**Problem 1: Solution**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Major Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction in progress</td>
<td>Property and equipment</td>
</tr>
<tr>
<td>Cash advance to affiliated co.</td>
<td>Noncurrent receivable</td>
</tr>
<tr>
<td>Petty cash</td>
<td>Current assets</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>Current assets</td>
</tr>
<tr>
<td>Building</td>
<td>Property and equipment</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>Other assets</td>
</tr>
<tr>
<td>Notes receivable--long-term</td>
<td>Noncurrent receivable</td>
</tr>
<tr>
<td>Office supplies</td>
<td>Current assets</td>
</tr>
<tr>
<td>Land</td>
<td>Property and equipment</td>
</tr>
<tr>
<td>Unamortized franchise costs</td>
<td>Other assets</td>
</tr>
<tr>
<td>Organizational costs</td>
<td>Current assets</td>
</tr>
<tr>
<td>Food inventory</td>
<td>Current assets</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>Current assets</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Property and equipment</td>
</tr>
</tbody>
</table>

**Problem 2: Solution**

**Daytime Café**  
**Balance Sheet**  
**December 31, 20X6**

**ASSETS**  

**Current Assets:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$15,000</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>6,000</td>
</tr>
<tr>
<td>Inventories</td>
<td>30,000</td>
</tr>
<tr>
<td>Prepaid Insurance</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>61,000</strong></td>
</tr>
</tbody>
</table>

**Property and Equipment:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>600,000</td>
</tr>
<tr>
<td>Buildings</td>
<td>600,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation</strong></td>
<td><strong>(100,000)</strong></td>
</tr>
<tr>
<td><strong>Net Property and Equipment</strong></td>
<td><strong>1,400,000</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,461,000</strong></td>
</tr>
</tbody>
</table>
Problem 2: Solution (continued)

LIABILITIES AND OWNERS' EQUITY

Current Liabilities:
- Accounts Payable $12,000
- Wages Payable 15,000
- Mortgage Payable--current 50,000
- Taxes Payable 7,000
  Total Current Liabilities 84,000

Long-Term Liabilities:
- Mortgage Payable--long-term 800,000
  Total Long-Term Liabilities 800,000

Total Liabilities 884,000

Owners' Equity:
- G. Day, Capital 577,000
  Total Owners' Equity 577,000

Total Liabilities and Owners' Equity $1,461,000

Problem 3: Solution

1. Retained Earnings decreases by $50,000. Dividends Payable increases $50,000.
2. Cash increases $10,000. Accounts Receivable decreases $10,000.
3. Equipment increases $30,000. Cash decreases $5,000. Notes Payable increases $25,000.
4. Cash increases $20,000. Inventory decreases. Retained Earnings increases.
5. Food Inventory increases $2,000. Accounts Payable increases $2,000.
6. Cash decreases $10,000. Wages Payable decreases $10,000.
7. Supplies (inventory) increases $2,000. Accounts Payable increases $2,000.
8. Cash decreases $20,000. Treasury Stock increases $20,000. Common Stock decreases $10,000.
10. Cash decreases $1,000. Accounts Payable decreases $1,000.
Problem 4: Solution

OWNERS' EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Cumulative Preferred Stock, $1 par value, authorized 50,000 shares; issued and outstanding 10,000 shares</td>
<td>$500,000 (1)</td>
<td></td>
</tr>
<tr>
<td>Common Stock, $1 par value, authorized 100,000 shares; issued and outstanding 20,000 shares</td>
<td>$500,000 (2)</td>
<td></td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>175,000 (3)</td>
<td></td>
</tr>
<tr>
<td>Total Owners' Equity</td>
<td>$1,175,000</td>
<td></td>
</tr>
</tbody>
</table>

(1) 10,000 shares × $50 per share = $500,000
(2) 20,000 shares × $25 per share = $500,000
(3) Dividends declared:
   $500,000 × 5% = $25,000
Net income - dividends declared = retained earnings
   $200,000 - $25,000 = $175,000
Problem 5: Solution

Damitio Inn
Balance Sheet for year ended
December 31, 20X3

Assets

Current Assets
Cash $ 10,000
Accounts Receivable 150,000
Allowance for Doubtful Accts. (10,000)
Food Inventory 50,000
Prepaid Insurance 12,000
Total Current Assets $212,000

Noncurrent Receivables
Investments 100,000

Property and Equipment
Land 300,000
Building 14,000,000
Equipment 800,000
Less: Accumulated depr.
Accumulated depr.—Building (2,500,000)
Accumulated depr.—Equipment (200,000)
Total Property and Equipment 12,400,000

