



Focus on Financial Statements Online

Refer to the financial statements and notes to the financial statements for Leon's on pages I-3 to I-9 in Appendix I at the end of the textbook.

FFS 15-2



Required

1. How many common shares were issued as of December 31, 2002?
 - a. What were the total dividends declared during 2002?
 - b. Were all of the dividends declared in 2002 paid in 2002? Explain.
 - c. What are dividends?
2. Leon's reported net income of \$38,520 (thousand) for the year ended December 31, 2002. What effect does net income have on equity? Explain.

Headquartered in Vancouver, British Columbia, Finning International Inc. sells and rents Caterpillar and other equipment in Canada and abroad. On its statement of retained earnings for the year ended December 31, 2002, Finning reported dividends on common shares of \$23,100 (thousand). Note 11 to the December 31, 2002, financial statements reported 77,579,954 common shares issued and outstanding for a total of \$233,450 (thousand).

FFS 15-3



Other information taken from Finning's December 31, 2002, balance sheet follows:

(C\$ thousands)	December 31, 2002	December 31, 2001
Total liabilities.....	\$1,714,222	\$1,837,918
Total shareholders' equity.....	930,360	775,863

Required

Answer the following questions.

1. The dividends on common shares declared and paid during 2002 had what effect on Finning's balance sheet?
2. Calculate the average issue price per common share based on the information available at December 31, 2002?
3. Assume additional shares were issued for cash, what would the effect have been on the balance sheet?
4. Was Finning's balance sheet strengthened¹ from 2001 to 2002? Briefly explain your answer.

¹ When a balance sheet is said to have been *strengthened*, it means, in general, that total liabilities (or risk associated with debt financing) have decreased and shareholders' equity has increased.