**Exercises 2 3 5 8**

2. a. The following are users of financial statements.

\_\_\_\_external\_\_\_\_ Customers

\_\_\_\_external\_\_\_\_ Internal Revenue Service

\_\_\_\_external\_\_\_\_ Labor unions

\_\_\_\_internal\_\_\_\_ Marketing manager

\_\_\_\_internal\_\_\_\_ Production supervisor

\_\_\_\_external\_\_\_\_ Securities and Exchange Commission

\_\_\_\_internal\_\_\_\_ Store manager

\_\_\_\_external\_\_\_\_ Suppliers

\_\_\_\_internal\_\_\_\_ Vice president of finance

b. The following questions could be asked by an internal user or an external user.

\_\_\_\_internal\_\_\_\_ Can we afford to give our employees a pay raise?

\_\_\_\_external\_\_\_\_ Did the company earn a satisfactory income?

\_\_\_\_internal\_\_\_\_ Do we need to borrow in the near future?

\_\_\_\_external\_\_\_\_ How does the company's profitability compare to other companies?

\_\_\_\_internal\_\_\_\_ What does it cost us to manufacture each unit produced?

\_\_\_\_internal\_\_\_\_ Which product should we emphasize?

\_\_\_\_external\_\_\_\_ Will the company be able to pay its short-term debts?

3.

- The historical cost principle requires that assets be recorded and reported at their cost, since cost is an exact true measurement and can be verified. It would be unethical for angela duffy to instruct Jana to change the value amount in there documents. Even in here original statement she suggest deceit to there companies value from outsiders. This problem could also be amplified by internal problems where accountants or higher ups could look at that inflated value and make incorrect assumptions and choices based on that amount.

5. Diehl Cleaners has the following balance sheet items. Classify accounts as assets, liabilities, and owner's equity.

\_\_\_\_Asset\_\_\_\_ Accounts receivable

\_\_\_\_Liability\_\_\_\_ Accounts payable

\_\_\_\_Asset\_\_\_\_ Cash

\_\_\_\_Liability\_\_\_\_ Notes payable

\_\_\_\_Asset\_\_\_\_ Equipment

\_\_\_\_Liability\_\_\_\_ Salaries and wages payable

\_\_\_\_Asset\_\_\_\_ Supplies

\_\_\_\_Owner’s Equity\_\_\_\_ Owner's capital

8. a. Describe each transaction that occurred for the month.

1. First the Owner invested $15,000 cash in the business.

2. Then Purchased equipment for $5,000, paying $2,000 in cash and the balance of $3,000 on account.

3. Then Paid $750 cash for supplies.

4. Then Performed $8,500 of services, receiving $4,000 cash and $4,500 on account.

5. Then Paid $1,500 cash on accounts payable.

6. Then the Owner withdrew $2,000 cash for personal use.

7. Then Paid $560 cash for rent.

8. Then Collected $450 cash from customers on account.

9. Then Paid salaries and wages of $4,800.

10. And finally they Incurred $400 of utilities expense on account.

b. Determine how much owner's equity increased for the month.

($15,000 + $8,500 - $2,000 - $560 - $4,800 - $400 = `$15,740`)

c. Compute the amount of net income for the month.

($8,500 – ($560 + $4,800 + $400) = `$2,740`)

**Problem Set A 1 3 4**

1.

a. Prepare a tabular analysis of the transactions using the following column headings: Cash, Accounts Receivable, Supplies, Equipment, Accounts Payable, Owner's Capital, Owner's Drawings, Revenues, and Expenses.

See attached file Chapter 1 Assignment Problem Set A Questions

b. From an analysis of the owner's equity columns, compute the net income or net loss for April.

($10,000 – ($2,500 + $600 + $700) = `$6,200`)

3.

1. See attached file Chapter 1 Assignment Problem Set A Questions tab 3a
2. See attached file Chapter 1 Assignment Problem Set A Questions tab 3b

4.

1. See attached file Chapter 1 Assignment Problem Set A Questions tab 4a
2. See attached file Chapter 1 Assignment Problem Set A Questions tab 4b
3. See attached file Chapter 1 Assignment Problem Set A Questions tab 4c

Note: If you do not see the excel tabs in the document, please tell me. They should be labeled with the specific question ID.