Other Assets
Deferred Income Taxes 50,000
Organization Costs 50,000
Total Other Assets 100,000
Total Assets $12,812,000

Liabilities

Current Liabilities
Accounts Payable 50,000
Wages Payable 20,000
Income Taxes Payable 30,000
Current Matur. of Long Term Debt 80,000
Total Current Liabilities 180,000

Long Term Debt
Net of current maturities 9,920,000

Other Long Term Liabilities
Deferred Income Taxes 150,000
Total Liabilities $10,250,000

Owners' Equity
Common Stock 500,000
Paid-in Capital in
Excess of Par 1,000,000
Retained Earnings 1,062,000
Total Owners' Equity 2,562,000

Total Liabilities and Equity $12,812,000
Problem 6: Solution

Red Mountain Motel
Common-Size Balance Sheet
December 31, 20X1

ASSETS
Current Assets:
- Cash $12,500 1.4%
- Accounts Receivable 15,000 1.7%
- Cleaning Supplies 2,500 0.3%
  Total Current Assets 30,000 3.4%

Property and Equipment:
- Land 120,000 13.7%
- Building 800,000 91.4%
- Furnishings and Equipment 50,000 5.7%
  Less: Accumulated Depreciation (125,000) (14.3%
  Net Property and Equipment 845,000 96.6%

Total Assets $875,000 100.0%

LIABILITIES AND OWNERS' EQUITY
Current Liabilities:
- Notes Payable $23,700 2.7%
- Accounts Payable 8,000 0.9%
- Wages Payable 300 0.1%
  Total Current Liabilities 32,000 3.7%

Long-Term Liabilities:
- Mortgage Payable 420,000 48.0%
  Total Liabilities 452,000 51.7%

Owners' Equity:
- R. Mountain, Capital at January 1, 20X1 384,500 43.9%
- Net Income for 20X1 38,500 4.4%
- R. Mountain, Capital at December 31, 20X1 423,000 48.3%

Total Liabilities and Owners' Equity $875,000 100.0%

Problem 7: Solution

1. Accounts Receivable $100,000
   Less: Allowance for Doubtful Accounts (3,000)
   Beverage Inventory 15,000
   Cash 15,000
   Food Inventory 25,000
   Prepaid Insurance 6,000
   Notes Receivable 35,000
   Short-Term Investments 50,000
   Total Current Assets $243,000
**Problem 7: Solution** (continued)

2. **Accounts Payable** $30,000
   - **Accrued Expenses** $15,000
   - **Advanced Deposits** $12,000
   - **Current Maturities--LTD** $40,000
   - **Income Taxes Payable** $4,000
   - **Notes Payable** $25,000
   **Total Current Liabilities** $126,000

3. **Current Assets - Current Liabilities = Net Working Capital**
   $243,000 - $126,000 = $117,000

4. **Current Assets / Current Liabilities = Current Ratio**
   $243,000 / $126,000 = 1.93 times

**Problem 8: Solution**

1. **(Cost - Salvage Value) / Life = Straight-Line Depreciation Expense per Year**
   \[
   \frac{($2,000,000 - 0)}{5} = $400,000
   \]
   \[
   1 / \text{Life} = \text{Annual Depreciation Rate}
   \]
   \[
   1 / 5 = .2
   \]

2. **Net Book Value \times 2 \text{ (Straight-Line Rate)} = Double Declining Depreciation Expense**
   \[
   $2,000,000 \times 2(0.2) = $800,000
   \]

3. **Income Tax Expense $120,000**
   **Deferred Income Taxes $120,000**
   **(1)**
   \[
   \]
   \[
   (1) \quad $800,000 - $400,000 = $400,000
   \]
   \[
   \text{$400,000 \times 30\% = $120,000}
   \]
Problem 9: Solution

Spartan Inn
Balance Sheet
December 31, 20X4

Assets

Current Assets
Cash $  5,000
 Marketable securities 25,000
 Accounts receivable 80,000
 Inventories 15,000
 Prepaid expenses 8,000
 Total Current Assets $133,000

Property and Equipment
Land 80,000
Building 500,000
Furnishings and equipment 200,000
Less: Accumulated depreciation 150,000
Net property and equipment 630,000

Other Assets
Other—franchise fees 15,000
Total Assets $778,000

Liabilities and Owner's Equity

Current Liabilities
Accounts payable $ 20,000
Income taxes payable 10,000
Accrued expenses 10,000
Total Current Liabilities 40,000

