company took a 5-year loan.

(Not investments but loan)

(c) Owners' Equity - Capital of the Owners'/shareholders

iii) Statement of Owners' Equity

→ Beginning Capital \$

+ Net Profit / - Net Loss

+ Dividend (?)

- Owners' Drawing → (Cash/stock withdrawn by owners)

Ending Capital

Income Statement

Revenue (Sales, service, interest)

Expenses (Salaries, utility, rent)

Rev > Exp \Rightarrow Net profit

Rev < Exp \rightarrow Net loss

#2

Assets = Liabilities + Owner's Equity

↓
Owner's Capital

- Owner's Drawing
+ Revenue
- Expenses

Book \rightarrow Accounting Principles

- Weygandt, Kimmel, and Kieso

Users $\begin{cases} \rightarrow \text{Internal (Employees)} \\ \rightarrow \text{External (Stakeholders)} \end{cases}$

Transaction \rightarrow An event that changes the financial position of a company.

* Cash withdrawn by owner in a transaction

write owner's name, cash)

\rightarrow The transaction analysis is done in tabular form.

[Tabular Analysis].

Dividend is usually part of the Net Income

→ $(\text{Net Income} - \text{Dividend}) = \text{Retained Earnings}^*$
for public companies,

retained earnings is shown

→ Statement of Cash Flow is excluded).

| <u>Transaction No.</u> | <u>Assets</u> | <u>= Liabilities</u> | <u>+ Owner's Equity</u> |
|------------------------|--|--|-------------------------|
| | <u>Cash</u> + <u>Acounts Receivable</u> + <u>Equipment</u> | | |
| 1 | \$11,000 | | |
| 2 | -\$800 | | |
| 3 | | | +\$800 |
| 4 | +\$1500 | | |
| 5 | +\$700 | | |
| 6 | \$2000 | | \$1500 |
| 7 | -\$500 | | |
| 8 | -\$300 | | \$2000 |
| | -\$100 | | |
| 8 | -\$1000 | | \$900 |
| | <u>\$10,500</u> + <u>\$2000</u> + <u>\$3000</u> | | |
| | <u>\$15,500</u> | <u>\$700</u> + <u>\$3000</u> + <u>\$11,000</u> - <u>\$1000</u> + <u>\$3500</u> - <u>\$1700</u> | <u>+\$1000</u> |
| | | | <u>\$15,500</u> |

(H.W.)

$$\begin{bmatrix} P1-1A \\ P1-2A \end{bmatrix}$$
 Total Analysis

P1-1A (a)

P-2A (a)

| Transaction No. | Cash + | Assets | | | Liability | | Owner's Equity | | |
|-----------------|---|---|--|--|--|--|---|--|---|
| | | Accounts Receivable | Supplies | Equipment | Notes Payable | Accounts Payable | H. Gonzalez Capital | M. Gonzalez Drawing | Revenues - Expenses |
| 1 | +\$2,900 | \$1700 | \$600 | \$6000 | | +\$36,00 +\$2,900 | +\$13,700 | | |
| 2 | -\$2,900 | | | | | -\$2,900 | | | |
| 3 | +\$1,300 | -\$1,300 | | | | | | | |
| 4 | -\$800 | | | \$2,100 | | +\$1,300 | | | |
| 5 | -\$1,000 | | | | | | | \$1,000 | |
| 6 | +\$2500 | +\$5,500 | | | | | | | \$8,000 |
| 7 | -\$1700 | | | | | | | \$1,700 | |
| 8 | -\$900 | | | | | | | | \$900 |
| 9 | -\$300 | | | | | | | | \$300 |
| 10 | -\$170 | | | | | | | | \$170 |
| 11 | +\$10,000 | | | | | | | | |
| | \$21,900 \$35,600 \$15,200 | \$5,900 \$29,800 | \$600 \$2,100 | \$8,100 \$2,170 | \$10,000 \$2170 | \$7,970 \$2,170 | \$13,700 \$2,170 | +\$1000 -\$1000 | \$8,000 \$29,800 |

