

T. P. Jarmon Company Balance Sheet for 12/31/2009 and 12/31/2010

<b>ASSETS</b>		
	<b>2009</b>	<b>2010</b>
Cash	\$ 15,000	\$ 14,000
Marketable securities	6,000	6,200
Accounts receivable	42,000	33,000
Inventory	51,000	84,000
Prepaid rent	\$ 1,200	\$ 1,100
Total current assets	\$ 115,200	\$ 138,300
Net plant and equipment	286,000	270,000
Total assets	\$ 401,200	\$ 408,300

  

<b>LIABILITIES AND EQUITY</b>		
	<b>2009</b>	<b>2010</b>
Accounts payable	\$ 48,000	\$ 57,000
Accruals	6,000	5,000
Notes payable	15,000	13,000
Total current liabilities	\$ 69,000	\$ 75,000
Long-term debt	\$ 160,000	\$ 150,000
Common stockholders' equity	\$ 172,200	\$ 183,300
Total liabilities and equity	\$ 401,200	\$ 408,300

T. P. Jarmon Company Income Statement for the Year Ended 12/31/2010

Sales	\$ 600,000
Less cost of goods sold	<u>460,000</u>
Gross profit	\$ 140,000
Operating and interest expenses	
General and administrative	\$ 30,000
Interest	10,000
Depreciation	<u>30,000</u>
Total operating and interest expenses	<u>70,000</u>
Earnings before taxes	\$ 70,000
Taxes	<u>27,100</u>
Net income available to common stockholders	\$ 42,900
Cash dividends	<u>31,800</u>
Change in retained earnings	<u>\$ 11,100</u>

3-9. (*Measuring cash flows*) Prepare a statement of cash flows for Abrahams Manufacturing Company for the year ended December 31, 2010. Interpret your results.

Abrahams Manufacturing Company Balance Sheet for 12/31/2009 and 12/31/2010

	<b>2009</b>	<b>2010</b>
Cash	\$ 89,000	\$ 100,000
Accounts receivable	64,000	70,000
Inventory	112,000	100,000
Prepaid expenses	<u>10,000</u>	<u>10,000</u>
Total current assets	275,000	280,000
Gross plant and equipment	238,000	311,000
Accumulated depreciation	<u>(40,000)</u>	<u>(66,000)</u>
Total assets	\$ 473,000	\$ 525,000

  

Accounts payable	\$ 85,000	\$ 90,000
Accrued liabilities	<u>68,000</u>	<u>63,000</u>
Total current debt	153,000	153,000
Mortgage payable	70,000	0
Preferred stock	0	120,000
Common stock	205,000	205,000
Retained earnings	<u>45,000</u>	<u>47,000</u>
Total debt and equity	\$ 473,000	\$ 525,000