

### Intro Handout

1. Indicate whether each account should appear on the Balance Sheet (B/S) Income Statement (I/S) or Neither (N)

a. Utility Expense	_____
b. Cost of Goods Sold	_____
c. Dividends Paid	_____
d. Notes Receivable	_____
e. Cash from Operations	_____
f. Operating Income	_____
g. Accumulated Depreciation	_____
h. Shareholder's Equity	_____
i. Prepaid Rent Expense	_____
j. Cash and Cash Equivalents	_____
k. Sales, General, and Administrative Expense	_____
l. Cash from Financing Activities	_____
m. Income Tax Payable	_____
n. Treasury Stock	_____
o. Interest Expense	_____
p. Interest Revenue	_____
q. Long-Term Debt	_____
r. Retained Earnings	_____

2. On January 1, 2015, Grant Corporation was incorporated. Grant had \$810,000 in assets, \$210,000 in liabilities, \$200,000 in common stock and \$360,000 in additional paid-in capital at year-end. Dividends of \$35,000 were paid during 2015.

a. What was the balance of owners' equity at December 31, 2015?

b. What was net income for 2015?

3. On January 1, 2014, Benton Corp. was capitalized with \$1,200,000 of stock and \$600,000 of debt. Revenue for the first year of business was \$187,500. Benton's assets were \$2,140,000 and its liabilities increased by \$200,000 during 2014. Dividends of \$16,000 were paid. How much were Benton's expenses in 2014?

4. Waverly Corporation's account balances as of June 30, 2014 follow:

Cash	6,000
Inventories	7,000
Building	26,000
Accumulated Depreciation	1,700
Accounts Payable	3,000
Notes Payable	2,000
Salaries Payable	?
Common Stock	12,000
Retained Earnings (not adjusted)	4,000
Dividends	2,000
Revenues	28,000
Salaries Expense	7,900
Depreciation Expense	700
Cost of Goods Sold	2,000

**Required:**

- Prepare an income statement and a balance sheet.
- What was the beginning balance in the inventory and accumulated depreciation accounts?

Note: This problem is a preview of what we will be doing in the next 2 weeks – don't worry if you can't solve it yet.