

Case Study: Reading Accounting Materials In English(1)

—A case study of teaching American Accounting to Japanese Students via the Internet—

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Prologue

The development of the teaching method whereby two university professors in the United States teach Japanese students directly and individually through Bitnet at first, and later through personal computers using the Internet, began in 1991. It was the first instance in Japan of teaching a dual-language, dual-country course in accounting. It was conducted with the essential assistance of the then Information System Department manager Mr. Hiroaki Sato at Chuo-Gakuin University. In the United States several newspapers featured articles about the experimental course of Chuo-Gakuin University called “Foreign Book Reading”(more correctly called “Reading Accounting Materials in English”).

Presentations about the course were made at two international conferences. “Using Bitnet for International Accounting Education: A Japan and USA Study” was presented at the International Association for Accounting Education and Research (U.S.A) in 1992. In 1997 a second presentation entitled, “Teaching American Accounting to Japanese Students via Internet” was made to the Education for the 21st Century: The Global Challenges conference in Paris France. This conference was sponsored by the International Association for Accounting Education and Research.

Two American professors (Stiner and Garreis) collaborated with the Japanese professor (Shiina). Frederic M. Stiner, Jr., Ph. D., CPA, was then a professor at the College of Business and Economics at the University of Delaware. Dr. Stiner played a central role in teaching composition and teaching material development from 1991 to 1998. M. Susan Garreis, LL.M., CPA, (formerly M. Susan Stiner) was then an assistant professor at the College of Commerce and Finance at Villanova University in Pennsylvania. For this course she taught from 1991 to 2018 not only accounting but also American culture and customs stemming from her experience of work balanced with family life. The American professors each had different students and tailored their conversation to the interests and language ability of each student. Each lesson was written in English by the American professors. The Japanese students had to communicate with the American professors solely in English. The Japanese professor conducted his lectures in Japanese.

When this course was first offered, the Internet was not commonly used for teaching. This course began by using Bitnet (Because It’s Time) with character information only. Listed below is the first iteration of the course.

Course Title	Reading Foreign Accounting Material
Credits	2 Credits, two terms, undergraduate, junior
Instructors	Frederic M. Stiner, Jr. (University of Delaware, Ph.D., CPA., USA) M. Susan Stiner (Villanova University, LL.M., CPA., USA) Ichiro Shiina (Chuo-Gakuin University, Japan)
Contact Hours	one 90-minute lecture in Japan, 25 weeks for a year
Philosophy	An experimental accounting course comparing the structure of U.S. and Japanese accounting education, professional practice, and principles formulation. Internet and E-mail will be used for international education. The course will not be restricted to narrow accounting issues. The students are encouraged to use the American professors as a resource to discuss the economic relations between the U.S. and Japan, and the different business cultures.

Grade Determination Class participation (50%), Term paper and presentation (50%).
There is no final examination.

Assignment Sheet

Syllabus

1. Orientation. Visit to WWW sites of Villanova University.
2. American financial reporting. Corporate WWW sites.
Use of search engines.
3. Corporate reports, NYSE
4. Balance Sheet (1)
5. Balance Sheet (2)
6. Income Statement (1)
7. Income Statement (2)
8. Summary and review before August break
9. September introduction
10. Cash flow statements
11. Cash flow statements--direct method
12. Cash flow statements--indirect method
13. Auditing, the role of the CPA and AICPA
14. Sources of American financial information
(esp. SEC)
15. Role of technology, the Big 6
16. Class evaluations
17. Summarization
18. Conclusion and Sayonara

(source: Thomas Burns, *Accounting Trend*, Vol 26. 1992, and others)

This class became a highly educational lesson useful as a new educational method in the 21st century. In fact, past students actually participated not only as undergraduate students but also as graduate students. There were many students from this course who advanced to business schools such as Illinois University and others in Japan. Some students who completed this course received Tax Accountant Qualifications.

Published in the March 2001 issue of the University Education and Information Journal was a paper entitled "The Ten-year History of An International Class Using the Internet." This article brought Chuo Gakuin's new style of international education to a wider audience.

Classes that lasted 27 years ended in 2018 with the retirement of the Japanese professor. It is our hope that introducing the history of this course and its teaching material development here will make it available to future generations.

The links in this article may be different from the link addresses that were actually provided at the time of the class. The links were updated so that the reader could see the sources that the students were asked to examine.

In the remainder of the paper the lessons sent to the students are presented just as the students would see them. The word "you" refers to the student receiving the lesson. The word "I" refers to the American professor sending the

lesson.

What is omitted in this article is the email conversation that occurred between the American professor and individual student. When sending the lesson to the individual student, the American professor would mention some event that happened in her life in the preceding week, such as a wedding, funeral, holiday, change of season, weather event and the like. The American professor would include some questions asked of the student. For example, “What is your favorite holiday?” or “Who is the oldest person you know?” or “Do you have a hobby?” or “What sport do you play?”

The American professor would always answer those questions herself in the conversation portion of the email. The student was required to reply in the next email. The intent of the questions was to give the students a structure for communication. Even though the American professors tried to simplify the English, the foreign language was still difficult for the students. The questions about ordinary life provided a familiar platform about which to converse. The American professor always corrected the English in the students’ replies.

This would help them communicate more smoothly and effectively in the real multi-lingual world. The information exchanged provided both the American professor and the students an insight into each country’s culture and taught the students, at least in a small way, how to deal with a stranger in an unknown environment.

Chapter 1 Introduction

Let me introduce myself . . .

With this opening line Professor Garreis provided a brief introduction to her environment in America. She described in a few sentences each of her four children, their undergraduate and graduate educations, and their jobs. The thumbnail sketches were updated every year. If her children married, Professor Garreis included a mention of their spouses. Over the life of this course Professors Stiner and Garreis had nine grandchildren. Each was described briefly every year, with links to the schools they attended and, later for some, an extracurricular activity they joined. This was one unique aspect of this course. An American professor would not usually share this kind of information with students. However, one intent of this course was to make the students more aware of cultural differences. An awareness of these differences can foster international trade.

Both American professors provided a brief description of their universities. Both universities’ websites were a rich source of information and photographs. Links to the universities, the accounting departments and sometimes photos of the campuses were provided. This was to give a glimpse into another country’s university life, something to which the Japanese students could easily relate.

Professor Garreis included a very brief description of her home state and the town in which she lived. At first she lived in Delaware, then later in Maryland. Both states are surrounded by several other states. Links to each of the states were supplied so that the students could see what a portion of the U.S. looks like.

Professor Garreis always included a description of her cats and, in the early years, of her dog. She felt that the students could relate to family pets. In fact, the mention of pets often sparked a comment from one or more students. Discovering that common ground made it easier to converse with an adult from a very different part of the world.

In Chapters 2 through 14 the actual lessons are presented. The lessons given to each student were the same. Their comments and questions and the conversations with the American professor varied, sometimes widely.

