Req. 1

MESA INDUSTRIES
Balance Sheet
December 31, 2012

Stockholders' Equity
Common stock (par $15, 8,500 shares outstanding)
(8,500 x $15) .............................................................. $127,500
Additional paid-in capital
[$9,000 + (1,500 shares x $11 = $16,500)] ...................... 25,500
Retained earnings
[$48,000 + $46,000 - (7,000 shares x $1 = $7,000)] .... 87,000
Total stockholders' equity ............................................ $240,000

Req. 2
Cash (1,500 shares x $26) (+A) ................................. 39,000
Common stock (1,500 shares x $15) (+SE)..... 22,500
Additional paid-in capital
[1,500 shares x ($26 - $15)] (+SE)............... 16,500
### DYNAMITE SALES

**Income Statement**  
**For the Year Ended August 31, 2012**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>$81,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>$27,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$54,000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$16,200</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$4,950</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$21,150</td>
</tr>
<tr>
<td>Income from operations</td>
<td>$32,850</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$2,250</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$30,600</td>
</tr>
<tr>
<td>Income tax expense ($30,600 x 30%)</td>
<td>$9,180</td>
</tr>
<tr>
<td>Net income</td>
<td>$21,420</td>
</tr>
<tr>
<td>Earnings per share ($21,420 ÷ 29,000 shares)</td>
<td>$ .74</td>
</tr>
</tbody>
</table>
(b)  DYNAMITE SALES
Balance Sheet
August 31, 2012

Assets

Current Assets:
- Cash .................................................. $47,700
- Accounts receivable ......................... 38,320
- Office supplies ................................ 270
  Total current assets ......................... $86,290

Noncurrent Assets:
- Company vehicles ......................... $27,000
  Less accumulated depreciation ..........  9,000
- Equipment ....................................... 2,700
  Less accumulated depreciation ..........  900
  Total noncurrent assets ................... 19,800
  Total assets ................................... $106,090

Liabilities

Current Liabilities:
- Accounts payable .......................... $16,225
- Income taxes payable ....................  9,180
- Salaries payable ............................  1,350
  Total current liabilities ................. $26,755

Long-Term Liabilities:
- Long-term debt ................................. 25,000
  Total liabilities ..............................  51,755

Stockholders' Equity

Contributed capital:
- Capital stock (29,000 shares, par $1) .... 29,000
- Paid-in capital .................................  4,500
  Total contributed capital .................  33,500

Retained earnings (beginning balance, $6,615 + net income,
$21,420 - dividends declared and paid, $7,200) ....... 20,835
  Total stockholders' equity ....................  54,335
  Total liabilities and stockholders' equity ...... $106,090