Long-Term Debt
Bonds payable 300,000
Deferred Income Taxes 20,000

Owner's Equity
Jerry Spartan, Capital (12/31/X4) $418,000
Total Liabilities and Owner's Equity $778,000

Problem 10: Solution

Singh Park Hotel
Statement of Retained Earnings
For the year ended December 31 20X2

Retained Earnings, Jan. 1, 20X2 $300,000
Net Income for 20X2 280,000
Dividends declared during 20X2 (230,000)
Retained Earnings, Dec. 31, 20X2 $350,000
Problem 11: Solution

KRS, Inc.
Comparative Balance Sheets
December 31, 20X2 and 20X1

<table>
<thead>
<tr>
<th>Change from 20X1 to 20X2</th>
<th>20X2</th>
<th>20X1</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 20,768</td>
<td>$ 16,634</td>
<td>$ 4,134</td>
<td>24.85%</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>10,496</td>
<td>10,396</td>
<td>100</td>
<td>0.96</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>11,618</td>
<td>16,105</td>
<td>(4,487)</td>
<td>-27.86</td>
</tr>
<tr>
<td>Inventories</td>
<td>18,554</td>
<td>14,554</td>
<td>4,000</td>
<td>27.48</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>3,874</td>
<td>4,158</td>
<td>(284)</td>
<td>-6.83</td>
</tr>
<tr>
<td>Total</td>
<td>65,310</td>
<td>61,847</td>
<td>3,463</td>
<td>5.60</td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td>116,435</td>
<td>116,435</td>
<td>0-</td>
<td>0.00</td>
</tr>
<tr>
<td>Land</td>
<td>1,007,090</td>
<td>1,007,090</td>
<td>0-</td>
<td>0.00</td>
</tr>
<tr>
<td>Operating Equipment</td>
<td>284,934</td>
<td>269,255</td>
<td>15,679</td>
<td>5.82</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(537,849)</td>
<td>(453,263)</td>
<td>(84,586)</td>
<td>18.66</td>
</tr>
<tr>
<td>Total</td>
<td>870,610</td>
<td>939,517</td>
<td>(68,907)</td>
<td>-7.33</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 935,920</td>
<td>$ 1,001,364</td>
<td>$(65,444)</td>
<td>-6.54%</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$ 12,945</td>
<td>$ 13,265</td>
<td>$ (320)</td>
<td>-2.41%</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,039</td>
<td>2,047</td>
<td>(1,008)</td>
<td>-49.24</td>
</tr>
<tr>
<td>Current Portion of Long-Term Debt</td>
<td>20,060</td>
<td>20,407</td>
<td>(347)</td>
<td>-1.70</td>
</tr>
<tr>
<td>Total</td>
<td>34,044</td>
<td>35,719</td>
<td>(1,675)</td>
<td>-4.69</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>533,369</td>
<td>553,429</td>
<td>(20,060)</td>
<td>-3.62</td>
</tr>
<tr>
<td>Deferred Income Taxes</td>
<td>7,927</td>
<td>8,163</td>
<td>(236)</td>
<td>-2.89</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>575,340</td>
<td>597,311</td>
<td>(21,971)</td>
<td>-3.68</td>
</tr>
<tr>
<td><strong>Owners' Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>211,200</td>
<td>211,200</td>
<td>0-</td>
<td>0.00</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>149,380</td>
<td>192,853</td>
<td>(43,473)</td>
<td>-22.54</td>
</tr>
<tr>
<td>Total Owners' Equity</td>
<td>360,580</td>
<td>404,053</td>
<td>(43,473)</td>
<td>-10.76</td>
</tr>
<tr>
<td><strong>Total Liabilities and Owners' Equity</strong></td>
<td>$ 935,920</td>
<td>$ 1,001,364</td>
<td>$(65,444)</td>
<td>-6.54%</td>
</tr>
</tbody>
</table>
**Problem 12: Solution**

1. $51,000
2. $30,500
3. $30,500 - $51,000 = ($20,500)
4. $8,000
5. $8,000
6. $325,000 - $64,000 = $261,000
7. $8,000 + $80,500 = $88,500