Chapter 2 What We Will Do In This Accounting Course

email	Lessons	Homepage	Homework	Homework Example
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Email

Each Friday (Japan time) you send me an email message. Each Sunday night (US time) I send a reply. In my email I will:

1. Answer your questions about anything.
2. Ask you questions.
3. Tell you if something interesting happened during the week.
4. Correct your English.
 - Under your sentence, I will retype the sentence correctly.
 - The corrected sentence should appear *in italics*.
5. Correct your homework answers.
6. Comment on something you said in your message.
7. Attach the next lesson to my reply email.

From now on, in your messages to me I expect you to:

1. Answer the questions I asked in my last email to you.
2. Answer the homework questions from the last lesson.
 - Sometimes you cannot do the homework on time, because of illness or some other very good reason.
 - Please send your answers to me even if they are late.
 - I will reply to you whenever you send your message.
3. Ask me about anything you do not understand.
 - This course is conducted like an American course.
 - In the US, the professor **expects** students to ask questions.
 - Do not be shy, please. I cannot know what you understand and what confuses you unless you tell me.

Lessons (Web pages)

Each week I create a lesson on one aspect of US accounting. Professor Shiina gave you the course schedule. There is a new lesson for each topic. You can find the topics on the course schedule.

Each lesson briefly describes a critical aspect of US accounting. Each lesson has many links to other web pages. Some of the pages relate to accounting. Some of the pages do not.

At the end of most lessons is homework. The homework is usually a few questions that you must answer. Sometimes the answers are in the lesson. Sometimes Prof. Shiina might tell you something that helps answer the questions. Sometimes you must find an Internet source with the answer.

Sometimes I have a web page on an American holiday. The holiday page links are on the course web schedule, too.

Homepage

At the end of this course, you will make a homepage for yourself. Our email will be finished at that time. Please send me the URL of your homepage. I always like to see my students' pages!

I am on FaceBook. Search for M. Susan Garreis. If you send me a friend request, I will accept it.

Homework

Please answer the following questions:

1.	What browser do you usually use for these lessons?
2.	Do you know how to use
a.	Word?
b.	Excel?
3.	Can you read PDF documents with Adobe Acrobat Reader?
4.	Do you usually do these lessons at home or at school?
5.	What kind of connection to the Internet do you have
a.	at home?
b.	at school?
6.	Do my corrections of your English appear in italics?
7.	Do my comments appear in regular print?
8.	Have you ever been abroad?
	If yes, what cities or countries did you visit?
	If no, what cities or countries would you like to visit someday?

Homework Example

If I were a student in this class, my homework would look like this.

1. I usually use Edge as my browser for these lessons.
2. I know how to use Word and Excel very well.
3. I can read PDF documents.
4. I usually do these lessons at home.
5. a. I have a cable connection at home.
b. I had a T1 (fast) line at school.
6. I see the italics in your corrections.
7. The comments appear in regular print.
8. I have been abroad to The Bahamas, Barcelona (Spain), Paris (France), England, Hungary, Bulgaria, Serbia, Romania, Croatia, Germany, Tokyo and Kyoto, Japan. I would like to go back to all of them!

You may make a new list as I did above. Or you may answer the questions within the table. Or you may do something creative. I do not care which method you choose. Just make sure I can read it!

Chapter 3 Communicating Financial Information

In the last lesson, we learned about your American teacher and how this course will be conducted by the American teacher.

In this lesson we look at some of the financial information that is on the Web.

We look at the online financial information for one small company and two large companies.

We see the New York Stock Exchange website.

We learn of a language for reporting financial information on the Web.

We look at a financial glossary.

Accounting is the language of business.

In your accounting class, you communicate financial information.

Today, many companies put much financial information on the World Wide Web.

Each company tells about itself on its homepage.

Other web pages have parts of the company's financial information.

The amount of financial information is different for each company.

A company usually has a Balance Sheet and an Income Statement on the web.

Visit the following sites:

- A. Visit the corporate site of **a small U.S. company**. See how it talks to investors, suppliers, customers and employees. [Patterson Companies](#) sell dental supplies to dentists. The corporation also sells (1) small animal supplies to veterinarians and (2) supplies for physical therapy.
 1. Patterson has an [Investor Relations](#) section. There are links to specific kinds of financial information. We will look at **four types of financial information**. Click on the word "Financial" in the blue band at the top of the page. This page has annual reports for 2008- 2017. The Annual reports have financial statements and much more information.
 - a. Patterson presents its consolidated **Income Statement**. To make it easier for you, I put the **Income Statement** in an Excel Document. Open #2B-PattersonIncStmnt2017 (*Appendix I*) now. Print it. Then continue with this lesson.
 - How to read the US dollar amounts:
 - The first row of the income statement is "Net Sales."
 - Look in the column called "Fiscal Year Ended 29-Apr-17."
 - Look in cell A4. It says, "**(In thousands, except per share amounts)**".
This means you add three more zeros to the numbers in the income statement.
 - The amount of net sales for 2017 is written as \$5,593,127.
 - This means net sales for the year ended April 29, 2017 was \$5,593,127,000.

- To say that number: Five billion five hundred ninety three million one hundred twenty-seven thousand US dollars).
 - Look for performance trends. Find net sales amounts again (row seven). Look at the net sales trend for the three years. Does revenue increase, decrease or stay the same? Answer: Net sales, in US dollars, increases every year.
 - b. Patterson presents its consolidated **Balance Sheet**. To make it easier for you, I put the Balance Sheet in an Excel Document. Open #2C-PattersonBalSht2017 now. (*Appendix 2*) Print it. Then continue with this lesson.
 - Notice that Cash and Equivalents in 2017— \$94,959 (ninety-four million, nine hundred fifty nine thousand US dollars)—is much less than the amount of cash held in 2016—\$137,453 (\$137,453,000) (one hundred thirty seven million, four hundred fifty-three thousand US dollars).
 - Cash in 2017 is about sixty-nine percent (69%) less than the amount in 2016.
 - c. Patterson includes some **other financial information** that may be helpful to readers.
 - d. Patterson provides a **link to their EDGAR filings**. The federal (national) government requires certain companies to file certain financial information periodically with the Securities and Exchange Commission (SEC).
 - The 10K is the latest complete annual report. The 10K has all complete financial statements and other information from management.
 - Use [this link](#) to go to the EDGAR filing. The most recent 10K was filed on June 28, 2017. Do not translate the filing. Just scroll through it. It is very long.
2. Look at [Careers](#) at Patterson. From this web page, you can look for a job at Patterson.
- a. Many jobs are available at Patterson all across the nation.
 - b. Translate only the very large titles as you scroll down the page.