#3

Joan Robinson, Attorney

23-11-21

Income Statement
for the month ended July, 31, 2010

| Particular | Amount | Amount |
|-------------------|--------|----------------|
| | \$ | \$ |
| <u>Revenues</u> | | |
| Service Revenue | | 3500 |
| <u>Expenses</u> | | |
| Rent Expense | 800 | |
| Salaries Expense | 500 | |
| Other Expense | 300 | |
| Telephone Expense | 100 | |
| Total Expenses | | (1700) |
| Net Income | | <u>\$ 1800</u> |

Bracket more negative.

John Robinson, Attorney
Statement of Owner's Equity
For the month ended July 31, 2010

| Particular | Amount | Amount |
|------------------------------|--------|-----------|
| J Robinson, Capital, July 1 | | 0 |
| Add: Investments | 11,000 | |
| Net Income | 1,800 | |
| Less: J. Robinson Drawings | | 12,800 |
| J. Robinson Capital, July 31 | | (1,000) |
| | | \$ 11,800 |

J. Robinson Attorney

Balance Sheet

July 31, 2020

| <u>Assets</u> | <u>Payment</u> | <u>Armaub Revenue</u> |
|---|----------------|---------------------------|
| Cash | 10,500 | |
| Accounts Receivable | 2,000 | |
| Equipment | 3,000 | |
| Total Assets | <u>15,500</u> | |
| <hr/> | | |
| <u>Liabilities and Owner's Equity</u> | | |
| <u>Liabilities</u> | | |
| Accounts Payable | 2,000 | |
| Notes Payable | 700 | |
| | <u>3,700</u> | |
| <u>Owner's Equity</u> | | |
| J. Robinson, Capital, July 31 | <u>11,800</u> | |
| Total Liabilities and Owner's Equity | <u>15,500</u> | |

P1-2A (b)

M. Gonzalez

Income Statement

for the month ended on Aug 31 Sep 30

| Particular | Amount Asset | Amount Asset |
|---------------------|-----------------|-----------------|
| | \$ | \$ |
| <u>Revenues</u> | | |
| Service Revenue | | <u>8,000</u> |
| <u>Expenses</u> | | |
| Salaries Expense | 1700 | |
| Advertising Expense | 300 | |
| Utilities Expense | 170 | 170 |
| Rent Expense | 900 | |
| Total Expenses | | <u>(3070)</u> |
| Net Income | | <u>\$4930</u> |

M. Gonzalez

Owner's Equity

for the month ended on Aug 31 Sep 30.

| Particular | Amount | Amount |
|----------------------------|--------|---------------|
| | \$ | \$ |
| M. Gonzalez, Capital | | |
| Add: Investments | 13700 | |
| Net Income | 4930 | |
| | | 18,630 |
| Less: M. Gonzalez, Drawing | | (1000) |
| M. Gonzalez Capital | | <u>17,630</u> |

M. Gonzalez

Balance Sheet

August September 30

| <u>Assets</u> | <u>Payment</u> | <u>Amount Revenue</u> |
|--------------------------------|----------------|---------------------------|
| Cash | 15,200 | |
| Accounts Receivable | 5,900 | |
| Supplies | 600 | |
| Equipments | 8100 | |
| Total Assets | | <u>29,800</u> |
| Liabilities and Owner's Equity | | |
| Liabilities | | |
| Notes Payable | 10,000 | |
| Accounts Payable | 2170 | |
| Total Liabilities | | <u>12,170</u> |
| Owner's Equity | | |
| M. Gonzalez Capital | | <u>17,630</u> |
| Total Liabilities and assets | | <u>29,800</u> |

P1-1A (b)

