

Assets	Liabilities and Equity
a.	f.
b.	g.
c.	h.
d.	i.
e.	j.
Total assets	Total liabilities and equity

3. **Balance Sheet.** Construct a balance sheet for Sophie's Sofas given the following data. What is shareholders' equity? (LO3-1)  
 Cash balances = \$10,000  
 Inventory of sofas = \$200,000  
 Store and property = \$100,000  
 Accounts receivable = \$22,000  
 Accounts payable = \$17,000  
 Long-term debt = \$170,000
4. **Income Statement.** A firm's income statement included the following data. The firm's average tax rate was 20%. (LO3-1)  
 Cost of goods sold \$8,000  
 Income taxes paid \$2,000  
 Administrative expenses \$3,000  
 Interest expense \$1,000  
 Depreciation \$1,000
- What was the firm's net income?
  - What must have been the firm's revenues?
  - What was EBIT?
5. **Balance Sheet/Income Statement.** The year-end 2021 balance sheet of Brandex Inc. listed common stock and other paid-in capital at \$1,100,000 and retained earnings at \$3,400,000. The next year, retained earnings were listed at \$3,700,000. The firm's net income in 2022 was \$900,000. There were no stock repurchases during the year. What were the dividends paid by the firm in 2022? (LO3-1)
6. **Financial Statements.** South Sea Baubles has the following (incomplete) balance sheet and income statement. (LO3-1, LO3-4)

BALANCE SHEET AT END OF YEAR (Figures in \$ millions)					
Assets	2021	2022	Liabilities and Shareholders' Equity	2021	2022
Current assets	\$ 90	\$140	Current liabilities	\$ 50	\$ 60
Net fixed assets	800	900	Long-term debt	600	750

INCOME STATEMENT, 2022 (Figures in \$ millions)	
Revenue	\$1,950
Cost of goods sold	1,030
Depreciation	350
Interest expense	240

- What is shareholders' equity in 2021?
- What is shareholders' equity in 2022?
- What is net working capital in 2021?
- What is net working capital in 2022?
- What are taxes paid in 2022? Assume the firm pays taxes equal to 21% of taxable income.