Chapter 3 HW

1. For the above precision tool example, work out the cash flow statement
2. Firm AAA just showed how it operated in the prior year.

Sales = $2,000; Cost of Goods Sold = $1,000; Depreciation Expense = $200; Administrative Expenses = $180; Interest Expense = $30; Marketing Expenses = $50; and Taxes = $200. Prepare income statement

1. A firm has $2000 in current assets, $3000 in fixed assets, $300 in accounts receivables, $300 accounts payable, and $800 in cash. What is the amount of the inventory? (hint: 900)
2. A firm has net working capital of $1000. Long-term debt is $5000, total assets are $8000, and fixed assets are $5000. What is the amount of the total equity? (Hint: to find total equity, you need to calculate total debt, which is a sum of long term debt and short term debt. Short term can be found from new working capital.) (hint: 1000)
3. Andre's Bakery has sales of $100,000 with costs of $50,000. Interest expense is $20,000 and depreciation is $10,000. The tax rate is 35 percent. What is the amount of tax paid? (hint: 7000)(hint: tax = taxable income \* tax rate and taxable income = EBT)
4. Andre's Bakery has sales of $100,000 with costs of $50,000. Interest expense is $20,000 and depreciation is $10,000. The tax rate is 35 percent. The company also paid $3,000 for dividend. What is the retained earning?  (hint: retained earning = net income - dividend)(hint: 10,000)