Nancy Barron
Income Statement

for the month ended May 1, 2010

| <u>Particular</u> | <u>Amount \$</u> | <u>Amount \$</u> |
|---------------------------|------------------|------------------|
| <u>Revenues</u> | | |
| Repair Service | 5100 | |
| Repair Service | 750 | |
| Net Revenue | | 5850 |
| <u>Expenses</u> | | |
| Office Rent | 500 | |
| Supplies | | |
| Advertising Cost | 250 | |
| Part-time Employee Salary | 2000 | |
| Utility Bill | 140 | |
| Total Expenses | | (28790) |
| Net Income | | <u>3060</u> |

| Assets | Liability | Owner's Equity |
|--------------------|---|---|
| Transaction No. | Cash + Accounts + Supplies + Office Receivable Equip. | Notes Payable + Capital + Drawing + Income - Expenses |
| 10 | \$5000 | \$1500 + \$500 + \$6000 = |
| 1 | + \$1200 | - \$1200 |
| 2 | - \$2800 | |
| 3 | + \$3000 + \$5000 | |
| 4 | - \$400 | + \$2000 |
| 5 | - \$3800 | |
| 6 | - \$700 | |
| 7 | + \$1500 | + \$1500 |
| 8 | | + \$220 |
| | | \$220 |
| | | $\frac{+$3220}{-$4020}$ |
| | | \$16,800 |

P1-2B
(b)

Jenny Brown Attorney

Income Statement

for the month ended in August

| Particular | Amount \$ | Amount \$ |
|---------------------------------------|-----------|-----------|
| <u>Revenues</u> | | |
| Earned revenue | \$ 8000 | \$ 8000 |
| Total Revenue | | \$ 8000 |
| <u>Liabilities and Owner's Equity</u> | | |
| <u>Expenses</u> | | |
| Paid Salaries | \$ 2500 | |
| Rent | \$ 900 | |
| Advertising Expenses | \$ 400 | |
| Utility Expenses | \$ 220 | |
| Total Expenses | | (\$ 4020) |
| Net Net Income | | \$ 3980 |

Jenny Brown Attorney

Owner's Equity

for the month ended in August

| <u>Particular</u> | <u>Amount \$</u> | <u>Amount \$</u> |
|-------------------------|------------------|------------------|
| J. Brown, Capital | \$6,800 | |
| <u>Add:</u> | | |
| Net Income | \$3980 | |
| Investments | \$ 5,800 | |
| Net Income | <u>\$ 3980</u> | |
| | | \$12,780 |
| <u>Less:</u> | | |
| J. Brown Drawings | \$ 700 | |
| | | <u>(\$700)</u> |
| <u>J. Brown Capital</u> | | <u>\$12,080</u> |

J. Brown Attorney

Balance Income Statement Sheet

August - 31

| <u>Assets</u> | <u>Payment \$</u> | <u>Amount \$</u> |
|---|-------------------|------------------|
| Cash | 3000 | |
| Accounts Receivable | 5300 | |
| Supplies | 500 | |
| Equipments Office | 8000 | |
| Total Assets | | <u>16,800</u> |
| <u>Liabilities and Owner's Equity</u> | | |
| <u>Liabilities</u> | | |
| Notes Payable | 1500 | |
| Accounts Payable | 3220 | |
| Total Liabilities | | 4720 |
| <u>Owner's Equity</u> | | |
| J. Brown Capital | +2080 | 12080 |
| Total Liabilities and Owner's Equity | | <u>16,800</u> |

P1-3B

(a)

Michelle Sasse
 Income Statement
 for the month ended June, 2010

| Particular | Amount \$ | Amount \$ |
|------------------------------------|-----------------|-----------------|
| <u>Revenues</u> | | |
| Service Revenue | 7000 | \$ 7,000 |
| <u>Total Revenue</u> | | 7000 |
| <u>Expenses</u> | | |
| Advertising Expense | 400 | |
| Supplies Expense | 1,600 | |
| Gas and Oil Expense | 200 | |
| Utilities Expense | 150 | |
| <u>Total Expense</u> | | (2350) |
| <u>Net After Income</u> | | <u>4650</u> |

(b)

