

A FRAMEWORK FOR FINANCIAL ACCOUNTING

Brief Exercise 1-7 (LO 1-3)

1. b.
2. a.
3. d.
4. c.

Brief Exercise 1-8 (LO 1-3)

1. c.
2. a.
3. d.
4. b.

Exercise 1-13 (LO 1-3)

1.	Revenues	−	Expenses	=	Net Income		
	\$27,000	−	\$18,000	=	\$9,000		
2.	Change in stockholders' equity	=	Issue common stock	+	Net Income	−	Dividends
	\$17,000	=	\$11,000	+	\$12,000	−	\$X
	\$17,000	−	\$11,000	−	\$12,000	=	\$6,000
3.	Assets	=	Liabilities	+	Stockholders' equity		
	\$24,000	=	\$X	+	\$15,000		
	\$24,000	=	\$9,000	+	\$15,000		
4.	Total change in cash	=	Operating cash flows	+	Investing cash flows	+	Financing cash flows
	\$26,000	=	\$34,000	+	(\$17,000)	+	\$X
	\$26,000	−	\$34,000	−	(\$17,000)	=	\$9,000

Problem 1-4A (LO 1-3)

(Suggested order of calculation)

On the statement of stockholders' equity,

$$\$7,000 + (c) - \$3,000 = \$10,000$$

$$(c) = \mathbf{\$6,000}$$

From (c),

$$(b) = \mathbf{\$6,000}$$

From (b),

$$\$39,000 - (a) - \$6,000 - \$4,000 = \$6,000 (b)$$

$$(a) = \mathbf{\$23,000}$$

From the statement of stockholders' equity,

$$(e) = \mathbf{\$11,100}$$

$$(f) = \mathbf{\$10,000}$$

From total assets,

$$(g) = \mathbf{\$26,000}$$

From (e), (f), and (g),

$$(d) + \$11,100 (e) + \$10,000 (f) = \$26,000 (g)$$

$$(d) = \mathbf{\$4,900}$$