B. Visit a **very large, multinational corporation**. [Microsoft](#) is a very famous company.

1. Look at **recent financial information** this company puts on the Web. Microsoft released its June 30, 2017 annual report as a [Microsoft 2017 Annual Report](#). We look at four types of financial information.
 - a. Here are instructions to find the Income Statement from the website.
 1. Click again on the Microsoft 2017 Annual Report link above.
 2. Look at the top of the page on the left hand side. See three gray horizontal lines. Scroll over them. See the word “menu” appear.
 3. Click on the word “menu”. A drop-down menu appears.
 4. Scroll down to Financial Review. Scroll over to “Income Statements.”
 5. Click on the words “Income Statements.” It is the fifth (5th) item under the words “Financial Review.”
 6. The Income Statements for three years appear on your screen.
 - b. Microsoft presents its consolidated Income Statement. Microsoft shows 3 years of data. 2017 Revenue (Total Revenue) in US dollars was more than revenue in 2016. Notice that Microsoft reports its amounts “**(In millions, except per share amounts)**”. This means that you add six zeros to the amount shown. For example, \$89,950 is really \$89,950,000,000 (eighty-nine billion nine hundred fifty million US dollars).

- c. Here are instructions to find the Balance Sheet from the website.
 1. From the Income Statement on your screen, scroll down a little bit to find the words “Balance Sheets”.
 2. The Balance Sheets for two years are shown on your screen.
 - d. Microsoft presents its consolidated Balance Sheet. Microsoft shows 2 years of data. Cash in 2017-\$7,663,000,000 (seven billion six hundred sixty-three million) was more than cash in 2016--\$6,510,000,000 (six billion five hundred ten million).
 - e. Microsoft provides press releases and links to many other sources of financial information on its [Microsoft Investor Relations](#) page.
 - f. Microsoft includes much **other financial information** that may be helpful to readers. Microsoft also provides financial information that was [filed with the SEC](#).
2. Look at [Careers](#) at Microsoft. You can look online for a job at Microsoft at any of its locations. These are frequently asked questions ([FAQs](#)) about getting a job at Microsoft.
 3. Microsoft sells some of its products online at [The Microsoft Store](#). Microsoft also has many patches and tools to [download](#) for free.
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- C. Visit [the New York Stock Exchange](#) (NYSE). These pages have very much graphical information.
 1. The first page lists the most active stocks. Scroll down to see the words “Market Data.” Do not translate the entire page. Just translate the white block called “Market Data.” This list tells the price of the last shares traded (closing price) in the column called “Last.” It tells how much the stock price increased or decreased that day in the column called “Change (%)”.
 2. The website shows many stories and reports on topics of interest.
 3. Here is one story from today: [Xerox Downloads the Data on Security](#). Please translate blue box on the right hand side called “Takeaways.” Of course, you may translate the entire article.
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- D. **XBRL** is a computer language for reporting financial information. XBRL means eXtensible Business Reporting Language.
 1. XBRL allows a dynamic presentation of financial information. This allows the reader to get more information if desired.
 2. XBRL helps business users get more helpful information.
 3. XBRL provides better financial information to users.
 4. These are the benefits of using XBRL to report financial information.
 5. The SEC allows companies to file the required financial information in XBRL, if the companies choose.
 6. This is a list of the XBRL projects [by country](#). Japan’s XBRL page is [here](#).
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E. Financial glossary

1. A glossary is a dictionary of specialized terms.
 2. Here is a [glossary](#) of financial terms. There is a search window at the top of the page. Enter each term in item #3 (below) in the search window.
 3. Look up the definition of:
 - a. Balance Sheet (Use the first definition you see. It is short.)
 - b. Cash Flow (Use the first definition you see. It is short.)
 - c. Income Statement (Use the first definition you see. It is short.)
 4. Keep those definitions to use in this course.
-

For homework this week:

1. I usually write my messages on Sunday evening in Arnold MD. When I am finished, it is early Monday afternoon in Chiba. When do you first check for my reply to your message? Tell me the day of the week and what time of day you check.
2. Visit [America's largest telecommunications company](#), AT&T. Click [here](#) for a blog entry. AT&T wants to connect drones through their wireless network. What is one potential opportunity for connected drones? (Hint: The answer is in the fourth paragraph. Pick only one of the list for your answer.)
3. Visit a large public university on the east coast, the [University of Maryland](#), and see the [Department of Accounting and Information Assurance](#). Scroll down to find these words: "Brief Description of the Accounting Field." Please translate those two paragraphs.

4. How easy was this lesson for you?

The accounting was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

The English was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

(Appendix 1) PATTERSON COMPANIES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

29-Apr-17

ASSETS	
<i>Current assets:</i>	
Cash and cash equivalents	\$94,959
Receivables, net of allowance for doubtful accounts of \$9,342 and \$12,008	884,803
Inventory	711,903
Prepaid expenses and other current assets	111,928
Total current assets	\$1,803,593
Property and equipment, net	298,452
Long-term receivables, net	101,529
Goodwill	813,547
Identifiable intangibles, net	425,436
Other non-current assets	65,356
Total assets	\$3,507,913
LIABILITIES AND STOCKHOLDERS' EQUITY	
<i>Current liabilities:</i>	
Accounts payable	\$616,859
Accrued payroll expense	56,881
Other accrued liabilities	156,437
Current maturities of long-term debt	14,754
Borrowings on revolving credit	59,000
Total current liabilities	\$903,931
Long-term debt	998,272
Deferred income taxes	191,686
Other non-current liabilities	19,591
Total liabilities	\$2,113,480
Stockholders' equity:	
Common stock, \$.01 par value: 600,000 shares authorized; 96,534 and 99,107 shares issued and outstanding	966
Additional paid-in capital	72,973
Accumulated other comprehensive loss	-92,669
Retained earnings	1,481,234
Unearned ESOP shares	-68,071
Total stockholders' equity	\$1,394,433
Total liabilities and stockholders' equity	\$3,507,913

Accompanying notes have been omitted.

source: at page 43

<https://www.sec.gov/Archives/edgar/data/891024/000089102417000009/pdco429201710-k.htm#sA6D4BBFCEF0457CAB9C3FA46A94B052E>

(Appendix 2) PATTERSON COMPANIES, INC.**CONSOLIDATED STATEMENTS OF INCOME
AND OTHER COMPREHENSIVE INCOME**
(In thousands, except per share amounts)

	Fiscal Year Ended		
	29-Apr-17	30-Apr-16	25-Apr-15
Net sales	\$5,593,127	\$5,386,703	\$3,910,865
Cost of sales	4,291,730	4,063,955	2,850,316
Gross profit	1,301,397	1,322,748	1,060,549
Operating expenses	1,013,469	975,035	755,963
Operating income from continuing operations	287,928	347,713	304,586
Other income (expense):			
Other income, net	6,013	4,045	3,425
Interest expense	-43,060	-50,065	-33,693
Income from continuing operations before taxes	250,881	301,693	274,318
Income tax expense	77,093	116,009	94,235
Net income from continuing operations	173,788	185,684	180,083
Net income (loss) from discontinued operations	-2,895	1,500	43,178
Net income	\$170,893	\$187,184	\$223,261

