**2-1 Total Assets**

Use the following information, compute total assets.

Equipment . . . . . . . . . . . . . . . $10,000

Accounts payable . . . . . . . . ……. 900

Capital stock . . . . . . . . . . . . …. 1,500

Cash . . . . . . . . . . . . . . . . . . ……. 800

Loan payable . . . . . . . . . . . . ....9,000

Wages payable . . . . . . . . . . . ……500

Accounts receivable . . . . . . . ….1, 000

Retained earnings . . . . . . . . . ….3, 400

Inventory . . . . . . . . . . . . . . . . …3,500

**2-2 Total Liabilities**

Refer to the data in PE 2-1. Compute total liabilities.

**2-3 Total Owners’ Equity**

Refer to the data in PE 2-1. Compute total owners’ equity.

**2-4 the Accounting Equation**

For the following four cases, use the accounting equation to compute the missing quantity.

**Assets Liabilities Owners’ Equity**

Case a $10,000 $ 4,000 A

Case B 8,000 B $3,500

Case C 5,500 7,000

Case D 13,000 15,000 D

**2-5 Balance Sheets**

Using the data in PE 2-1, prepare a balance sheet.

**2-6 Current Assets**

Using the following information, compute total current assets.

Land . . . . . . . . . . . . . . . . . . . . $7,000

Machinery . . . . . . . . . . . . . . . .. 1,300

Accounts payable . . . . . . . . ....1,600

Cash . . . . . . . . . . . . . . . . . . . . …..625

Buildings . . . . . . . . . . . . . . . ....7,500

Accounts receivable . . . . . . . …...800

Retained earnings . . . . . . . . . …2,200

Inventory . . . . . . . . . . . . . . . . . . 2,100

**2-7 Current Liabilities**

Using the following information, compute total current liabilities.

Inventory . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $ 9,000

Loan payable (due in 14 months) . . . . . . . . . . … 1,100

Capital stock . . . . . . . . . . . . . . . . . . . . . . . . . . 1,750

Cash . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 400

Mortgage payable (due in 30 years) . . . . . . . . . 10,000

Loan payable (due in 6 months) . . . . . . . . . . . . …..250

Accounts payable . . . . . . . . . . . . . . . . . . . . . . . …..700

Retained earnings . . . . . . . . . . . . . . . . . . . . . . ....5,000

**2-8 Book Value and Market Value of Equity**

For the following four cases, compute (1) the book value of equity and (2) the market value of equity.

**Assets Liabilities Number of Shares of Market Price**

**Stock Outstanding per Share**

Case A $ 10,000 $ 4,000 1,000 $15

Case B 8,000 7,000 500 10

Case C 13,500 5,500 300 20

Case D 100,000 150,000 1,000 7

**2-9 Total Revenues**

Using the following information, compute total revenues. Caution: Not all of the items listed should be included in the computation of total revenues.

Cost of goods sold . . . . . . . $10,200 Wages payable . . . . . . . . $ 475

Interest revenue . . . . . . . . . . …..900 Accounts receivable . . . … 950

Advertising expense . . . . . . …2,150 Retained earnings . . . . . . 6,400

Cash . . . . . . . . . . . . . . . . . . ……700 Consulting revenue . . . . . 2,700

Sales . . . . . . . . . . . . . . . . . 13,600

**2-10 Total Expenses**

Using the data in PE 2-9, compute total expenses. Caution: Not all of the items listed should be included in the computation of total expenses.

**2-11 Computation of Net Income**

For the following four cases, compute net income (or net loss). Caution: Not all of the items listed should be included in the computation of net income.

**Case a Case B Case C Case D**

Cost of goods sold $ 60,000 $ 30,000 $60,000 $110,000

Interest expense 18,000 47,000 25,000 31,000

Cash 3,000 4,500 2,100 6,000

Retained earnings 50,000 15,000 31,000 70,000

Sales 100,000 150,000 70,000 200,000

Accounts payable 12,000 20,000 5,000 38,000

Rent revenue 5,000 1,000 12,000 10,000

Machinery 175,000 60,000 50,000 185,000

**2-12 Income Statement**

Using the following information, prepare an income statement.

Cost of goods sold . . . . . . . . . $ 7,300

Interest expense . . . . . . . . . . … 1,200

Wage expense . . . . . . . . . . . …... 900

Cash . . . . . . . . . . . . . . . . . . . . ….600

Sales . . . . . . . . . . . . . . . . . . . . 12,000

Accounts payable . . . . . . . . . . …400

Accounts receivable . . . . . . . . …750

Retained earnings . . . . . . . . . . . 3,300

Income tax expense . . . . . . . . . …800

**2-13 Computation of Ending Retained Earnings**

For the following four cases, compute the ending amount of retained earnings. Caution: Not all of the items listed should be included in the computation of ending retained earnings.

**Case a Case B Case C Case D**

Capital stock $ 60,000 $ 30,000 $60,000 $110,000

Long-term loan payable 18,000 47,000 25,000 31,000

Dividends 3,000 4,500 2,100 6,000

Retained earnings

(beginning) 50,000 15,000 31,000 70,000

Inventory 100,000 150,000 70,000 200,000

Cash 12,000 20,000 5,000 38,000

Net income (loss) 5,000 1,000 12,000 (10,000)

Machinery 175,000 60,000 50,000 185,000

**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

**2-25 Balance Sheet Preparation**

From the following data, prepare a classified balance sheet for Taylorsville Construction Company at 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 . . . . . . . . . . . . . . . ………?

**2-27 Income Statement Preparation**

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

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

**2-29 Retained Earnings Computations**

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.

**2-32 Cash Flow Computations**

From the following selected data, 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

**2-33 Cash Flow Classifications**

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

c. Cash proceeds from sale of stock

d. Cash purchase of equipment

e. Cash dividends paid

f. Cash received from bank loan

g. Cash payments for inventory

h. Cash receipts from services rendered

i. Cash payments for taxes

j. Cash proceeds from sale of property no longer needed as expansion site