**Problem 13: Solution**

1. There is not enough information to determine this.
2. Current Assets = Cash + Receivables $136,500
   $136,500 - ($18,000 + $25,000 + $5,000) = $88,500
4. Beginning Accounts Payable is $18,000. Ending A/P is $21,000. Therefore, cash increases by: $3,000
5. Net book value = Equipment - Depreciation
   $925,000 - $64,000 = $861,000
6. Net Earnings = Change in RE + Dividends payable
   $27,000 + $6,000 = $33,000
7. Change in common stock $5,000
   Change in paid-in capital $25,000
   ($20,000 + $5,000)/10,000 $2.50/share
8. Note payable beginning X2 $675,000
   Note payable X2 (reclassified to current) 42,000
   Note payable ending X2 690,000
   $675,000 - $42,000 = $633,000
   $633,000 + new LTD = $690,000
   New long-term debt = $690,000 - $633,000 = $57,000
9. Gain on sale = selling price - NBV
   $12,000 - $10,000 = $2,000
10. Equipment beginning X2 $800,000
    Equipment ending X2 925,000
    Cost of equipment sold during 20X2 25,000
    New purchases = $925,000 - ($800,000 - $25,000) = $150,000
11. Depreciation Expense in X2 = change in Depr. for X2
    Accumulated depreciation beginning X2 $20,000
    Accumulated depreciation ending X2 64,000
    Written off depreciation 15,000
    Depreciation Expense X2 = $59,000
**Problem 14: Solution**

1. Current assets = current liabilities × current ratio
   \[= 1.2 \times \$105,380\]
   \[= \$126,456\]

2. Cash + Inventory + Accounts Receivable = Current Assets
   \[= \$49,765 + \$36,072 + \$15,491 + \text{Accounts Receivable} = \$126,456\]
   Accounts Receivable = \$126,456 - (\$49,765 + \$36,072 + \$15,491)
   \[= \$25,128\]

3. \(0.3 \times \text{Total assets} = \text{current assets}\)
   \[0.3 \times \text{Total assets} = \$126,456\]
   Total assets = \$126,456 ÷ 0.3 = \$421,520

4. Owners' Equity = Assets - Current Liabilities - Long-Term Debt
   \[= \$421,520 - \$105,380 - \$60,000\]
   \[= \$256,140\]

**Problem 15: Solution**

1. -$2,000
2. $20,000
3. $140,000
4. $180,000
5. $5,000
6. $18,700
7. $11,700
8. $8,700
**Problem 16: Solution**

Lancer's Balance Sheet  
December 31, 20X3

### Assets

**Current Assets:**
- Cash $5,000
- Marketable securities 10,000
- Accounts receivable (net) 90,000
- Food inventory 15,000
- Prepaid expenses 9,000

**Total current assets** 129,000

**Investments** 50,000

**Property and Equipment**
- Land 80,000
- Building 420,000
- Equipment 100,000
- Less Accumulated depreciation (141,000)

**Net property and equipment** 459,000

**Total Assets** $638,000

### Liabilities and Owners' Equity

**Current Liabilities:**
- Accounts payable $15,000
- Income taxes payable 20,000
- Current maturities of long-term debt 50,000
- Dividends payable 10,000
- Accrued expenses 25,000

**Total current liabilities** 120,000

**Long-term debt** 250,000

**Owners' Equity:**
- Capital stock 89,000
- Paid-in capital in excess of par 68,000
- Retained earnings 111,000

**Total Owners’ Equity** 268,000

**Total Liabilities and Owners' Equity** $638,000
## Problem 17: Solution

### Martin's Motel

<table>
<thead>
<tr>
<th></th>
<th>20X1</th>
<th>20X2</th>
<th>Differences</th>
<th>Dec. 31, 20X2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>House Bank</td>
<td>$50</td>
<td>$40</td>
<td>$(10)</td>
<td>.4%</td>
</tr>
<tr>
<td>Demand Deposit</td>
<td>60</td>
<td>60</td>
<td>0</td>
<td>.6</td>
</tr>
<tr>
<td>Total Cash</td>
<td>110</td>
<td>100</td>
<td>(10)</td>
<td>1.0</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1,241</td>
<td>1,400</td>
<td>159</td>
<td>14.0</td>
</tr>
<tr>
<td>Inventories</td>
<td>68</td>
<td>120</td>
<td>52</td>
<td>1.2</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,419</td>
<td>1,620</td>
<td>201</td>
<td>16.2</td>
</tr>
<tr>
<td>Investments</td>
<td>175</td>
<td>200</td>
<td>25</td>
<td>2.0</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>957</td>
<td>1,030</td>
<td>73</td>
<td>10.3</td>
</tr>
<tr>
<td>Building</td>
<td>4,350</td>
<td>4,600</td>
<td>250</td>
<td>46.0</td>
</tr>
<tr>
<td>Furniture</td>
<td>2,575</td>
<td>2,500</td>
<td>(75)</td>
<td>25.0</td>
</tr>
<tr>
<td>Other Assets</td>
<td>49</td>
<td>50</td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$9,525</td>
<td>$10,000</td>
<td>$475</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Key: Notice that the demand deposit of $60 is .6% of total assets; therefore, total assets equals $10,000.