Basic earnings (loss) per share:			
Continuing operations	\$1.83	\$1.91	\$1.82
Discontinued operations	-0.03	0.02	0.44
Net basic earnings per share	\$1.80	\$1.93	\$2.26

Diluted earnings (loss) per share:			
Continuing operations	1.82	1.90	1.81
Discontinued operations	-0.03	0.01	0.43
Net diluted earnings per share	\$1.79	\$1.91	\$2.24

Weighted average shares:			
Basic	94,897	97,222	98,989
Diluted	95,567	97,902	99,694

Dividends declared per common share	\$0.98	\$0.90	\$0.82

Comprehensive income			
Net income	\$170,893	\$187,184	\$223,261
Foreign currency translation loss	-26,450	-9,552	-73,271
Cash flow hedges, net of tax	1,745	1,934	-12,445
Comprehensive income	\$146,188	\$179,566	\$137,545

Accompanying notes are omitted

source:

<https://www.sec.gov/Archives/edgar/data/891024/000089102417000009/pdco429201710-k.htm#sA6D4BBFCEf0457CAB9C3FA46A94B052E>
at page 44

Chapter 4 Sources of American Accounting Information

government	stock exchanges	brokerages	other	homework
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Review of the last lesson

In the last lesson we learned about some of the financial information on the Web.

We learned about:

1. the online financial information for one small company (Patterson) and one large company (Microsoft).
2. Companies share much more information than just financial information.
3. XBRL language for financial reporting.
4. The New York Stock Exchange.
5. A glossary of financial terms.

Overview of this lesson

American capital markets need a free flow of information.

To make good investment decisions American investors must learn about companies and industries.

Many sources of American accounting information are on the World Wide Web.

We look at

1. federal (national) government sources
2. state (prefecture) sources
3. stock exchanges in a few countries
4. brokerages
5. some private sources of financial information

Federal (National) Government Sources

Securities and Exchange Commission (SEC)

- All US public companies must file their financial statements and other information with the [Securities and Exchange Commission](#) (SEC). These statements are available to everyone.

- Some companies from other countries want to trade their stock on US stock exchanges. They must also file with the SEC.
- The SEC has a database called EDGAR. The database has public information filed with the SEC.
- At the SEC website, follow the steps below to search [EDGAR](#) for a Japanese company, Nippon Telegraph & Telephone (NTT).

First- print this lesson.
 Second- use the print copy to conduct the EDGAR search.

1	Go to the SEC homepage. (http://www.sec.gov/)
2	Look in the upper right corner. Find the search box that says, " Search SEC.gov". See the words "COMPANY FILINGS" underneath. Click on "COMPANY FILINGS."
3	On the EDGAR Company Filings page, type the word "Nippon" in the <i>Company name</i> box.
4	Click the "Search" button.
5	In the Search Results page, scroll to the bottom of the page. Click on the box that says "Next 40."
6	In the "Search Results" page, look in the "CIK" column. NTT is the first company on the list. Click on the "0000769594" link.
7	This is a list of the most recent filings NTT sent to the US SEC. NTT started to file with the SEC in 1998.
8	There is a light blue band with words inside. It is near the top of the Search Results page. The first line says, in bold: NIPPON TELEGRAPH & TELEPHONE CORP CIK#: 0000769594 (see all company filings)
	a. Look on the left side of the blue box.
	b. See the last line that says: Get insider transactions for this reporting owner.
	c. See the white box approximately under the words "this reporting owner."
	d. See the words, "Filing Type" above the empty white box.
8	Type "20-F" in the empty white box. Do NOT type the quotation marks. The "F" may be lower or upper case.
9	Click "Enter" or the button marked "Search." The Search button is on the right side of the screen.
10	You see a list of all Forms 20-F filed by NTT.
	a. Look in the Filing Date column. The filing date of the first 20-F is 2017-06-28 (June 28, 2017).
	b. Look in the Format column. Click the "documents" button of this first Form 20-F.
11	This Filing Detail page is a list of items filed by NTT. In the "Document" column, click on the first one, " d321169d20f.htm ", the Annual Report.
12	This is the NTT annual report filed with the SEC.
	a. Click on the Table of Contents link at the top of the page. (If this link does not work, scroll down until you see the long list of the Table of Contents.)
	b. Click on Item 18-Financial Statements. This short note tells you which Financial Statements are in the filing.
	c. Scroll down two pages, to page F-1, the Index to Consolidated Financial Statements.
	d. Click on the link for Consolidated Statements of Income.

e.	Look at the Statements of Income for the years ending March 31, 2015, 2016 and 2017.
13	Answer homework question #3 now. If you could not find the NTT Income Statement on the SEC website, use the Excel version attached to the email this week. (<i>Appendix 3</i>)

Internal Revenue Service (IRS)

- America's complicated federal tax system is administered by the [Internal Revenue Service](#).
- You learn nothing about a specific company here. You learn much about business trends from tax reported information.
- The IRS has links to many [reports and statistical summaries](#).

State Government Sources

- The States created the federal government when they joined to form the United States.
- Each State has a tax system independent of other states.
- You can learn about [Delaware's business tax system](#) or [Maryland's business tax system](#) or [Pennsylvania's business tax system](#).
- In all three states, a corporate taxpayer files several different tax returns through the Internet.

Stock Exchanges

The major American stock exchanges are: [New York Stock Exchange](#) (NYSE Euronext)(NYSE)
[National Association of Securities Dealers](#) (NASDAQ)

Selected European stock exchanges are: [Deutsche Börse](#) - the German stock exchange
[London Stock Exchange](#)
[Euronext](#) (NYSE Euronext)

Selected Asian stock exchanges are: [The Stock Exchange of Hong Kong](#) (HKEx)
[The Japan Exchange Group](#) (JPX)
[The Korean Stock Exchange](#) (KRX)
[The Nagoya Stock Exchange](#) (NSE)
[The Shanghai Stock Exchange](#) (SSE)
[The Shenzhen Stock Exchange](#) (SZSE)

Global stock exchanges are: [NYSE Euronext](#) (NYX)
[Intercontinental Exchange](#) (NYSE:ICE)
[NASDAQ OMX](#)

- The NYSE and the JPX (Japan Exchange Group) have large, well-established companies listed on their exchanges. The Nasdaq exchange lists smaller, more recently started companies.
- At first, stock exchanges traded only stock in companies from their own countries. Today several stock exchanges make it easier to trade stocks of companies anywhere in the world. This is called *globalizing the marketplace*. The NYSE and the JPX both list companies from other countries.
- Look at the [International Markets and Global Indices page](#) of the Nasdaq website. This page allows you to track what is happening on several stock exchanges around the world.
- Look at two global stock exchanges. Click their links.
 - The first is NYSE Euronext. ([NYX](#))
 - This global stock exchange resulted from a merger in April, 2007 of the New York Stock Exchange and Euronext.
 - NYSE Euronext has its international headquarters in Amsterdam.
 - The second is [NASDAQ OMX](#).
 - This global stock exchange resulted from a merger in 2007 of the NASDAQ and OMX, the Nordic Stock Exchange.
 - This is a [brief description](#) of Nasdaq. Please translate the three paragraphs under the heading: "Nasdaq has evolved dramatically from its beginnings in 1971."

