Accounting III

Project

410-BB4-AS

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1. After selecting a company, examine their income statements to search for the following items:

a. Income from continuing operations

Income from continuing is the net income category in the income statements that accounts for a company’s daily business activities.

From the business’s income statement, instead of income from continuing operations, Jamieson has a loss from continuing operation which is ($23,787) in 2017.

b. Discontinued operations

A discontinued operation occurs when a segment or certain [product line](https://www.investopedia.com/terms/p/product-line.asp) in a company's business has been sold, disposed of or abandoned and is subsequently reported on the company's [income statement](https://www.investopedia.com/terms/i/incomestatement.asp) as [income](https://www.investopedia.com/terms/i/income.asp) separate from [continued operations](https://www.investopedia.com/terms/c/continuingoperations.asp). Therefore, the income from discontinued operations is the net income occurs because of the company’s discontinued operations.

However, as we can see in Jamieson Wellness Inc income statement, the company does not have any discontinued operations in this year, so it does not have income from discontinued operations as well.

c. Cumulative effects of accounting changes

Since cumulative effects of accounting changes refer to accounting rules of changes on accounting system, there is no change on accounting policy. The company still uses IFRS as its accounting rules in this year.

d. Net income or net loss

Net income is a company's total earnings, is calculated by taking [revenues](https://www.investopedia.com/terms/r/revenue.asp) and subtracting the costs of doing business such as [depreciation](https://www.investopedia.com/terms/d/depreciation.asp), interest, taxes and other expenses.

Net loss is the result that occurs when expenses exceed the income or total revenue produced for a given period of time.

As we can see in the income statement, the company has a net loss ($24946) this year. That means, in 2017, the company’s expenses exceed their income or total revenue.

e. Earnings-per-share data

Earnings (loss) per share is the amount of a company’s net income (loss) per outstanding common share. EPS = (Net Income - Dividends on Preferred Stock) / Average Outstanding Shares.

From the income statement, in 2017, because instead of income, the company has a loss. Therefore, the shareholders have the loss per share which is ($1.79).

2. Study the companies' balance sheets to see:

a. The classes of shares each company has issued.

As shown in the balance sheet, the company has a share capital $234,908 at the end of 2017. However, the total share capital are common shares because this company has redeemed all their preferred shares during the year.Therefore, the company has $234,908 common shares and 0 preferred shares.

b. Which item carries a larger balance—the Preferred Shares accounts or Common

Shares account?

As we said in the last question, the company has 234,908 common shares and 0 preferred shares. Thus, the common shares account carries a larger balance.

c. The percentage of each company's total shareholders' equity that is made up of retained earnings.

Retained earnings refer to the percentage of [net earnings](https://www.investopedia.com/terms/n/netincome.asp) not paid out as [dividends](https://www.investopedia.com/terms/d/dividend.asp), but retained by the company to be reinvested in its core business, or to pay debt. It is recorded under [shareholders' equity](https://www.investopedia.com/terms/s/shareholdersequity.asp) on the [balance sheet](https://www.investopedia.com/terms/b/balancesheet.asp).

[(Deficit+Accumulated other comprehensive loss)/Total shareholders’ equity]\*100%

=[((-19486)+(-2035))/220824]\*100%

=(-0.09746)\*100%

=-9.75%

From the calculation above, the retained earnings makes up -9.75% of the total shareholders’ equity.

3. Examine the company's statement of shareholders' equity for evidence of

a. Cash dividends

A cash dividend is money paid to stockholders, normally out of the corporation's current earnings or accumulated profits.

In Jamieson financial reports, as we see, at the end of the year 2017, the cash dividends to preferred shareholders is $9,605, for common shareholders is $6,032.

b. Stock dividends and stock splits

A stock split is a corporate action in which a company divides its existing shares into multiple shares to boost the liquidity of the shares. Although the number of shares outstanding increases by a specific multiple, the total dollar value of the shares remains the same compared to pre-split amounts, because the split does not add any real value.

As we see in the company's statement of shareholders' equity, Jamieson has split its common share as the ratio one-to-20.81010939 in July 5, 2017.