## Problem 18: Solution

### Gordon Lodge

**Balance Sheet**

December 31, 20X1 and 20X2

<table>
<thead>
<tr>
<th></th>
<th>20X1</th>
<th>20X2</th>
<th>Difference</th>
<th>Dec. 31, 20X2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>$5,000</td>
<td>$500</td>
<td>$(4,500)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>7,000</td>
<td>8,000</td>
<td>1,000</td>
<td>1.4</td>
</tr>
<tr>
<td>Taxes Payable</td>
<td>3,000</td>
<td>3,500</td>
<td>500</td>
<td>0.6</td>
</tr>
<tr>
<td>Wages Payable</td>
<td>5,000</td>
<td>6,000</td>
<td>1,000</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>20,000</td>
<td>18,000</td>
<td>(2,000)</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>LTD:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage Payable</td>
<td>$200,000</td>
<td>$180,000</td>
<td>$(20,000)</td>
<td>40.0%</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>80,000</td>
<td>80,000</td>
<td></td>
<td>16.0</td>
</tr>
<tr>
<td>Total</td>
<td>280,000</td>
<td>260,000</td>
<td>(20,000)</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Owners’ Equity:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>$150,000</td>
<td>$160,000</td>
<td>$10,000</td>
<td>30.0%</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>60,000</td>
<td>80,000</td>
<td>20,000</td>
<td>12.0</td>
</tr>
<tr>
<td>Treasury Stock</td>
<td>(10,000)</td>
<td>(10,000)</td>
<td>0</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Total</td>
<td>200,000</td>
<td>230,000</td>
<td>30,000</td>
<td>40.0</td>
</tr>
<tr>
<td><strong>Total Liabilities and Owners’ Equity</strong></td>
<td>$500,000</td>
<td>$508,000</td>
<td>$8,000</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Problem 19: Solution

**Longstreth Lodge**  
**Balance Sheet**  
**December 31, 20X1 and 20X2**

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th>Percentage Difference</th>
<th>Common-Size 12/31/X2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20X1</td>
<td>20X2</td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$800</td>
<td>$1,000</td>
<td>25.0% 0.2%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>30,000</td>
<td>27,500</td>
<td>-8.3% 5.0%</td>
</tr>
<tr>
<td>Inventories</td>
<td>500</td>
<td>550</td>
<td>10.0% 0.1%</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>5,000</td>
<td>5,500</td>
<td>10.0% 1.0%</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>36,300</td>
<td>34,550</td>
<td>-4.8% 6.3%</td>
</tr>
<tr>
<td><strong>Property &amp; Equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>100,000</td>
<td>100,000</td>
<td>0.0% 18.2%</td>
</tr>
<tr>
<td>Building</td>
<td>400,000</td>
<td>400,000</td>
<td>0.0% 72.7%</td>
</tr>
<tr>
<td>Equipment</td>
<td>55,000</td>
<td>55,000</td>
<td>0.0% 10.0%</td>
</tr>
<tr>
<td>Accumulated Depr.</td>
<td>(35,000)</td>
<td>(44,000)</td>
<td>25.7% -8.0%</td>
</tr>
<tr>
<td><strong>Net Property &amp; Eq.</strong></td>
<td>520,000</td>
<td>511,000</td>
<td>-1.7% 92.9%</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>5,700</td>
<td>4,450</td>
<td>-21.9% 0.8%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$562,000</td>
<td>$550,000</td>
<td>-2.1% 100.0%</td>
</tr>
</tbody>
</table>

### Problem 20: Solution

**Base-Year Comparisons**  
**Current Assets**  
**Wyoming Inn**

<table>
<thead>
<tr>
<th></th>
<th>20X1</th>
<th>20X2</th>
<th>20X3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>100.00%</td>
<td>110.00%</td>
<td>120.00%</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>100.00%</td>
<td>75.00%</td>
<td>62.50%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>100.00%</td>
<td>105.71%</td>
<td>111.43%</td>
</tr>
<tr>
<td>Allowance for Doubtful Accounts</td>
<td>100.00%</td>
<td>83.33%</td>
<td>133.33%</td>
</tr>
<tr>
<td>Food Inventory</td>
<td>100.00%</td>
<td>108.33%</td>
<td>116.67%</td>
</tr>
<tr>
<td>Prepaid Insurance</td>
<td>100.00%</td>
<td>125.00%</td>
<td>150.00%</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>104.31%</strong></td>
<td><strong>106.90%</strong></td>
</tr>
</tbody>
</table>