**date: 07/11/2018**

EXERCISE 1

Using dollar amounts, Tootsie Roll’s accounting equation is:

Assets=Liabilities+Stockholders’ Equity

Replacing words in the equation with dollar amounts what is Tootsie Roll’s accounting equation at December 31, 2011?



EXERCISE 2

During 2014, Dannon Corp. entered into the following transactions:

1. Borrowed $60,000 by issuing bonds
2. Paid $9,000 cash dividend to stockholders
3. Received $ 13,000 cash from a previously billed customer for services performed
4. Purchased supplies on account for $3,100

Using the following tabular analysis show the effect of each transaction on the accounting equation. Put explanations for changes to Stockholders’ Equity in the right-hand margin.

For Retained Earnings use separate columns for Revenues, Expenses and Dividends if necessary,

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Assets | | | | | = | Liabilities | | | + | Stockholders’ Equity | | |  |
|  | Cash | + | Accounts Receivable | + | Supplies | = | Accounts Payable | + | Bonds  Payable | + | Common Stock | + | Retained  Earnings |  |
| (1) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (2) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (3) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (4) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

EXERCISE 3

During 2014, Comstock Company. entered into the following transactions:

1. Purchased equipment for $286,176 cash
2. Issued common stock to investors for $137,590 cash
3. Purchased inventories of $68,480 on account

Using the following tabular analysis show the effect of each transaction on the accounting equation. Put explanations for changes to Stockholders’ Equity in the right-hand margin.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Assets | | | | | = | Liabilities | + | Stockholders’ Equity | | |  | |
|  | Cash | + | Inventory | + | Equipment | = | Accounts Payable | + | Common  Stock | + | Retained  Earnings | |  |  |
| (1) |  |  |  |  |  |  |  |  |  |  |  | |  |  |
| (2) |  |  |  |  |  |  |  |  |  |  |  | |  |  |
| (3) |  |  |  |  |  |  |  |  |  |  |  | |  |  |