**Chapter 2: Practice Exercise 2-14 - Expanded Accounting Equation**

**For the following four cases, use the expanded accounting equation to compute the missing**

**quantity.**

**Assets Liabilities Capital Stock Retained Earnings**

Case A $23,000 $11,000 A $ 4,500

Case B 17,500 B $ 4,500 3,600

Case C C 14,000 11,000 27,000

Case D 45,000 29,000 18,000 D

**Chapter 2: Exercise 2-25 - Balance Sheet Preparation**

**From the following data, prepare a classified balance sheet for Taylorsville Construction**

**Company at December 31, 2009.**

**Income Statement Computations**

Following are the operating data for an advertising firm for the year ended December 31,

2009.

Accounts payable . . . . . . . . . . . . . . . . . . . . . . $ 74,300

Accounts receivable . . . . . . . . . . . . . . . . . . . . . 113,500

Buildings . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 512,000

Owners’ equity, 1/1/09 . . . . . . . . . . . . . . . . . . 314,300

Cash . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 153,600

Distributions to owners during 2009 . . . . . . . . 48,100

Supplies . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4,250

Land . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 90,000

Mortgage payable . . . . . . . . . . . . . . . . . . . . . . 423,400

Net income for 2009 . . . . . . . . . . . . . . . . . . . . 109,450

Owners’ equity, 12/31/09 . . . . . . . . . . . . . . . . ?

**Chapter 2: Exercise 2-27 (Part 1 only) - Income Statement Preparation**

**The following selected information is taken from the records of Pickard and Associates.**

**1. Prepare an income statement for the year ended December 31, 2009. (Assume that**

**11,000 shares of stock are outstanding.)**

Accounts payable . . . . $143,000

Accounts receivable . . . . . $95,000

Advertising expense . . $14,500

Cash . . . . . $63,000

Supplies expense . . . . . . . . . . . . . . . . . . . . . . . . 31,500

Rent expense . . . . . . . . . . . . . . . . . . . . . . . . . . . 12,000

Utilities expense . . . . . . . . . . . . . . . . . . . . . . . . . 2,500

Income taxes (30% of

income before taxes) ?

Miscellaneous expense $5,100

Owners’ equity . . . . . . $215,000

Salaries expense . . . . . . . . . . $78,000

Fees (revenues) . . . . . . . . . . . . . . . . . . . . . . . . . $476,000

**Chapter 2: Exercise 2-29 - During 2009, Edgemont Corporation had revenues of $230,000 and expenses, including**

**income taxes, of $190,000. On December 31, 2008, Edgemont had assets of $350,000,**

**liabilities of $80,000, and capital stock of $210,000. Edgemont paid a cash dividend of**

**$25,000 in 2009. No additional stock was issued. Compute the retained earnings on**

**December 31, 2008, and 2009.**

**Chapter 2: Exercise 2-32 - Cash Flow Computations**

**From the following selected compute:**

**1. Net cash flow provided (used) by operating activities.**

**2. Net cash flow provided (used) by investing activities.**

**3. Net cash flow provided (used) by financing activities.**

**4. Net increase (decrease) in cash during the year.**

**5. The cash balance at the end of the year.**

Cash receipts from:

Customers . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $270,000

Investments by owners . . . . . . . . . . . . . . . . . . . . . . . 54,000

Sale of building . . . . . . . . . . . . . . . . . . . . . . . . . . . . 90,000

Proceeds from bank loan . . . . . . . . . . . . . . . . . . . . . 60,000

Cash payments for:

Wages . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $ 82,000

Utilities . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 3,000

Advertising . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4,000

Rent . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 36,000

Taxes . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 67,000

Dividends . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 20,000

Repayment of principal on loan . . . . . . . . . . . . . . . . . 40,000

Purchase of land . . . . . . . . . . . . . . . . . . . . . . . . . . . . 106,000

Cash balance at beginning of year . . . . . . . . . . . . . . . . $386,000

**Chapter 2: Exercise 2-33 –**

**For each of the following items, indicate whether it would be classified and reported under**

**the operating activities (OA), investing activities (IA), or financing activities (FA) section of a**

**statement of cash flows:**

**a. Cash receipts from selling merchandise**

**b. Cash payments for wages and salaries**

Cash receipts from:

Customers . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $270,000

Investments by owners . . . . . . . . . . . . . . . . . . . . . . . 54,000

Sale of building . . . . . . . . . . . . . . . . . . . . . . . . . . . . 90,000

Proceeds from bank loan . . . . . . . . . . . . . . . . . . . . . 60,000

Cash payments for:

Wages . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $ 82,000

Utilities . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 3,000

Advertising . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4,000

Rent . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 36,000

Taxes . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 67,000

Dividends . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 20,000

Repayment of principal on loan . . . . . . . . . . . . . . . . . 40,000

Purchase of land . . . . . . . . . . . . . . . . . . . . . . . . . . . . 106,000

Cash balance at beginning of year . . . . . . . . . . . . . . . . $386,000