**Updates to the Solutions Manual**

Chapter 2

Exercises 2.51 and 2.53. Corrections have been made to the tables in parts (a) and (b) of both problems.

51. a. Crosstabulation for stockholder's equity and profit.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Profits ($000) | | | |  |  |
| Stockholders' Equity ($000) | 0-200 | 200-400 | 400-600 | 600-800 | 800-1000 | 1000-1200 | Total |
| 0-1200 | 10 | 1 |  |  |  |  | 11 |
| 1200-2400 | 4 | 10 |  |  | 2 |  | 16 |
| 2400-3600 | 4 | 3 | 3 | 1 | 1 |  | 12 |
| 3600-4800 |  | 1 |  |  | 2 | 2 | 5 |
| 4800-6000 |  | 2 | 3 | 1 |  |  | 6 |
| Total | 18 | 17 | 6 | 2 | 5 | 2 | 50 |

b. Crosstabulation of Row Percentages.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Profits ($000) | | | |  |  |
| Stockholders' Equity ($1000s) | 0-200 | 200-400 | 400-600 | 600-800 | 800-1000 | 1000-1200 | Total |
| 0-1200 | 90.91 | 9.09 | 0.00 | 0.00 | 0.00 | 0.00 | 100 |
| 1200-2400 | 25.00 | 62.50 | 0.00 | 0.00 | 12.50 | 0.00 | 100 |
| 2400-3600 | 33.33 | 20.00 | 25.00 | 8.33 | 8.33 | 0.00 | 100 |
| 3600-4800 | 0.00 | 20.00 | 0.00 | 0.00 | 40.00 | 40.00 | 100 |
| 4800-6000 | 0.00 | 33.33 | 50.00 | 16.67 | 0.00 | 0.00 | 100 |

c. Stockholder's equity and profit seem to be related. As profit goes up, stockholder's equity goes up. The relationship, however, is not very strong.

52. a. Crosstabulation of market value and profit.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Profit ($1000s) | | |  |  | |
| Market Value ($1000s) | 0-300 | 300-600 | 600-900 | 900-1200 | | Total |
| 0-8000 | 24 | 4 |  |  | | 28 |
| 8000-16000 | 4 | 4 | 2 | 1 | | 11 |
| 16000-24000 |  | 2 | 1 |  | | 3 |
| 24000-32000 |  | 1 | 2 | 2 | | 5 |
| 32000-40000 |  | 2 | 1 |  | | 3 |
| Total | 28 | 13 | 6 | 3 | | 50 |