

15.515 Recitation 1 Agenda

Administrative items

- TA name:
- Email:
- Office hours:

Quick Review of Basic Accounting Concepts

Problem Set # 1: New England Bicycle Security Co.

Questions

Quick Review/Must Know!

4 Financial Statements

1) Balance Sheet

- $\text{Assets} = \text{Liabilities} + \text{Equity}$
- Current and Long Term Accounts
- A company snapshot

2) Income Statement

- $\text{NI (Net Income)} = \text{Revenue} - \text{Expenses} + (\text{gains-losses})$
- 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)

Problem Set # 1: New England Bicycle Security Co.

3. Balance Sheet (12/31/2002)

Assets

Liabilities and Stockholders' Equity

Problem Set # 1: New England Bicycle Security Co.

3. Income Statement (FY 2002)

Revenue

Costs and Expenses

Net Income

Problem Set # 1: New England Bicycle Security Co.

3. Statement of Retained Earnings (FY 2002)

Problem Set # 1: New England Bicycle Security Co.

3. Direct Statement of Cash Flows (FY 2002):
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