A stock dividend is a [dividend](https://www.investopedia.com/terms/d/dividend.asp) payment made in the form of additional shares rather than a cash payout. Companies may decide to distribute this type of dividend to shareholders of record if the company's availability of liquid cash is in short supply.

However, as we can see the company was deficit in 2017, and it does not have any stock dividends.

c. Repurchases and sales of the company's own shares.

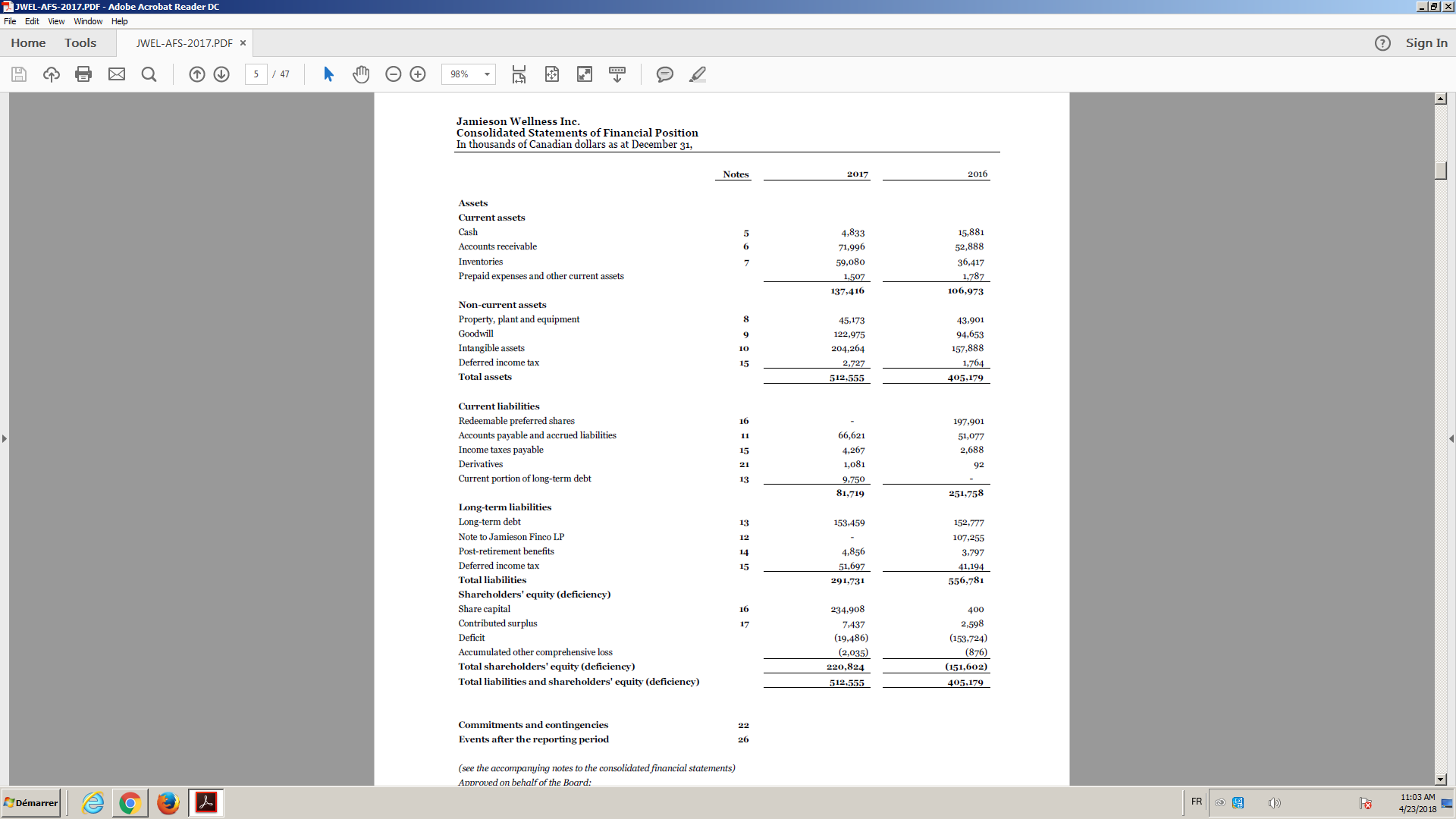
A share repurchase is a program by which a company buys back its own shares from the marketplace.

