

Module 8 – Financial Statement Analysis & Valuation, 4th Edition by Easton, McAnally, Sommers & Zhang

Solutions to Practice Quiz

LO: 1

1. Answer: b

Common stock.....	\$ 6*
Additional paid-in capital.....	22,388
Total.....	\$22,394

* Cisco's common stock has a par value of \$0.001. The common stock account therefore includes, 6,331 million shares issued × \$0.001 par value, rounded down to \$6 million.

LO: 1

2. Answer: a

Outstanding shares are equal to issued shares less repurchased shares. For 2006, Abercrombie & Fitch has 103,300,000 – 15,573,789 = 87,726,211 shares outstanding.

LO: 2

3. Answer: d

Balance Sheet										Income Statement				
Transaction	Cash Asset	+	Noncash Assets	=	Liabilities	+	Contrib. Capital	+	Earned Capital	Revenues	–	Expenses	=	Net Income
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														
RE 130,000 Cash 130,000														

Preferred dividends = \$40,000 (\$5 × 8,000 shares); Common dividends = \$90,000 (\$1.80 × 50,000 shares).

LO: 1

4. Answer: a

Altria issued its common shares at the average price of \$2.49 per share. This value is computed as: (\$935 million common stock + \$6,061 million additional paid-in capital) / 2,805,961,317 shares.

LO: 1

5. Answer: c

Caterpillar purchased treasury shares, on average, for \$32.20 per share; this is computed as paid-in amount \$4,637 million / 144,027,405 shares.

6. Answer: d

LO: 2

LO: 3

LO: 2

LO: 2

Cambridge Business Publishers, ©2015