Michelle Sasse
 Statement of Owner's Equity
 for the month June, 2010

| Particular | Amount \$ | Amount \$ |
|------------------------|-----------|-----------|
| M. Sasse, Capital | | |
| Add: Investments | 15,200 | |
| Net Income | 4,650 | |
| Less: M. Sasse Drawing | 1,300 | 19,850 |
| M. Sasse, Capital | | (1,300) |
| | | 18,550 |

Michelle Sasse

Balance Sheet

June 30, 2010

| | Payment \$ | Payment \$ |
|---------------------------------------|------------------|---------------------------------|
| <u>Assets</u> | | |
| Cash | 13,750 | |
| Accounts Receivable | 3,000 | |
| Craft Supplies | 2,000 | |
| Equipment | 10,000 | |
| Total Assets | | 750 <u>28,750</u> |
| <u>Liabilities and Owner's Equity</u> | | |
| <u>Equity</u> | | |
| Liabilities | | |
| Notes Payable | 9,000 | |
| Accounts Payable | 1,260 | |
| Net Liability | | 10,200 |
| Owner's Equity | | |
| M. Sasse Capital | | 18,550 |
| Total Liabilities and Owner's Equity | | <u>28,750</u> |

P1-3A

(a)

Jeff Wilkins
Income Statement
for the month ended May, 2010

| Particular | Amount \$ | Amount \$ |
|---------------------|-----------|-------------|
| <u>Revenues</u> | | |
| Lesson Revenue | | \$ 7,500 |
| <u>Expenses</u> | | |
| Advertising Expense | 500 | |
| Rent Expense | 1,200 | |
| Repair Expense | 400 | |
| Fuel Expense | 2,500 | |
| Insurance Expense | 400 | |
| Total Expense | | (50 00) |
| <u>Net Income</u> | | <u>2500</u> |

Jeff Wilkins
Statement of Owner's Equity
for the month ended May, 2010

| Particular | Amount \$ | Amount \$ |
|--------------------------|-----------|---------------|
| Jeff Wilkins Capital | | |
| Add: Investments | 45,000 | |
| Net Income | 2,500 | |
| | | 47,500 |
| Less: J. Wilkins Drawing | | (1500) |
| J. Wilkins Capital | | <u>46,000</u> |

Jeff Wilkins

Balance Sheet

31 - May, 2010

| | Payment \$ | Amount \$ |
|---|------------|---------------|
| <u>Assets</u> | | |
| Cash | 5,600 | |
| Accounts Receivable | 7,200 | |
| Equipment | 64,000 | |
| Total Assets | | <u>76,800</u> |
| <u>Liabilities and Owner's Equity</u> | | |
| Liabilities | | |
| Notes Payable | 30,000 | |
| Accounts Payable | 8,000 | |
| Net Liability | | 30,800 |
| Owner's Equity | | |
| J. Wilkin's Capital | | 46,000 |
| Total Liabilities and Owner's Equity | | <u>76,800</u> |

101-4A

(b)

| Mark Miller | | |
|---------------------------------------|-----------|-----------|
| Income Statement | | |
| for the month ended June, 2010 | | |
| Particular | Amount \$ | Amount \$ |
| <u>Revenues</u> | | |
| Service Revenue | 4,100 | |
| Service Revenue | + 1,500 | |
| <u>Net Revenue</u> | | 5,900 |
| <u>Liabilities and Owner's Equity</u> | | |
| <u>Liabilities</u> | | |
| Notes Payable | 9,500 | |
| Accounts Payable | 150 | |
| Total Liabilities | | |
| <u>Owner's Equity</u> | | |

(b)

| Mark Miller | | |
|--------------------------------|-----------|--------------|
| Income Statement | | |
| for the month ended June, 2010 | | |
| Particular | Amount \$ | Amount \$ |
| <u>Revenues</u> | | |
| Service Revenue | | 5,900 |
| <u>Expenses</u> | | |
| Rent Expenses | 500 | |
| Gasoline Expenses | 100 | |
| Utilities Expenses | 250 | |
| Salaries | 1000 | |
| Total Expense | | (1,850) |
| Net Income | | <u>4,050</u> |