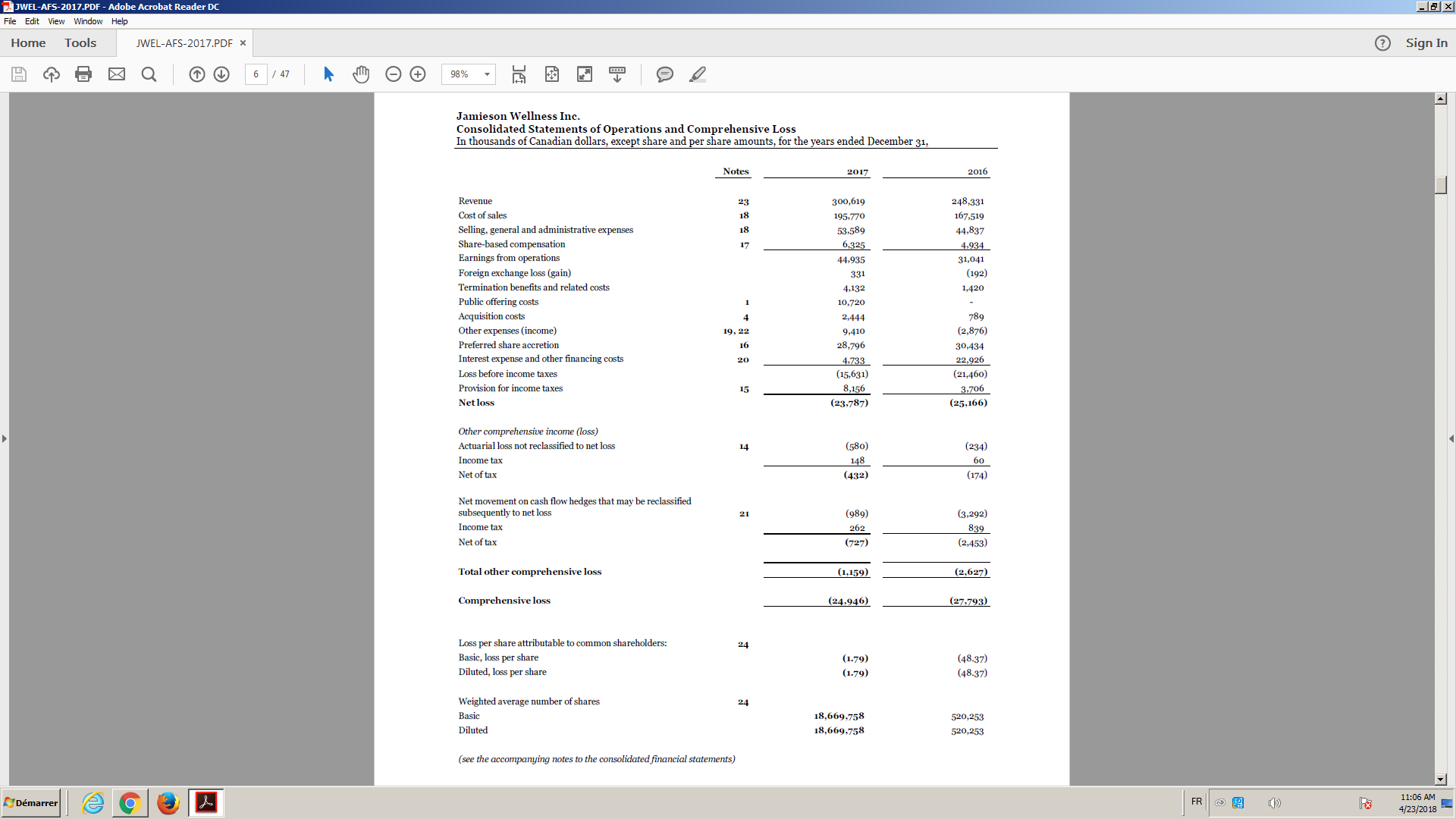
As we see, the company has repurchased (7196) preferred shares and the price per share is $50; therefore ,during the year, it repurchases 7196\*50=$359800 preferred shares.

