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 \_\_\_\_\_I\_\_\_\_\_\_\_\_\_ c. Dividends Paid \_\_\_\_\_\_\_\_\_\_\_\_\_\_ d. Notes Receivable \_\_\_\_\_\_B\_\_\_\_\_\_\_\_ e. Cash from Operations \_\_\_\_\_\_\_B\_\_\_\_\_\_\_ f. Operating Income \_\_\_\_\_\_\_\_\_\_\_\_\_\_ g. Accumulated Depreciation \_\_\_\_\_B\_\_\_\_\_\_\_\_\_ h. Shareholder’s Equity \_\_\_\_\_\_\_B\_\_\_\_\_\_\_ i. Prepaid Rent Expense \_\_\_B\_\_\_\_\_\_\_\_\_\_\_ j. Cash and Cash Equivalents \_\_\_\_\_\_B\_\_\_\_\_\_\_\_ k. Sales, General, and Administrative Expense \_\_\_\_\_\_N\_\_\_\_\_\_\_\_ l. Cash from Financing Activities \_\_\_\_\_N\_\_\_\_\_\_\_\_\_ m. Income Tax Payable \_\_\_\_\_\_\_\_\_\_\_\_\_\_ n. Treasury Stock \_\_\_\_\_\_\_\_\_N\_\_\_\_\_ o. Interest Expense \_\_\_\_\_I\_\_\_\_\_\_\_\_\_ p. Interest Revenue \_\_\_\_\_I\_\_\_\_\_\_\_\_\_ q. Long-Term Debt \_\_\_\_\_\_\_\_\_\_\_\_\_\_ r. Retained Earnings \_\_\_\_\_\_\_B\_\_\_\_\_\_\_

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?

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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 it liabilities increased by $200,000 during 2014. Dividends of $16,000 were paid. How much were Benton’s expenses in 2014?

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

Required: a) Prepare an income statement and a balance sheet. b) 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.