15.515 Recitation 1 Agenda

Administrative items
  • TA name:
  • Email:
  • Office hours:

Quick Review of Basic Accounting Concepts


Questions
Quick Review/Must Know!

4 Financial Statements

1) Balance Sheet
   • Assets = Liabilities + Equity
   • Current and Long Term Accounts
   • A company snapshot

2) Income Statement
   • NI (Net Income) = Revenue – Expenses + (gains-losses)
   • Prepared for a given period of time
Quick Review/Must Know!

3) Statement of Cash Flows
   • Reflects the changes in the Cash Account on the Balance Sheet
   • 3 sections:
     – Operating
     – Investing
     – Financing

4) Statement of Retained Earnings
   • Ending RE = Beginning RE + NI – Dividends
Relationship between 4 financial statements

Figure 2-7
(Pratt 5th edition, page 51)

1. Record the effects of the events on the BSE worksheet

<table>
<thead>
<tr>
<th>Event</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recitation 1: September 11, 2002</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th>LIABILITIES &amp; STOCKHOLDERS' EQUITY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Event</td>
<td>Cash</td>
<td></td>
<td>RE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RE Explanation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

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Review of Basic Bookkeeping Procedures Page 5

   Assets

   Liabilities and Stockholders’ Equity

3. Income Statement (FY 2002)
   Revenue

   Costs and Expenses

   Net Income

### Problem Set # 1: New England Bicycle Security Co.

   - Cash provided (used) by Operating Activities

   Cash provided (used) by Investing Activities

   Cash provided (used) by Financing Activities

   Increase (decrease) in cash balance
   - Beginning cash balance
   - Ending cash balance