FIN100 Topic 9

Post-seminar learning task 2

This learning task can be completed during the consultation session.

Part A: Key financial terms

Explain what agency problem is.

|  |
| --- |
|  |

Part B: Problem solving

Complete **questions 2** and **3** from page 413 of the prescribed text (Melicher & Norton 2017):

Use your knowledge of balance sheets to fill in the missing amounts:

| **Assets** |  |
| --- | --- |
| Cash | $ 10 000 |
| Accounts receivable | 100 000 |
| Inventory |  |
| Total current assets | 220 000 |
| Gross plant and equipment | 500 000 |
| Less: accumulated depreciation |  |
| Net plant and equipment | 375 000 |
| **Total assets** |  |

| **Liabilities** |  |
| --- | --- |
| Accounts payable | $ 12 000 |
| Notes payable | 50 000 |
| Total current liabilities |  |
| Long-term debt |  |
| Total liabilities | 190 000 |
| Common stock ($1 par, 100,000 shares) |  |
| Paid-in capital |  |
| Retained earnings | 150 000 |
| **Total stockholders' equity** |  |
| **Total liabilities and equity** |  |

Use your knowledge of balance sheets to fill in the missing amounts:

| **Assets** |  |
| --- | --- |
| Cash | $ 50 000 |
| Accounts receivable | 80 000 |
| Inventory | 100 000 |
| Total current assets |  |
| Gross plant and equipment |  |
| Less: accumulated depreciation | 130 000 |
| Net plant and equipment | 600 000 |
| **Total assets** |  |

| **Liabilities** |  |
| --- | --- |
| Accounts payable | $ 12 000 |
| Notes payable | 50 000 |
| Total current liabilities |  |
| Long-term debt |  |
| Total liabilities |  |
| Common stock ($1 par, 100,000 shares) |  |
| Paid-in capital | 250 000 |
| Retained earnings | 200 000 |
| **Total stockholders' equity** |  |
| **Total liabilities and equity** | **$ 830 000** |