**Chapter 10&11 Comprehensive Final (Intermediate Accounting ACCT 3201-Spring 2016)**

(1) Rembrandt Paint Company had the following income statement items for the year ended December 31, 2016 ($ in 000s):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   |   |   |   |   |   |
|   Net sales | $ | 21,000   |   Cost of goods sold | $ | 12,000   |
|   Interest income |   | 230   |   Selling and administrative expenses |   | 2,800   |
|   Interest expense |   | 410   |   Restructuring costs |   | 1,100   |
|  |

In addition, during the year the company completed the disposal of its plastics business and incurred a loss from operations of $1.9 million and a gain on disposal of the component’s assets of $2.6 million. 600,000 shares of common stock were outstanding throughout 2016. Income tax expense has not yet been recorded. The income tax rate is 40% on all items of income (loss).

Required:

Prepare a multiple-step income statement for 2016, including EPS disclosures. (Amounts to be deducted should be indicated with a minus sign. Enter your answers in thousands except earnings per share. Round EPS answers to 2 decimal places.)

(2) Presented below are the 2016 income statement and comparative balance sheets for Santana Industries.

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| --- |
| SANTANA INDUSTRIESIncome StatementFor the Year Ended December 31, 2016($ in thousands) |
|   Sales revenue | $ | 17,250   |   |   |
|   Service revenue |   | 6,400   |   |   |
|   |  |  |   |   |
|       Total revenue |   |   | $ | 23,650   |
|   Operating expenses: |   |   |   |   |
|     Cost of goods sold |   | 8,700   |   |   |
|     Selling |   | 3,900   |   |   |
|     General and administrative |   | 3,000   |   |   |
|   |  |  |   |   |
|       Total operating expenses |   |   |   | 15,600   |
|   |   |   |  |  |
|   Operating income |   |   |   | 8,050   |
|   Interest expense |   |   |   | 350   |
|   |   |   |  |  |
|   Income before income taxes |   |   |   | 7,700   |
|   Income tax expense |   |   |   | 4,000   |
|   |   |   |  |  |
|   Net income |   |   | $ | 3,700  |

|  |  |  |
| --- | --- | --- |
|  Balance Sheet Information ($ in thousands) | Dec. 31,2016 | Dec. 31,2015 |
|   |  |  |
|   **Assets:** |   |   |   |   |   |   |
|   Cash | $ | 8,850 |   | $ | 3,550 |   |
|   Accounts receivable |   | 5,500 |   |   | 3,700 |   |
|   Inventory |   | 7,000 |   |   | 4,500 |   |
|   Prepaid rent |   | 300 |   |   | 600 |   |
|   Plant and equipment |   | 17,500 |   |   | 15,000 |   |
|     Less: Accumulated depreciation |   | (6,600 | ) |   | (6,000 | ) |
|   |  |  |  |  |  |  |
|       Total assets | $ | 32,550 |   | $ | 21,350 |   |
|   |  |  |  |  |  |  |
|   **Liabilities and Shareholders’ Equity:** |   |   |   |   |   |   |
|   Accounts payable | $ | 4,400 |   | $ | 2,600 |   |
|   Interest payable |   | 250 |   |   | 0 |   |
|   Deferred service revenue |   | 1,100 |   |   | 750 |   |
|   Income taxes payable |   | 700 |   |   | 1,100 |   |
|   Loan payable (due 12/31/2015) |   | 8,000 |   |   | 0 |   |
|   Common stock |   | 11,500 |   |   | 11,500 |   |
|   Retained earnings |   | 6,600 |   |   | 5,400 |   |
|   |  |  |  |  |  |  |
|         Total liabilities and shareholders' equity | $ | 32,550 |   | $ | 21,350 |   |

Additional information for the 2016 fiscal year ($ in thousands):

1. Cash dividends of $2,500 were declared and paid.
2. Equipment costing $7,000 was purchased with cash.
3. Equipment with a book value of $2,000 (cost of $4,500 less accumulated depreciation of $2,500) was sold for $2,000.
4. Depreciation of $3,100 is included in operating expenses.

Required:

Prepare Santana Industries' 2016 statement of cash flows, using the indirect method to present cash flows from operating activities. (Amounts to be deducted should be indicated with a minus sign. Enter your answers in thousands.)

(3) Presented below is the balance sheet for HHD, Inc., at December 31, 2016.

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|   |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|   |   |   |   |   |   |   |   |
|   Current assets | $ | 672,000 |   |   Current liabilities | $ | 472,000 |   |
|   Investments |   | 554,000 |   |   Long-term liabilities |   | 614,000 |   |
|   Property, plant, and equipment |   | 2,504,000 |   |   Shareholders' equity |   | 2,880,000 |   |
|   Intangible assets |   | 236,000 |   |   |   |   |   |
|        Total assets | $ | 3,966,000 |   |       Total liabilities and shareholders' equity | $ | 3,966,000 |   |

The captions shown in the summarized statement above include the following:

1. Current assets: cash, $168,000; accounts receivable, $218,000; inventories, $243,000; and prepaid insurance, $43,000.
2. Investments: investments in common stock, short term, $108,000, and long term, $178,000; and restricted cash, long term, $268,000.
3. Property, plant, and equipment: buildings, $1,680,000 less accumulated depreciation, $618,000; equipment, $680,000 less accumulated depreciation, $218,000; and land, $980,000.
4. Intangible assets: patent, $128,000; and copyright, $108,000.
5. Current liabilities: accounts payable, $118,000; notes payable, short term, $168,000, and long term, $108,000; and taxes payable, $78,000.
6. Long-term liabilities: bonds payable due 2021.
7. Shareholders’ equity: common stock, $1,900,000; retained earnings, $980,000. Four hundred thousand shares of no par common stock are authorized, of which 380,000 shares were issued and are outstanding.

Required:

Prepare a corrected classified balance sheet for HHD, Inc., at December 31, 2016. (Amounts to be deducted should be indicated by a minus sign.)