M1–1.

		Element	Financial Statement
B	(1)	Expenses	A. Balance sheet
D	(2)	Cash flow from investing activities	B. Income statement
A	(3)	Assets	C. Statement of retained earnings
C*	(4)	Dividends	D. Statement of cash flows
B	(5)	Revenues	
D	(6)	Cash flow from operating activities	
A	(7)	Liabilities	
D	(8)	Cash flow from financing activities	

*Dividends paid in cash are also subtracted in the Financing section of the Statement of Cash Flows

M1–2.

SE (1) Retained earnings
A (2) Accounts receivable
R (3) Sales revenue
A (4) Property, plant, and equipment
E (5) Cost of goods sold expense
A (6) Inventories
E (7) Interest expense
L (8) Accounts payable
A (9) Land

E1–2.

A (1) Accounts receivable
A (2) Cash and cash equivalents
R (3) Net sales
L (4) Notes payable
L (5) Taxes payable
SE (6) Retained earnings
E (7) Cost of products sold
E (8) Marketing, administrative, and other operating expenses
E (9) Income taxes
L (10) Accounts payable
A (11) Land
A (12) Property, plant, and equipment
L (13) Long-term debt
A (14) Inventories
E (15) Interest expense

E1–3.

L	(1) Notes payable to banks	A	(10) Machinery and equipment
E	(2) General and administrative	R	(11) Net sales
L	(3) Accounts payable	A	(12) Inventories
L	(4) Dividends payable	E	(13) Marketing, selling, and advertising
SE	(5) Retained earnings	A	(14) Buildings
A	(6) Cash and cash equivalents	A	(15) Land
A	(7) Accounts receivable	L	(16) Income taxes payable
E	(8) Provision for income taxes*	E	(17) Distribution and warehousing costs
E	(9) Cost of goods sold	A	(18) Investments (in other companies)

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

E1–4.

Honda Motor Corporation
Statement of Financial Position
As of March 31, 2009
(in billions of Yen)

Assets	
Cash and cash equivalents	¥ 690
Trade accounts, notes, and other receivables	854
Inventories	1,244
Investments	639
Net property, plant and equipment	2,148
Other assets	6,244
Total assets	¥11,819
Liabilities	
Accounts payable and other current liabilities	¥ 4,237
Long-term debt	1,933
Other liabilities	1,519
Total liabilities	7,689
Stockholders' Equity	
Contributed capital	259
Retained earnings	3,871
Total stockholders' equity	4,130
Total liabilities and stockholders' equity	¥11,819

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

E1–9.

Net Income (or Loss) = Revenues - Expenses
Assets = Liabilities + Stockholders' Equity

A Net Income = $73,590 - $54,820 = $18,770;
Stockholders' Equity = $163,760 - $89,130 = $74,630.

B Total Revenues = $67,730 + $11,440 = $79,170;
Total Liabilities = $123,380 - $74,310 = $49,070.

C Net Loss = $64,260 - $80,940 = ($16,680);
Stockholders' Equity = $105,580 - $83,280 = $22,300.

D Total Expenses = $97,140 - $33,470 = $63,670;
Total Assets = $22,190 + $86,740 = $108,930.

E Net Income = $57,780 - $49,990 = $7,790;
Total Assets = $37,980 + $84,130 = $122,110.

E1–11.

HENSHELWOOD LIMITED
Statement of Income
For the Month of January 2013
(or For the Month Ended January 31, 2013)

Total revenues	$448,500
Less: Total expenses (excluding income tax)	283,500
Pretax income	165,000
Less: Income tax expense	51,750
Net income	$113,250

HENSHELWOOD LIMITED
Statement of Financial Position
~~Balance Sheet~~
At January 31, 2013

Assets	
Cash	$ 97,725
Receivables from customers	51,750
Merchandise inventory	144,900
Total assets	$294,375
Liabilities	
Payables to suppliers	$39,675
Income taxes payable	51,750
Total liabilities	91,425
Stockholders' Equity	
Contributed capital	89,700
Retained earnings	113,250
Total stockholders' equity	202,950
Total liabilities and stockholders' equity	$294,375

Note: Must write correct headings.