Brokerages

- There are many stockbrokers in the U.S. The largest is [Merrill Lynch](#). After it merged with [Bank of America](#), Merrill Lynch became the largest brokerage in the world.
 - Compare Merrill Lynch to [Nomura Securities](#).
 - Some people do not use a full-service broker for investment advice. They use a discount broker such as [Muriel Siebert](#), and pay less in commissions.
-

Other Sources of Financial Information

- Some **universities** sponsor financial information websites. The [website at Rutgers University](#) is a well-known example.
 - Some **companies** provide an online research resource. [MSN's Money](#) is one example.
 - Many **individuals** have their own financial information websites. A link to many American accounting and finance websites is found at [Dr. Michael Kinsman's](#) website.
 - **Search engines**, such as [Google Finance](#), help you find financial information.
-

Homework:

1. Does Japan's Securities and Exchange Surveillance Commission have a website? What is its URL?
2. Name one way the NYSE is different from Japan's JPX.
3. In **yen**, what is NTT's **operating income** for the year ended March 31, **2017**?
- 4.A. What financial information does [McDonald's of Japan](#) have at its website?
- 4.B. What financial information does [McDonald's USA](#) have at its website?
- 4.C. Have you ever eaten at McDonald's? What did you eat? Did you like the food?
5. How does the flow of accounting information over the Internet help corporations and investors?
6. How easy was this lesson for you?

The accounting was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

The English was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

(Appendix 3)

NIPPON TELEGRAPH AND TELEPHONE CORPORATION AND SUBSIDIARIES			
CONSOLIDATED STATEMENTS OF INCOME			
YEAR ENDED MARCH 31			
	2015	2016	2017
<i>Millions of yen, except per share data</i>			
Operating revenues (Notes 3 and 18):			
Fixed voice related services	¥1,441,383	¥1,329,963	¥1,233,885
Mobile voice related services	872,062	837,818	865,293
IP / packet communications services	3,672,157	3,757,846	3,808,972
Sale of telecommunication equipment	996,996	953,022	806,493
System integration	2,691,766	3,063,501	3,041,587
Other	1,420,953	1,598,847	1,634,786
Total Operating Revenues	11,095,317	11,540,997	11,391,016
Operating expenses (Notes 3, 18 and 20):			
Cost of services (excluding items shown separately below)	2,434,870	2,458,057	2,487,588
Cost of equipment sold (Note 2) (excluding items shown separately below)	948,903	970,478	879,725
Cost of system integration (excluding items shown separately below)	1,900,319	2,197,506	2,161,007
Depreciation and amortization (Notes 2, 10 and 18)	1,827,998	1,766,325	1,462,235
Impairment losses	-	-	-
Goodwill (Notes 2, 10 and 18)	3,464	4,719	53,294
Other (Notes 2, 7, 10 and 18)	38,739	28,002	20,558
Selling, general and administrative expenses (Note 20)	2,856,458	2,767,761	2,786,820
Total Operating Expenses	10,010,751	10,192,848	9,851,227
Operating income (Note 18)	1,084,566	1,348,149	1,539,789
<i>Other income (expenses):</i>			
Interest and amortization of bond discounts and issue costs (Note 2)	-44,016	-41,670	-37,761
Interest income	18,398	17,708	17,753
Other, net (Notes 9, 21 and 22)	7,681	5,072	7,988
<i>Total Other Income</i>	<i>-17,937</i>	<i>-18,890</i>	<i>-12,020</i>

<i>Income before income taxes and equity in earnings (losses) of affiliated companies</i>	1,066,629	1,329,259	1,527,769
Income tax expense (benefit) (Note 13):			
Current	364,845	457,674	472,711
Deferred	32,504	-102,849	-4,341
<i>Total Income Tax Expense (Benefit)</i>	397,349	354,825	468,370
<i>Income before equity in earnings (losses) of affiliated companies</i>	669,280	974,434	1,059,399
Equity in earnings (losses) of affiliated companies (Notes 8 and 18)	5,889	5,772	-21
<i>Net income</i>	675,169	980,206	1,059,378
Less—Net income attributable to noncontrolling interests	157,103	242,468	259,249
<i>Net income attributable to NTT</i>	¥518,066	¥737,738	¥800,129
Per share of common stock* (Note 16):			
Weighted average number of shares outstanding	2,187,360,018	2,105,782,828	2,046,678,144
Net income attributable to NTT	¥236.85	¥350.34	¥390.94
Cash dividends to be paid to shareholders of record date	¥90	¥110	¥120

* “Per share of common stock” figures for the fiscal years ended March 31, 2015 and 2016 have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015.

See Note 16 (“Equity”) (omitted here) for additional information.

The notes are an integral part of these consolidated financial statements. These notes are omitted here.

Chapter 5 Accounting Terms

Supplementary lecture

[accounting equation](#)

[balance sheet](#)

[business transaction](#)

[charter](#)

[credit purchase](#)

[credit sale](#)

[financial position](#)

[incorporate](#)

[invoice](#)

[journal](#)

[outflow](#)

[par value](#)

[principal amount](#)

[share](#)

[stockholder](#)

accounting equation	Total Assets = Total Liabilities + Total Stockholders' Equity
balance sheet <u>top</u>	A financial statement that shows the amount and types of assets, liabilities and stockholders' (owners') equity. The total assets always equal the sum of total liabilities and total stockholders' equity.
business transaction <u>top</u>	Something a company does that has an economic effect. Examples of business transactions: <ul style="list-style-type: none"> · sell an asset · buy an asset · take out a loan · repay a loan · sell stock to owners · pay dividends to owners · receive a bill from a utility (gas, water, electricity, oil) company · pay the utility bill

charter top	<p>The document that says what a corporation can do.</p> <p>The corporation cannot do something that is not in the charter.</p> <p>The charter says</p> <ul style="list-style-type: none"> · what business the company can do, · how many shares of stock can be issued, · which shares have voting power, · how long the Board of Directors' terms are and · many other items. <p>This word is also used as a verb.</p> <p>As a verb, charter means to create a corporation.</p>
credit purchase top	<p>The company buys inventory from another company (the supplier). The company does not pay cash at the time of purchase.</p> <p>The company promises to pay the cash later.</p> <p>The supplier gives an informal, temporary loan to the company.</p> <p>Usually the company pays the cash in one or two months.</p> <p>This transaction increases the asset <i>Inventory</i> and increases the liability <i>Accounts Payable</i>.</p> <p>This transaction affects the Balance Sheet.</p>
credit sale top	<p>A customer buys a product or service from a company.</p> <p>The customer does not pay cash at the time of purchase.</p> <p>The customer promises to pay the cash later.</p> <p>The company gives an informal, temporary loan to the customer.</p> <p>Usually the customer pays the cash in one or two months.</p> <p>This transaction increases the asset <i>Accounts Receivable</i> and increases the equity account <i>Revenue</i>.</p> <p>If the customer buys a product, this transaction also decreases the asset account <i>Inventory</i> and decreases equity through the <i>Cost of Goods Sold</i> expense account.</p> <p>This transaction affects the Balance Sheet.</p> <p>This transaction also affects the Income Statement.</p>
financial position top	<p>A formal list of all assets, liabilities and owners' equity accounts and their balances.</p> <p>The balance sheet is the usual formal way to show the financial position of a company.</p>
incorporate top	<p>The process that brings a corporation to life.</p> <p>A charter is written.</p> <p>The charter says what the corporation is allowed to do.</p> <p>Forms are filed in one state.</p> <p>Fees are paid to that state.</p>

