QUESTIONS 18 THROUGH 20 ARE BASED ON EXHIBIT 5-2.

Exhibit 5-2
Changes in the balance sheet accounts for My Two Sons Company from 6/30/Year 6 to 6/30/Year 7 are presented below.

	Increase or (Decrease)
Cash	$40,000
Accounts receivable	100,000
Inventory	150,000
Long-term investments	100,000
Long-lived assets	(100,000)
Accumulated depreciation	(30,000)
Accounts payable	(20,000)
Mortgage payable	(100,000)
Bonds payable	200,000
Common stock, $1 par	150,000
Additional paid-in capital	50,000
Retained earnings	40,000

Additional information for Year 7.

- The bonds were issued for cash at face value.
- Net income was $240,000.
- Dividends of $200,000 were declared and paid.
- Common stock was issued for cash.
- A long-term investment was sold for $80,000 with no gain or loss.
- A new long-term investment was purchased for $180,000.
- Long-lived assets that cost $300,000 were sold for $100,000. The book value of those assets was $75,000 at the time of sale.
- New long-lived assets were purchased for cash.