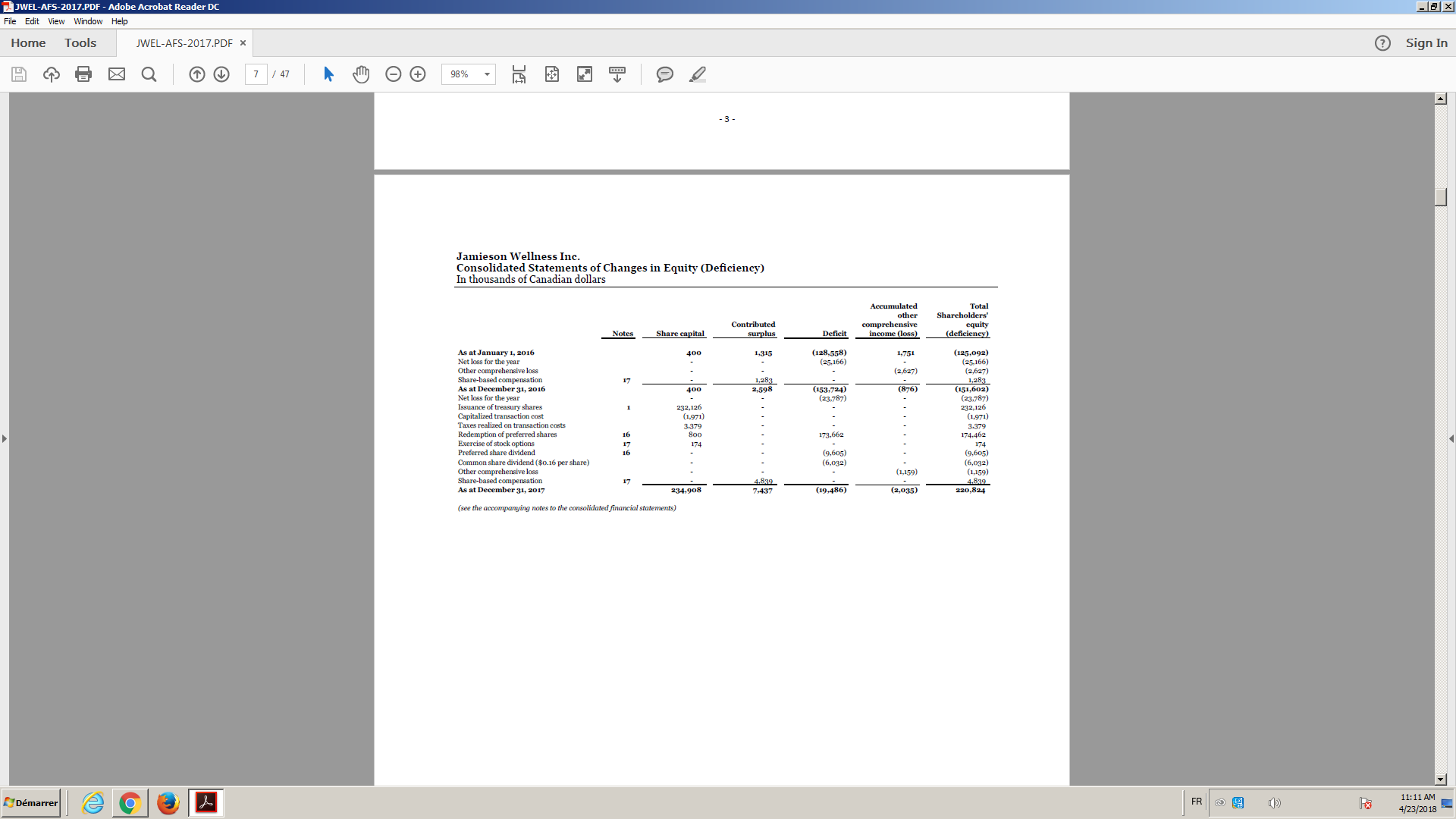
Sales of shares means the company sell its shares to others.