<p>invoice top</p>	<p>The bill to the customer from the company. It lists the names and cost of every item the customer buys. It tells the customer how much to pay the company. If the sale is on credit, it tells when the money is due.</p>
<p>journal top</p>	<p>A place in which a company permanently writes transactions as they happen. The entries show the amount by which certain accounts increase or decrease. Each journal entry must balance. That means that the sum of the assets must equal the sum of the liabilities and owners' equity.</p> <p>The journal may be a paper book with entries written by hand in ink. Or the journal may be created by accounting software. The entries are made through the computer. The results are saved to one or more disks or drives or a cloud.</p>
<p>outflow top</p>	<p>Something that goes away or becomes smaller. In accounting, it usually refers to assets, especially cash. If there is an outflow of cash, there is less cash after the outflow than before.</p>
<p>par value top</p>	<p>A small dollar value assigned to each share of stock. Usually par value is \$1.00, \$5.00 or \$10.00. Par value may be less than one dollar. Par value is not related to the market value of the common stock. When the stock is issued, it may not be sold for less than the par value.</p>
<p>principal amount top</p>	<p>The amount borrowed from a source outside the company. It is the amount that is stated "on the face" (in writing, on paper, usually on the first page) of the loan document. This amount is recorded as a liability (debt) on the date the loan is made.</p>
<p>shore top</p>	<p>Beach. Sandy or rocky land next to the ocean. In my part of the US, we say "shore" when we refer to the land next to the ocean. In other parts of the country, people say "beach." This is <u>not</u> an accounting term. See a picture of people on the boardwalk at Ocean City, Maryland. It is a popular shore on the east coast. If the picture is black, it is night in Ocean City.</p>
<p>stockholder top</p>	<p>An owner of a corporation. The stockholder pays money to the corporation and receives stock in the corporation. A stockholder can be a human being, a partnership, an estate, a trust or another corporation. "Shareholder" is another word for stockholder.</p>

Chapter 6 Balance Sheet - Part 1

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Review of the last lesson

We looked at many online sources of financial information:

1. federal (national) government sources
2. state (prefecture) sources
3. stock exchanges in a few countries
4. brokerages
5. some private sources of financial information.

Overview of this lesson

We learn about

1. double entry accounting
2. the accounting equation
3. the first financial statement: the Balance Sheet
4. assets
5. liabilities
6. stockholders' equity
7. two real companies' Balance Sheets

Introduction

[Double-entry accounting](#) began about 1200 A.D. in northern Italy.

(Please translate only the two paragraphs in the section called: "Double-entry bookkeeping" and the first paragraph in #2 of the Contents box, called: "Accounting Entries."

You may omit the rest of the article.

Of course, if you prefer, you may read the rest of the article.)

The financial position of a business is given by the equation:

$$\text{Assets} = \text{Liabilities} + \text{Stockholders' Equity}$$

This equation must balance at all times.

Each transaction requires two entries (double entries) to balance:

- a. one on the left side of the equation and one on the right; or
- b. two on the left side; or
- c. two on the right side.

The first financial statement was the Balance Sheet.

The *balance sheet* shows a business's financial position.

The financial statement is called the "balance sheet" because the value of assets and the sum of liabilities plus stockholders' equity must balance (be equal).

Assets are economic resources (what the company owns).

Liabilities are obligations (what the company owes).

Liabilities are the creditors' share of the assets.

Stockholders' (Owners') Equity is the difference between assets and liabilities.

Stockholders' Equity is the owners' share of the assets.

In the United States, the balance sheet is "classified."

In a *classified balance sheet*,

1. assets are either "current" or "long-term" assets, and
2. liabilities are either "current" or "long-term" liabilities.

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Assets

Current assets are assets available as cash, or converted to cash, within one year.

Examples of current assets:	cash
	marketable securities
	accounts receivable
	inventory
	prepaid expenses

Marketable securities are also called “short-term investments.”

Only these five items are current assets. All other assets are long-term.

Long-term assets are used in the company’s business longer than one year.

Examples of long-term assets:	buildings
	land
	equipment
	machinery
	investments
	goodwill
	patents
	copyrights

Some long-term assets are called “Plant, Property and Equipment.”

The first four assets in the list above are Plant (buildings), Property (land) and Equipment (equipment and machinery).

The other assets are Intangible Assets.

Intangible Assets cannot be touched, tasted, seen, felt or heard.

They are legal rights.

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Liabilities

Liabilities usually have the word “payable” in their name.

Current liabilities are usually obligations that must be paid within one year.

Examples of current liabilities:	accounts payable
	salaries payable
	income tax payable

Long-term liabilities must be paid more than one year from now.

Examples of long-term liabilities:	notes payable
	bonds payable
	mortgage payable

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Stockholders' Equity

“**Stockholders**” is the name for the owners of a corporation.

“Shareholder” is another name for stockholder.

The **stockholders' equity** is:

	the owners' original investment
+	net earnings from the business
-	net loss from the business
-	dividends paid by the business to the owners

In an accounting year, the business will have **either** net earnings (profit) **or** net loss.

A business **cannot** have **both** a profit and a loss in the same year.

A “**dividend**” is the name for the stockholders' withdrawals (removal) of cash or other assets from the business.

“**Retained earnings**” is the name for net earnings kept in the business.

The U.S. does not have legal reserves. Japan requires legal reserves.

Deferred Tax Assets or Liabilities

Some of the balance sheets you see have an item called *Deferred Tax Asset* or *Deferred Tax Liability*. The item may be current, non-current or both.

This item appears because the US uses one set of accounting rules (GAAP) for financial statements. GAAP means Generally Accepted Accounting Principles.

The US uses another set of accounting rules (tax) for tax returns.

Because US accounting uses two different sets of rules, net income under GAAP is different from taxable income under tax rules.

The difference must be shown on the balance sheet.

If the tax expense under GAAP is *higher* than the tax that is actually paid later, the difference is called a *deferred tax asset*.

If the tax expense under GAAP is *lower* than the tax that is actually paid later, the difference is called a *deferred tax liability*.

