

Check Figures

Financial Accounting for Executives & MBAs, 3rd Edition

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Chapter 1

- E1.24 Net loss = \$5,000
- E1.25 Dividends declared (2010): \$0.6 million
Expenses (2011): \$11.2 million
Retained earnings (2012): \$2.0 million
- E1.29 General Electric $r = 10.5\%$
- P1.30 Cash (2011): \$10,000
Long-term debt (2011): \$52,000
Treasury stock (2012): \$(8,000)
Change in cash (2012): \$15,000

Chapter 2

- E2.19 Cash flow from investing activities (Year 3) = \$(35,049)
Cash flow from financing activities (Year 2) = \$4,594
- E2.21 Cash flow from operations \$8,000
Cash flow from investing \$(2,500)
Cash flow from financing \$10,200
- P2.22 Net income = \$5,000
Total assets = \$82,000
Cash flow from operations = \$(11,000)
- P2.24 Total assets (BOM) = \$123,000
Total assets (EOM) = \$152,000
- P2.26 (2012 figures)
ROE = 24.3%
ROA = 14.5%
ROS = 17.0%
Asset turnover = 0.85
- P2.29 Net income = \$(95,500)
Total assets = \$5,588,500
Cash flow from operations = \$(28,000)

Chapter 3

E3.14

1.I; 2.F; 3.O; 4.N; 5.F; 6.O; 7.O; 8.I; 9.N; 10.F

E3.18

Basic EPS = \$2.65

Diluted EPS = \$2.34

P3.23

CFFO = \$140,000

CFFI = \$(610,000)

CFFF = \$620,000

P3.24

CFFO = \$938,801

CFFI = \$(1,318,764)

CFFF = \$381,405

Chapter 4

E4.13

	<u>Year1</u>	<u>Year2</u>
ROE	16.6%	12.3%
ROA	9.2%	6.9%
ROS	21.6%	15.8%

E4.16

	<u>Year1</u>	<u>Year2</u>
Quick ratio	0.42	0.38
L.T. debt-to-assets	49%	55%
Interest coverage	2.70x	2.46x

E4.19

	<u>Year1</u>	<u>Year2</u>
Receivable turnover	9.6x	10.4x
Inventory turnover	14.1x	14.2x

P4.25

Total assets = \$665,000

Maximum dividend = \$70,000

Chapter 5

E5.14

	<u>Year 1</u>	<u>Year 2</u>
Allowance for uncollectible accounts/ Gross accounts receivable	3.0%	3.5%

E5.18

	<u>Year 1</u>	<u>Year 2</u>
Receivable turnover	9.64x	10.38x
Receivable collection period	37.9 days	35.2 days
Incremental cash flow	\$265 million	

P5.21

	<u>Year 1</u>	<u>Year 2</u>
Point-of-Sale Net Income	\$96,000	\$140,000
Installment Net Income	\$8,000	\$86,800

P5.23 Percentage of Completion Net Income

Year 1 \$8,000,000

Year 2 12,000,000

Year 3 14,000,000

Year 4 6,000,000

Total \$40,000,000

P5.26 Allowance for uncollectible accounts \$41,800

Bad debt expense \$7,600

Chapter 6

E6.13

Periodic/Perpetual	<u>2011</u>	<u>2012</u>
Cost-of-goods sold	\$2,700	\$2,840
Ending inventory	700	1,260

E6.17

	<u>Year 1</u>	<u>Year 2</u>
Inventory turnover	5.52x	5.05x
Inventory-on-hand period	66.1 days	72.3 days
Gross profit percentage	57.7%	59.4%

P6.24

Cost-of-goods sold

	<u>Jan</u>	<u>Feb</u>
FIFO	\$789,830	\$910,080
LIFO	797,190	958,120
Wt. average	792,446	937,888

P6.25

	<u>Periodic</u>	<u>COGS</u>
	<u>EI</u>	
FIFO	\$42,000	\$310,000
LIFO	30,000	340,000
Wt. average	39,650	330,350

