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| **Question 6**  |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

Cheaney Corporation owns a number of cruise ships and a chain of hotels. The hotels, which have not been profitable, were discontinued on September 1, 2008. The 2008 operating results for the company were as follows.

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| Operating revenues | $12,878,000 |
| Operating expenses | 8,744,000 |
| Operating income | $ 4,134,000 |

Analysis discloses that these data include the operating results of the hotel chain, which were: operating revenues $2,173,000 and operating expenses $2,784,000. The hotels were sold at a gain of $218,000 before taxes. This gain is not included in the operating results. During the year, Cheaney suffered an extraordinary loss of $812,000 before taxes, which is not included in the operating results. In 2008, the company had other revenues and gains of $143,000, which are not included in the operating results. The corporation is in the 30% income tax bracket.

Prepare a condensed income statement. ***(List amounts from largest to smallest eg 10, 5, 3, 2.)***

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| **CHEANEY CORPORATION** |
| **Condensed Income Statement** |
| **For the Year Ended December 31, 2008** |
| Operating revenues |   | $ |
|  |   |  |
| Income from operations |   |  |
|  |   |  |
| Income before income taxes |   |  |
|  |   |  |
| Income from continuing operations |   |  |
| Discontinued operations |   |   |
|       | $ |   |
|       |  |  |
| Income before extraordinary item |   |  |
| Extraordinary item |   |   |
|      |   |  |
| Net income |   | $ |