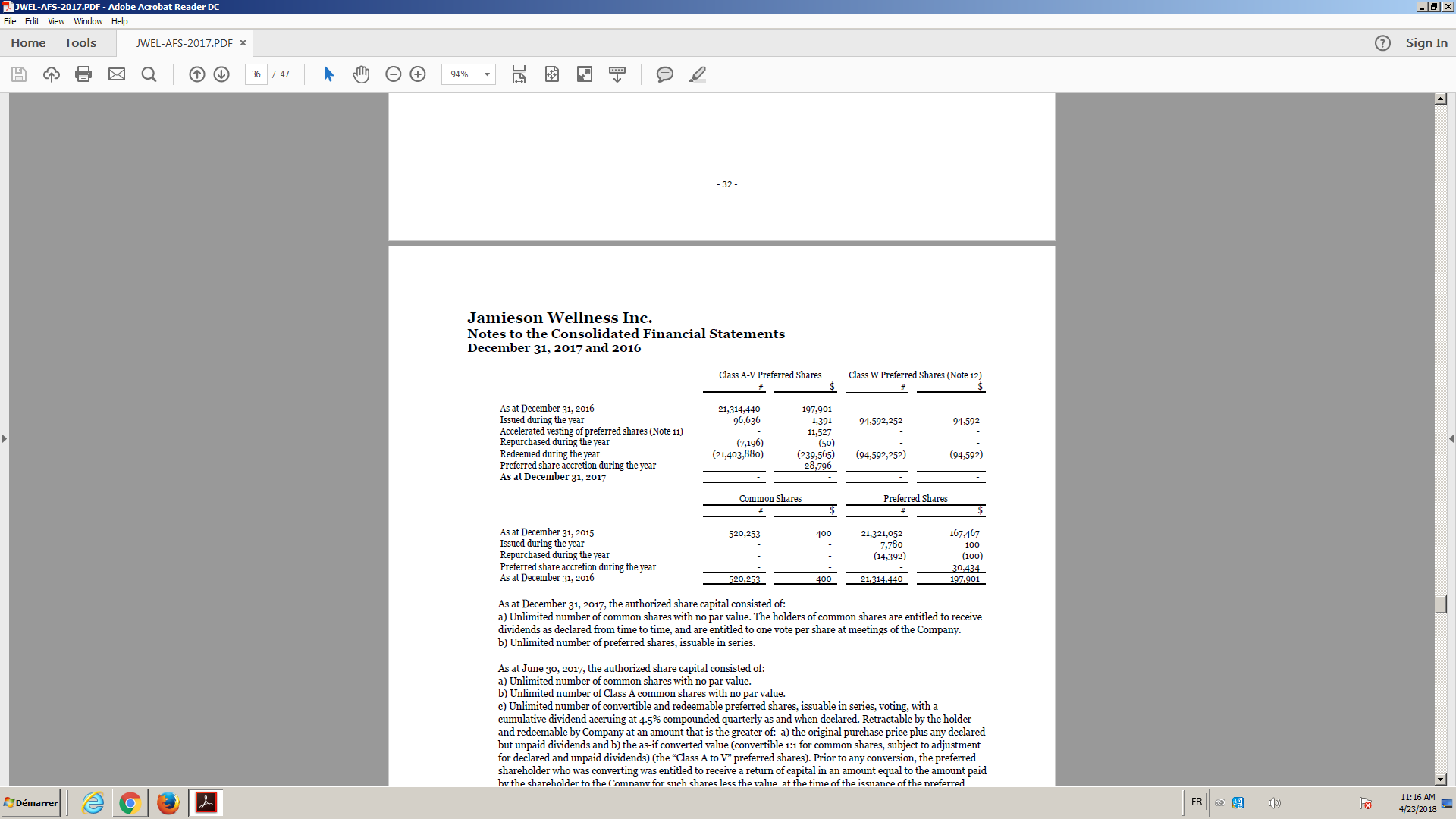
During the year, the company has sold 19050000 common shares and the selling price per share is $15.75.