We keep things simple. We ignore deferred tax assets and liabilities in this class.

American financial statements always have *footnotes*. They explain the accounts in detail.

The footnotes are just as important as the financial statements.

We keep things simple. We ignore footnotes in this class.

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Reporting Values in American Financial Statements

The values of assets, liabilities, equity, revenue and expense are usually very large numbers.

American financial statements use abbreviated values to save space. This makes it easier to read.

American financial statements omit the last three or six zeros from the values.

If the last **three** zeros are dropped, you see the word "thousands" at the top of the financial statement.

If the last six zeros are dropped, you see the word “millions” at the top of the financial statement.

For example,

Financial Statement	Balance Sheet A	Balance Sheet B
At the top of the financial statement	thousands	millions
Value shown for Cash	\$1,234	\$1,234
What the value really is (numbers)	\$1,234,000	\$1,234,000,000
What the value really is (words)	one million, two hundred thirty-four thousand US dollars	one billion, two hundred thirty-four million US dollars

See a Real Balance Sheet on the Web

You can find a simple balance sheet at [Nike](#), a sporting goods manufacturer. (*Appendix 4*)
The balance sheet is attached to this week’s email.

Find Nike’s:

- total assets
- total current liabilities
- total shareholders’ equity

This is the [main investors’ page](#).

There is a Nike site in Chinese.

Look at the balance sheet for [Oracle](#), a leading supplier of software for information management.
The balance sheet is attached to this week’s email. (*Appendix 5*)

Find Oracle’s:

- total assets
- total current liabilities
- total Oracle Corporation stockholders’ equity

This is the [main investors’ page](#).

This is Oracle’s [Japanese website](#).

This is Oracle’s [Chinese website](#).

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

Homework

1.	What is a balance sheet?
2.	What is stockholders' equity in the U.S.?
3.	Name one current asset of Oracle in 2017.
4.	What is the value of that current asset? Please write the entire value in US dollars. Write the entire value in words.
5.	Name one current liability of Nike in 2017.
6.	What is the value of that current liability? Please write the entire value in US dollars. Write the entire value in words.
7.	Please send me the Japanese translation for the words in the list below. Please write the words in romaji.

Vocabulary

English	Japanese
accounts receivable	
assets	
balance sheet	
cash	
credit	
current asset	
current liability	
debit	
dividend	
double-entry	
equipment	

8. How easy was this lesson for you?

The accounting was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

The English was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	top
Stockholders' Equity	Reporting Values	Real Balance Sheets	Homework	end

(Appendix 4) Created by EDGAR Online, Inc.

NIKE INC
BALANCE_SHEET
Form Type: 10-K
Period End: May 31, 2017
Date Filed: Jul 20, 2017

NIKE, Inc. Consolidated Balance Sheets

(In millions)	May 31,	
	2017	2016
ASSETS		
<i>Current assets:</i>		
Cash and equivalents	\$ 3,808	\$ 3,138
Short-term investments	2,371	2,319
Accounts receivable, net	3,677	3,241
Inventories	5,055	4,838
Prepaid expenses and other current assets	1,150	1,489
<i>Total current assets</i>	<i>16,061</i>	<i>15,025</i>
Property, plant and equipment, net	3,989	3,520
Identifiable intangible assets, net	283	281
Goodwill	139	131
Deferred income taxes and other assets	2,787	2,422
TOTAL ASSETS	\$ 23,259	\$ 21,379
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current liabilities:</i>		
Current portion of long-term debt	\$ 6	\$ 44
Notes payable	325	1
Accounts payable	2,048	2,191
Accrued liabilities	3,011	3,037
Income taxes payable	84	85
<i>Total current liabilities</i>	<i>5,474</i>	<i>5,358</i>
Long-term debt	3,471	1,993
Deferred income taxes and other liabilities	1,907	1,770
Commitments and contingencies		
Redeemable preferred stock	-	-
Shareholders' equity:		
Common stock at stated value:		
Class A convertible - 329 and 353 shares outstanding	-	-
Class B - 1,314 and 1,329 shares outstanding	3	3
Capital in excess of stated value	8,638	7,786
Accumulated other comprehensive (loss) income	-213	318
Retained earnings	3,979	4,151
<i>Total shareholders' equity</i>	<i>12,407</i>	<i>12,258</i>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 23,259	\$ 21,379

(Appendix 5) BALANCE_SHEET**Form Type: 10-K****Period End: May 31, 2017****Date Filed: Jun 27, 2017**[Table Of Contents](#)

ORACLE CORPORATION
 CONSOLIDATED BALANCE SHEETS
 As of May 31, 2017 and 2016

(in millions, except per share data)	May 31,	
	2017	2016
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 21,784	\$ 20,152
Marketable securities	44,294	35,973
Trade receivables, net of allowances for doubtful accounts of \$319 and \$327 as of May 31, 2017 and May 31, 2016, respectively	5,300	5,385
Inventories	300	212
Prepaid expenses and other current assets	2,837	2,591
<i>Total current assets</i>	<i>74,515</i>	<i>64,313</i>
<i>Non-current assets:</i>		
Property, plant and equipment, net	5,315	4,000
Intangible assets, net	7,679	4,943
Goodwill, net	43,045	34,590
Deferred tax assets	1,143	1,291
Other assets	3,294	3,043
<i>Total non-current assets</i>	<i>60,476</i>	<i>47,867</i>
Total assets	\$134,991	\$112,180
LIABILITIES AND EQUITY		
<i>Current liabilities:</i>		
Notes payable and other borrowings, current	\$ 9,797	\$ 3,750
Accounts payable	599	504
Accrued compensation and related benefits	1,966	1,966
Deferred revenues	8,233	7,655
Other current liabilities	3,583	3,333
<i>Total current liabilities</i>	<i>24,178</i>	<i>17,208</i>
<i>Non-current liabilities:</i>		
Notes payable and other borrowings, non-current	48,112	40,105
Income taxes payable	5,681	4,908
Other non-current liabilities	2,774	2,169
<i>Total non-current liabilities</i>	<i>56,567</i>	<i>47,182</i>
Commitments and contingencies		
Oracle Corporation stockholders' equity:		
Preferred stock, \$0.01 par value-authorized: 1.0 shares; outstanding: none	-	-
Common stock, \$0.01 par value and additional paid in capital-authorized: 11,000 shares; outstanding: 4,137 shares and 4,131 shares as of May 31, 2017 and May 31,		

2016, respectively	27,065	24,217
Retained earnings	27,598	23,888
Accumulated other comprehensive loss	-803	-816
Total Oracle Corporation stockholders' equity	53,860	47,289
Noncontrolling interests	386	501
Total equity	54,246	47,790
Total liabilities and equity	\$134,991	\$112,180

Chapter 7 Balance Sheet - Part 2

Example

Top	Owners	Incorporation	Transactions	Jan 10 Balance Sheet	Homework
---------------------	------------------------	-------------------------------	------------------------------	--------------------------------------	--------------------------

Review of the last lesson:

We learned about

1. double entry accounting
2. the accounting equation
3. the first financial statement: the Balance Sheet
4. assets
5. liabilities
6. stockholders' equity
7. two real companies' Balance Sheets

Overview of this lesson:

1. We examine a glossary of accounting terms that we will use frequently in this course.
2. We start an American corporation, Beach Toys, Inc.
3. We learn a little about incorporation.
4. We look at four transactions of Beach Toys.
5. We record those transactions in a journal.
6. We construct a Balance Sheet as of Jan 10 for Beach Toys.
7. In the homework we change some of the transactions and make a new Balance Sheet.
8. We translate some accounting terms from English to Japanese (romaji).

