

**E1-3.**

<u>L</u> (1) Bank loans	<u>A</u> (10) Machinery and equipment
<u>E</u> (2) Selling, marketing and administrative expenses	<u>R</u> (11) Net product sales
<u>L</u> (3) Accounts payable	<u>A</u> (12) Inventories
<u>L</u> (4) Dividends payable	<u>A</u> (13) Trademarks
<u>SE</u> (5) Retained earnings	<u>A</u> (14) Buildings
<u>A</u> (6) Cash and cash equivalents	<u>A</u> (15) Land
<u>A</u> (7) Accounts receivable	<u>L</u> (16) Income taxes payable
<u>E</u> (8) Provision for income taxes*	<u>E</u> (17) Rental and royalty costs
<u>E</u> (9) Product cost of goods sold	<u>A</u> (18) Investments (in other companies)

\*Note that "Provision for income taxes" is a common synonym for "Income tax expense."

**E1-4.**

Honda Motor Corporation  
Balance Sheet  
As of March 31, Current Year  
(in billions of Yen)

**Assets**

Cash and cash equivalents	¥ 2,106
Trade accounts, notes, and other receivables	3,085
Inventories	1,364
Investments	597
Net property, plant and equipment	3,200
Other assets	<u>8,606</u>
Total assets	<u>¥18,958</u>

**Liabilities**

Accounts payable and other current liabilities	¥ 5,429
Long-term debt	4,022
Other liabilities	<u>1,938</u>
Total liabilities	<u>11,389</u>

**Stockholders' Equity**

Common stock	231
Retained earnings	<u>7,338</u>
Total stockholders' equity	<u>7,569</u>
Total liabilities and stockholders' equity	<u>¥18,958</u>

**E1-7.**

SYSCO CORP.  
Income Statement  
For the Year ended June 30, Current Year  
(in millions)

Revenues:		
Sales	\$55,371	
Other revenues	<u>16</u>	
Total revenues		\$55,387
Expenses:		
Cost of sales	44,814	
Selling, general and administration expense	8,504	
Interest expense	<u>303</u>	
Total expenses		<u>53,621</u>
Earnings before income taxes		1,766
Income taxes		<u>623</u>
Net earnings		<u>\$1,143</u>

\*Note that "Provision for income taxes" and "Income tax expense" are common synonyms for "Income taxes."

**E1-8.**

NEIGHBORHOOD REALTY, INCORPORATED  
Income Statement  
For the Year Ended December 31, Current Year

Revenues	
Commissions earned (\$150,900+\$16,800)	\$167,700
Rental service fees	<u>20,000</u>
Total revenues	\$187,700
Expenses	
Salaries expense	62,740
Commission expense	35,330
Payroll tax expense	2,500
Rent expense (\$2,475+\$225)*	2,700
Utilities expense	1,600
Promotion and advertising expense	7,750
Miscellaneous expenses	<u>500</u>
Total expenses (excluding income taxes)	<u>113,120</u>
Pretax income	74,580
Income tax expense	<u>24,400</u>
Net Income	<u>\$50,180</u>

\*\$2,475 has been paid for 11 months (\$225 per month) plus \$225 owed for December.

**E1-9.**

Net Income (or Loss) = Revenues - Expenses

Assets = Liabilities + Stockholders' Equity

A Net Income = \$93,500 - \$75,940 = \$17,560;  
 Stockholders' Equity = \$140,200 - \$56,500 = \$83,700.

B Total Revenues = \$75,834 + \$14,740 = \$90,574;  
 Total Liabilities = \$107,880 - \$77,500 = \$30,380.

C Net Loss = \$68,120 - \$76,430 = (\$8,310);  
 Stockholders' Equity = \$98,200 - \$69,850 = \$28,350.

D Total Expenses = \$55,804 - \$21,770 = \$34,034;  
 Total Assets = \$20,300 + \$78,680 = \$98,980.

E Net Income = \$84,840 - \$75,320 = \$9,520;  
 Total Assets = \$25,520 + \$80,000 = \$105,520.

**E1-12.****ANALYTICS CORPORATION****Income Statement**

For the Year Ended December 31, Current Year

Total revenues	\$299,000
Less: Total expenses (excluding income tax)	<u>184,000</u>
Pretax income	115,000
Less: Income tax expense	<u>34,500</u>
Net income	<u>\$ 80,500</u>

**ANALYTICS CORPORATION****Balance Sheet**

At December 31, Current Year

**Assets**

Cash	\$70,150
Receivables from customers	34,500
Merchandise inventory	<u>96,600</u>
Total assets	<u>\$201,250</u>

**Liabilities**

Payables to suppliers	\$26,450
Income taxes payable	<u>34,500</u>
Total liabilities	60,950

**Stockholders' equity**

Common stock	59,800
Retained earnings ( <i>from income statement above</i> )	<u>80,500</u>
Total stockholders' equity	<u>140,300</u>
Total liabilities and stockholders' equity	<u>\$201,250</u>