

FA Module 6: Articulation of income statement, balance sheet, cash flow statement – homework assignment

(The attached PDF file has better formatting.)

Homework assignment: Forming the cash flow statement: income vs cash flows

The homework assignment for this module is patterned on the ACME Corporation example in the textbook and the practice problems on the discussion forum. The final exam problems test pieces of this exercise.

A firm's income statement and balance sheets show the following entries:

	<i>Calendar Year 20X1</i>	<i>Calendar Year 20X2</i>
Net revenue	270	275
Cost of goods sold	145	150
Wage expense	37	40
Depreciation expense	12	15
Other operating expenses	28	30
Gain (loss) on sale of equipment	-8	5
Interest expense	4	4
Tax expense	10	12

	<i>December 31, 20X1</i>	<i>December 31, 20X2</i>
Cash and marketable securities	20	?
Accounts receivable	10	12
Inventory	33	40
Prepaid expenses	2	1
Land	15	15
Buildings	30	30
Equipment	84	87
Accumulated depreciation	30	35
Accounts payable	32	35
Wages payable	4	6
Interest payable	6	4
Taxes payable	4	5
Other accrued liabilities	10	12
Long-term debt	36	31
Common stock + additional paid-in capital	44	38
Retained earnings	30	40

The questions below refer to 20X2 income statement items and the change from 12/31/20X1 to 12/31/20X2 for balance sheet items.

- A. What is the change in accounts receivable?
- B. What is the cash received from customers?
- C. What is the change in inventory?
- D. What are the purchases from suppliers?
- E. What is the change in accounts payable?
- F. What is the cash paid to suppliers?
- G. What is the change in wages payable?
- H. What are the cash paid to employees?
- I. What is the change in interest payable?
- J. What is the cash interest paid?
- K. What is the change in taxes payable?
- L. What is are the taxes paid?
- M. What is the change in the accrued liability for other operating expenses?
- N. What is the change in prepaid expenses?
- O. What is the cash paid for other operating expenses?
- P. What is the gross profit?
- Q. What are total operating expenses?
- R. What is the operating profit (operating income)?
- S. What is pre-tax income?
- T. What is net income?
- U. What is the change in retained earnings?
- V. What are shareholder dividends?