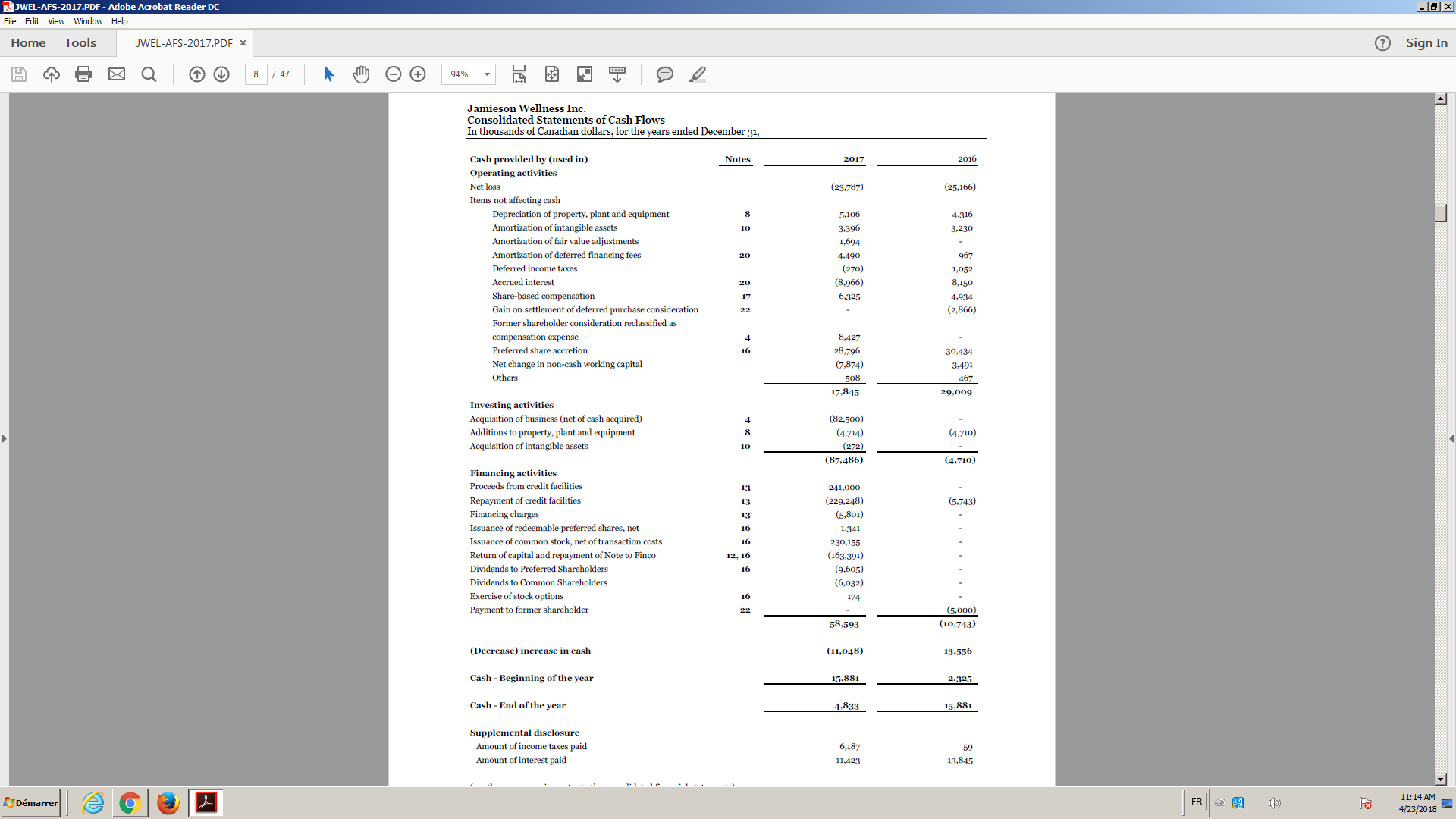
**Appendix:**











References:

https://s22.q4cdn.com/815068266/files/doc\_financials/2017/JWEL-AFS-2017.PDF

<https://www.investopedia.com/>