

**SSP 2-1**

**Statement of Comprehensive Income  
Year Ended December 31, 20X6**

Sales (13,000,000 + 5,000,000 – 4,000,000)	\$14,000,000
Cost of sales (7,000,000 + 3,200,000 – 2,600,000)	7,600,000
Other expenses (3,500,000 + 700,000)	<u>4,200,000</u>
	11,800,000
Net income	<u>\$ 2,200,000</u>

**Statement of Retained Earnings  
Year Ended December 31, 20X6**

Retained Earnings, December 31, 20X5	\$ 3,700,000
Net Income	4,100,000
Dividends	<u>(2,500,000)</u>
Retained Earnings, December 31, 20X6	<u>\$5,300,000</u>

**Statement of Financial Position  
December 31, 20X6**

Assets	
Cash and current receivables (200,000 + 400,000 – 200,000 – 80,000)	\$ 320,000
Inventories (900,000 + 500,000)	1,400,000
Furniture, fixtures, and equipment (2,000,000 + 1,700,000)	3,700,000
Buildings under capital lease (6,000,000 + 3,000,000)	<u>9,000,000</u>
	<u>\$14,420,000</u>
Liabilities and Shareholders' Equity	
Current liabilities (1,500,000 + 400,000 – 200,000 – 80,000)	\$ 1,620,000
Long-term liabilities (4,000,000 + 2,000,000)	6,000,000
Common shares	1,500,000
Retained earnings	<u>5,300,000</u>
	<u>\$14,420,000</u>

**SSP 2-2**

**Statement of Comprehensive Income  
Year Ended December 31, 20X7**

Sales revenue (7,100 + 3,400 – 1,400)	\$9,100
Other income (235 + 840 – 30)	<u>1,045</u>
Total revenue	<u>10,145</u>
Operating expenses	
Cost of goods sold (4,175 + 1900 – 1,100)	4,975
Selling expenses (435 + 560)	995
General and administrative exp (995 + 770)	1,765
Interest and other expenses (1,015 + 30 – 30)	<u>1,015</u>
Total operating expenses	8,750
Earnings before income taxes	1,395
Income tax expense (215 + 290)	<u>505</u>
Net earnings	<u>\$ 890</u>

**Statement of Retained Earnings  
Year Ended December 31, 20X7**

Retained Earnings, December 31, 20X5	\$ 45,910
Net Income	890
Dividends	<u>(160)</u>
Retained Earnings, December 31, 20X6	<u>\$46,840</u>

## Chapter 2 – Intercorporate Equity Investments: An Introduction

### Statement of Financial Position December 31, 20X6

#### Assets

Cash and temporary investments (1,500 + 450)	\$ 1,950
Current receivables (3,400 + 1,890 – 200 – 100)	4,990
Inventories (10,640 + 5,210)	<u>15,850</u>
Current assets	22,790

Land	18,000
Buildings and equipment (net) (37,700 + 22,450)	<u>60,150</u>

Total assets	<u><u>\$100,940</u></u>
--------------	-------------------------

#### Liabilities and shareholders' equity

Current payables (2,820 + 1,540 – 200 – 100)	\$ 4,060
Income tax payable (180 + 85)	<u>265</u>
Current liabilities	4,325

Long-term debt payable	33,750
Deferred tax liability (2,650 + 375)	<u>3,025</u>
Total liabilities	41,100

Common shares	13,000
Retained earnings	<u>46,840</u>
Total shareholders' equity	59,840

Total liabilities and shareholders' equity	<u><u>\$100,940</u></u>
--	-------------------------