

## QUIZ REVIEW PROBLEMS

### Question #1

Compute the missing values of (a), (b), and (c) in the chart below. Show calculation steps. The first year of operations is 1993.

	1993
Assets:	
Cash	\$ 300
Accounts receivable	200
Inventory	500
Land	100
Property, plant, and equipment (net)	700
Liabilities and Stockholders' Equity:	
Accounts payable	200
Bonds payable	500
Contributed capital	(a)
Retained earnings	400
Sales	1,000
Expenses	(400)
Net Income	(b)
Dividends	(c)

**Question #2**

Construct the Cash Flow Statement for Company XYZ from the Balance Sheet and Income Statement attached.

COMPANY XYZ  
CONSOLIDATED BALANCE SHEET

As of December 31	1997	1996
<b>Assets</b>		
Current Assets:		
Cash	400	300
Accounts Receivable	60	90
Total Current Assets	460	390
Property, Plant, and Equipment	300	320
Less Cumulative Depreciation	(50)	(40)
Total Assets	710	670
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	100	200
Total Current Liabilities	100	200
Long Term Liabilities:		
Long Term Debt	30	100
Total Long Term Liabilities	30	100
Total Liabilities	130	300
<b>Shareholders' Equity</b>		
Paid-in Capital	90	70
Retained Earnings	490	300
Total Shareholders' Equity	580	370
Total Liabilities + Shareholders' Equity	710	670

COMPANY XYZ  
CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31, 1997

Sales Revenues	10,000
Less Cost of Sales	<u>(8,000)</u>
Gross Margin	2,000
Less Operating Expenses	<u>(1,600)</u>
Income before Taxes	400
Provision for Income Taxes	<u>(160)</u>
Net Income	240
Less Dividends Paid	<u>(50)</u>
Addition to Equity	190