P6.27

- a. 7,100
b. (27,350)
c. 1,460
d. 8,074
- 156 million

P6.29

- 300 units
- \$6,000
- 190 units
- \$5,200

Chapter 7

E7.14

Purchase price	\$200,000
Demolition of old structure	20,000
Legal fees	<u>35,000</u>
Land cost a.	<u>\$255,000</u>

E7.21

	<u>Year 1</u>	<u>Year 2</u>
Intangible asset turnover	1.85x	1.58x
Fixed asset turnover	3.00x	2.86x
Accum depr divided by gross fixed assets	35.8%	31.7%

E7.24

	<u>Year 8</u>	<u>Year 9</u>
Depreciation expense	\$72,000	\$24,000

P7.29

Depletion charge per barrel = \$5.00

Depletion expense (2012) = \$10 million

Chapter 8

E8.19

Unrealized decline in value in Year 2: \$2.0 million

Reported as a component of Other Comprehensive Income on the balance sheet

E8.22

	<u>Year 2</u>	<u>Year 3</u>
Cash dividends paid	\$200	\$285
Undistributed earnings	\$215	\$235

E8.24

	<u>2011</u>	<u>2012</u>
Book value of investment	\$6,217,500	\$26,127,500

P8.29

- Equity in loss of Keyston Consolidate \$(700,000)
- Year-end balance sheet value of investment \$38.6 billion

E8.31 Partial Consolidated Balance Sheet (in millions)

Assets (from MTF)	\$70
Assets (from KMF)	50
Goodwill	<u>10</u>
Total	<u>\$130</u>

P8.35

- Total assets = \$6 million
- Cumulative translation adjustment = \$2 million
- Depreciated

Chapter 9

E9.15

Issue Price

Bond A \$914.60

Bond B \$1,094.25

E9.17

Proceeds from sale = \$45,966,500

Interest expense for Year 1 = \$3,690,866

E9.21

Proceeds from sale = \$54,260,000

Interest expense = \$3,244,434

Book value at end of Year 1 \$53,504,434

P9.29

1. Discount

P9.32

1 \$14.9 million

2 Lease liability & Leased asset = \$100 million

3 Interest expense = \$8 million

Depreciation expense = \$10 million

4 Operating lease = \$14.90 million

Capital lease = \$17.45 million

Chapter 10

E10.14

Deferred income tax liability

(a) Tax rate – 35% = \$10,500

(b) Tax rate – 30% = \$ 9,000

E10.17 Underfunded Pension Obligations (in millions)

Year 2 = \$335

Year 1 = \$263

P10.23

	2011	2012
Deferred tax asset		
Cumulative deferred tax	\$3,277	\$3,300
Asset	\$3,277	\$6,577

P10.26

- 1 Swap eight percent fixed for 3.1 percent fixed plus LIBOR (six month trailing)
- 2 Breakeven LIBOR = 4.9 percent.

P10.29

Year 2

Projected benefit obligation \$(539)

Plan assets 803

Overfunding \$264

Chapter 11

E11.14

Shareholders' Equity	<u>12/31</u>
Common stock	\$600,000
Additional paid-in-capital	89,400,000
Retained earnings	36,500,000
Treasury stock	<u>(8,450,000)</u>
Total	<u>\$118,050,000</u>

E11.17

Shareholder's Equity Year end

Common stock, \$0.333 par \$131,978

Additional paid-in-capital 1,408,022

Retained earnings 260,000

E11.20

Adjusted conversion ratio following the 10% stock dividend

Preferred Stock
3.3-to-1

Debentures
50.6-to-1

P11.25

	<u>12/31/2015</u>
Par value per share	\$0.333
Number of shares outstanding	32,500,000

Chapter 12

E12.11 Cost of equity = 10.1%

E12.15 Free cash flow to equity = \$200

E12.18 Equity value per share = \$1.82

E12.19

1	\$1.85 per share
2	\$23.77 per share

P12.22

CFFO = \$3,572

CFFI = \$(3,366)

CFFF = \$(126)