In this lesson, some words are defined in a glossary document. That document is attached to this email.
(Chapter 5)

On the glossary page, click the highlighted term in the list at the top of the page.

This takes you to the definition of the term. The glossary terms in the lesson are underlined and written in burgundy color.

Print the glossary file that is attached to the email.

Read the definition of each term as it appears in this lesson. Keep the glossary file for the rest of the course. We will use it frequently.

To understand the balance sheet, we start an American corporation, Beach Toys, Inc. The new company makes common [business transactions](#) in its first month of operation. Then we construct a [balance sheet](#). The balance sheet shows the company's [financial position](#) on a certain date.

The Owners

Maria Fuentes, John Smith, and Kazuko Watanabe are the [stockholders](#) in Beach Toys, Inc. Beach Toys sells mats, beach umbrellas, sand toys and other items to use at the beach. The items are sold in Maryland and at other American [shores](#).

Incorporation

First, the company incorporates in one of the [50 states](#). A corporation begins its life when it [incorporates](#).

The U.S. government does not [charter](#) corporations. When one state "charters" a corporation, the company can do business in *any* state in the U.S.

Beach Toys, Inc. incorporates in the [State of Delaware](#). Scroll down to the paragraph called, "Why Incorporate in Delaware?" Read that entire paragraph. Do not click on the word "More." Do not click on the links in the paragraph. Delaware is the legal home of many famous corporations.

Top	Owners	Incorporation	Transactions	Jan 10 Balance Sheet	Homework
---------------------	------------------------	-------------------------------	------------------------------	--------------------------------------	--------------------------

Transactions

Beach Toys, Inc has these transactions on January 10, 2018.

1. Fuentes puts \$20,000 cash into the business. She receives 2,000 shares of \$10 [par value](#) stock.
2. Smith puts \$30,000 cash into the business. He receives 3,000 shares of \$10 par value stock.
3. Watanabe puts \$40,000 cash into the business. She receives 4,000 shares of \$10 par value stock.
4. The company buys land for \$8,000 and a building for \$50,000. The company pays in cash.

Each transaction affects the accounting equation:

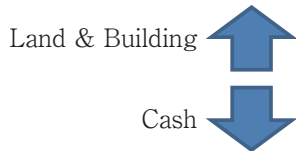
- Each of the first three transactions increases the asset Cash.
Cash increases by the amount each owner paid to the corporation.



- Each of the first three transactions increases Owners' Equity by the same amount.



- The fourth transaction increases the assets Land and Building.
The asset Cash decreases by the total amount of land and building.



When these entries are recorded in a journal, the entries are:

transaction #	accounts	debit	credit
1	Cash	\$ 20,000	
	Common Stock		\$ 20,000
<i>(to record Fuentes's investment)</i>			
2	Cash	\$ 30,000	
	Common Stock		\$ 30,000
<i>(to record Smith's investment)</i>			
3	Cash	\$ 40,000	
	Common Stock		\$ 40,000
<i>(to record Watanabe's investment)</i>			
4	Land	\$ 8,000	
	Building	\$ 50,000	
	Cash		\$ 58,000
<i>(to record the purchase of land & building)</i>			

Here is another way to see the effect of these transactions on the accounting equation.

This is a transaction worksheet.

You can get the Excel version of the transaction worksheet: Click on the email attachment called: #5ABeachToysTransJan10 (2018).

Transaction #	Assets			Liabilities	Stockholders' Equity
	Cash	Land	Building		Common Stock
1 (Fuentes)	20,000				20,000
2 (Smith)	30,000				30,000
3 (Watanabe)	40,000				40,000
4 (purchases)	(58,000)	8,000	50,000		
Total	32,000	8,000	50,000	0	90,000
Total Assets			90,000		
			90,000	Total Liabilities & Stockholders' Equity	

Top	Owners	Incorporation	Transactions	Jan 10 Balance Sheet	Homework
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January 10 Balance Sheet

The stockholders of Beach Toys want to know the financial position of the company after the four transactions are done.

The accounting equation shows the financial position of the company.

A balance sheet is a formal statement that shows each part of the accounting equation.

The following balance sheet shows the information that the owners want:

Beach Toys, Inc.			
Balance Sheet			
January 10, 2018			
ASSETS		LIABILITIES	\$ 0
<i>Current Assets</i>			
Cash	\$ 32,000		
<i>Long-term assets</i>			
Land	8,000	STOCKHOLDERS' EQUITY	
Building	50,000		
<i>Total Long-term Assets</i>	<i>58,000</i>		
TOTAL ASSETS	\$ 90,000	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 90,000

Top	Owners	Incorporation	Transactions	Jan 10 Balance Sheet	Homework
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Homework

Suppose that Beach Toys, Inc. bought the land for \$10,000 (not \$8,000).

Suppose also that they bought the building for \$60,000 (not \$50,000).

Assume that they bought both assets with cash.

Make a new balance sheet or transaction worksheet.

Then answer these questions.

1. What is the new value of cash on the balance sheet?
2. What is the new value of the long-term assets?
3. What is the new value of the total assets?
4. What is the new value of the total liabilities and stockholders' equity?
5. How easy was this lesson for you?

The accounting was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

The English was:

Very easy

Somewhat easy

About right

Somewhat hard

Very hard

6. Please send me the Japanese translation for the following words.

Please write the words in romaji.

Vocabulary

English	Japanese
inventory	
investment	
liabilities	
payable	
property	
stockholders' equity	

Top	Owners	Incorporation	Transactions	Jan 10 Balance Sheet	Homework
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(Appendix 6)
 Beach Toys, Inc.
 Transaction Worksheet
 For the period ended Jan 10, 2018

	Assets			Liabilities	Stockholders' Equity
Transaction #	Cash	Land	Building		Common Stock
1 (Fuentes)	20,000				20,000
2 (Smith)	30,000				30,000
3 (Watanabe)	40,000				40,000
4 (purchases)	-58,000	8,000	50,000		
Total	32,000	8,000	50,000	0	90,000
Total Assets			90,000		
			90,000	Total Liabilities & Stockholders' Equity	

Note: Total Assets MUST equal Total Liabilities and Stockholders' Equity:

- * for EACH transaction and
- * after all transactions have been totaled.