

1. BARLETT COMPANY BALANCE SHEETS, (\$000)

Assets	December 31	
	2015	2014
Cash	\$ 363	\$ 288
Marketable securities	68	51
Accounts receivable	503	365
Inventories	289	300
Total current assets	<u>\$1,223</u>	<u>\$1,004</u>
Land and buildings	\$2,072	\$1,903
Machinery and equipment	1,866	1,693
Furniture and fixtures	358	316
Vehicles	275	314
Other (includes financial leases)	98	96
Total gross fixed assets (at cost)	<u>\$4,669</u>	<u>\$4,322</u>
Less: Accumulated depreciation	<u>2,295</u>	<u>2,056</u>
Net fixed assets	<u>\$2,374</u>	<u>\$2,266</u>
Total assets	<u>\$3,597</u>	<u>\$3,270</u>

Liabilities and Stockholders' Equity	December 31	
	2015	2014
Accounts payable	\$ 382	\$ 270
Notes payable	79	99
Accruals	159	114
Total current liabilities	<u>\$ 620</u>	<u>\$ 483</u>
Long-term debt (includes financial leases)	<u>1,023</u>	<u>967</u>
Total liabilities	<u>\$1,643</u>	<u>\$1,450</u>
Preferred stock: cumulative 5%, \$100 par, 2,000 shares authorized and issued	\$ 200	\$ 200
Common stock: \$2.50 par, 100,000 shares authorized, shares issued and outstanding in 2015: 76,262; in 2014: 76,244	191	190
Paid-in capital in excess of par on common stock	428	418
Retained earnings	<u>1,135</u>	<u>1,012</u>
Total stockholders' equity	<u>\$1,954</u>	<u>\$1,820</u>
Total liabilities and stockholders' equity	<u>\$3,597</u>	<u>\$3,270</u>

2. BARLETT COMPANY INCOME STATEMENTS, (\$000)

	For the years ended December 31	
	2015	2014
Sales revenue	\$3,074	\$2,567
Less: Cost of goods sold	<u>2,088</u>	<u>1,711</u>
Gross profits	<u>\$ 986</u>	<u>\$ 856</u>
Less: Operating expenses		
Selling expense	\$ 100	\$ 108
General and administrative expenses	194	187
Lease expense ^a	35	35
Depreciation expense	<u>239</u>	<u>223</u>
Total operating expense	<u>\$ 568</u>	<u>\$ 553</u>
Operating profits	<u>\$ 418</u>	<u>\$ 303</u>
Less: Interest expense	<u>93</u>	<u>91</u>
Net profits before taxes	<u>\$ 325</u>	<u>\$ 212</u>
Less: Taxes	<u>94</u>	<u>64</u>
Net profits after taxes	<u>\$ 231</u>	<u>\$ 148</u>
Less: Preferred stock dividends	<u>10</u>	<u>10</u>
Earnings available for common stockholders	<u>\$ 221</u>	<u>\$ 138</u>
Earnings per share (EPS) ^b	<u>\$2.90</u>	<u>\$1.81</u>
Dividend per share (DPS) ^c	<u>\$1.29</u>	<u>\$0.75</u>

^aLease expense is shown here as a separate item rather than being included as part of interest expense as specified by the FASB for financial reporting purposes. The approach used here is consistent with tax reporting rather than financial reporting procedures.

^bCalculated by dividing the earnings available for common stockholders by the number of shares of common stock outstanding: 76,262 in 2015 and 76,244 in 2014. Earnings per share in 2015: $\$221,000 \div 76,262 = \2.90 ; in 2014: $\$138,000 \div 76,244 = \1.81 .

^cCalculated by dividing the dollar amount of dividends paid to common stockholders by the number of shares of common stock outstanding. Dividends per share in 2015: $\$98,000 \div 76,262 = \1.29 ; in 2014: $\$57,183 \div 76,244 = \0.75 .

3. BARLETT COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015 (\$000C)

Cash Flow from Operating Activities	
Net profits after taxes	\$ 231
Depreciation	239
Increase in accounts receivable	(138) ^a
Decrease in inventories	11
Increase in accounts payable	112
Increase in accruals	45
Cash provided by operating activities	<u>\$ 500</u>
Cash Flow from Investment Activities	
Increase in gross fixed assets	(347)
Change in equity investments in other firms	0
Cash provided by investment activities	<u>(\$ 347)</u>
Cash Flow from Financing Activities	
Decrease in notes payable	(20)
Increase in long-term debts	56
Changes in stockholders' equity ^b	11
Dividends paid	(108)
Cash provided by financing activities	<u>(\$ 61)</u>
Net increase in cash and marketable securities	<u>\$ 92</u>

^aAs is customary, parentheses are used to denote a negative number, which in this case is a cash outflow.

^bRetained earnings are excluded here because their change is actually reflected in the combination of the "net profits after taxes" and "dividends paid" entries.