

FINANCIAL ACCOUNTING EXAM 1.4 SUPPLEMENT

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ASSETS

Current

Accounts receivable
Cash
Inventories
Prepaid expenses
Short-term investments

Noncurrent

Intangibles accounts

Goodwill historical cost
Goodwill accumulated impairments
Trademarks historical cost
Trademarks accumulated impairments
Other intangibles historical cost
Other intangibles accumulated amortization
Other intangibles accumulated impairments

Property, plant, and equipment accounts

PP&E historical cost
PP&E accumulated depreciation
PP&E accumulated impairments

LIABILITIES

Current

Accrued compensation and related expenses
Accrued interest
Accrued severance costs
Accrued liabilities: other
Accounts payable
Dividends payable
Short-term debt

Noncurrent

Long-term debt
Other long-term liabilities

OWNERS' EQUITY

Permanent

Accumulated other comprehensive income
Additional paid-in capital
Common stock
Noncontrolling interest
Retained earnings

Net income

Cost of goods sold
Depreciation expense
Impairments, store closings and other costs
Interest expense
Income summary
Interest income
Other operating charges
Revenues, net
Selling, general, and administrative expense

Zoie's Outfitters Company BSE for Entries E1-E9
 Entries E1-E9 recorded

	Assets										Liabilities + Owners' Equity									
	Current					Noncurrent					Current					Permanent				
	C	AR	Inven	GPPE	AcDep	GPPE	AcDep	AP	RE	CS	RE	Rev	Cgs	DepEx	Intinc	IncS				
Beginning balances	+ \$0	+ \$0	+ \$0	+ \$0	- \$0	+ \$0	- \$0	+ \$0	+ \$0	+ \$0	+ \$0	+ \$0	- \$0	+ \$0	+ \$0	+ \$0				
E1 Issue stock for cash	+ 3,500									+ 3,500										
E2 Purchase building with cash	- 650			+ 650																
E3 Purchase inventory on account			+ 300					+ 300												
E4a Recognize revenue		+ 500									+ 500									
E4b Recognize cost of sales			- 200									+ 200								
E5 Customer collections	+ 200	- 200																		
E6 Supplier payments	- 220							- 220												
E7 Interest income and collection	+ 40														+ 40					
E8 Dividend declared and paid	- 60																			
E9 Depreciation expense																				
Trial balance	+ \$2,810	+ \$300	+ \$100	+ \$650	- \$40	+ \$40	+ \$80	- \$60	+ \$3,500	+ \$500	+ \$200	+ \$40	+ \$40	+ \$40	+ \$0					
Closing to and from income summary																				
Ending balances																				

ZOIE'S OUTFITTERS COMPANY
 Chart of Accounts

ASSETS	
Current	AR Accounts receivable
	C Cash
Noncurrent	Inven Inventory
	PPE Property, plant, and equipment, net
	GPPE PP&E historical cost
	AcDep PP&E accumulated depreciation
LIABILITIES	
Current	AP Accounts payable
OWNERS' EQUITY	
Permanent	CS Common stock
	RE Retained earnings
Net income	
	Cgs Cost of goods sold
	DepEx Depreciation expense
	IncS Income summary
	Intinc Interest income
	Rev Revenues, net

Income statements

THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31, (In millions except per share data)	2014	2013	2012
NET OPERATING REVENUES	\$ 45,998	\$ 46,854	\$ 48,017
Cost of goods sold	17,889	18,421	19,053
GROSS PROFIT	28,109	28,433	28,964
Selling, general and administrative expenses	17,218	17,310	17,738
Other operating charges	1,183	895	447
OPERATING INCOME	9,708	10,228	10,779
Interest income	594	534	471
Interest expense	483	463	397
Equity income (loss) — net	769	602	819
Other income (loss) — net	(1,263)	576	137
INCOME BEFORE INCOME TAXES	9,325	11,477	11,809
Income taxes	2,201	2,851	2,723
CONSOLIDATED NET INCOME	7,124	8,626	9,086
Less: Net income attributable to noncontrolling interests	26	42	67
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	\$ 7,098	\$ 8,584	\$ 9,019
BASIC NET INCOME PER SHARE¹	\$ 1.62	\$ 1.94	\$ 2.00
DILUTED NET INCOME PER SHARE¹	\$ 1.60	\$ 1.90	\$ 1.97
AVERAGE SHARES OUTSTANDING	4,387	4,434	4,504
Effect of dilutive securities	63	75	80
AVERAGE SHARES OUTSTANDING ASSUMING DILUTION	4,450	4,509	4,584

¹ Calculated based on net income attributable to shareowners of The Coca-Cola Company.

Refer to Notes to Consolidated Financial Statements.

Balance sheets

THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

December 31,	2014	2013
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,958	\$ 10,414
Short-term investments	9,052	6,707
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	18,010	17,121
Marketable securities	3,665	3,147
Trade accounts receivable, less allowances of \$331 and \$61, respectively	4,466	4,873
Inventories	3,100	3,277
Prepaid expenses and other assets	3,066	2,886
Assets held for sale	679	—
TOTAL CURRENT ASSETS	32,986	31,304
EQUITY METHOD INVESTMENTS	9,947	10,393
OTHER INVESTMENTS	3,678	1,119
OTHER ASSETS	4,407	4,661
PROPERTY, PLANT AND EQUIPMENT — net	14,633	14,967
TRADEMARKS WITH INDEFINITE LIVES	6,533	6,744
BOTTLERS' FRANCHISE RIGHTS WITH INDEFINITE LIVES	6,689	7,415
GOODWILL	12,100	12,312
OTHER INTANGIBLE ASSETS	1,050	1,140
TOTAL ASSETS	\$ 92,023	\$ 90,055
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 9,234	\$ 9,577
Loans and notes payable	19,130	16,901
Current maturities of long-term debt	3,552	1,024
Accrued income taxes	400	309
Liabilities held for sale	58	—
TOTAL CURRENT LIABILITIES	32,374	27,811
LONG-TERM DEBT	19,063	19,154
OTHER LIABILITIES	4,389	3,498
DEFERRED INCOME TAXES	5,636	6,152
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, \$0.25 par value; Authorized — 11,200 shares; Issued — 7,040 and 7,040 shares, respectively	1,760	1,760
Capital surplus	13,154	12,276
Reinvested earnings	63,408	61,660
Accumulated other comprehensive income (loss)	(5,777)	(3,432)
Treasury stock, at cost — 2,674 and 2,638 shares, respectively	(42,225)	(39,091)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	30,320	33,173
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	241	267
TOTAL EQUITY	30,561	33,440
TOTAL LIABILITIES AND EQUITY	\$ 92,023	\$ 90,055

Refer to Notes to Consolidated Financial Statements.

Statements of shareholders' equity

THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31,	2014	2013	2012
(In millions except per share data)			
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY			
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	4,402	4,469	4,526
Purchases of treasury stock	(98)	(121)	(121)
Treasury stock issued to employees related to stock compensation plans	62	54	64
Balance at end of year	4,366	4,402	4,469
COMMON STOCK	\$ 1,760	\$ 1,760	\$ 1,760
CAPITAL SURPLUS			
Balance at beginning of year	12,276	11,379	10,332
Stock issued to employees related to stock compensation plans	526	569	640
Tax benefit (charge) from stock compensation plans	169	144	144
Stock-based compensation	209	227	259
Other activities	(26)	(43)	4
Balance at end of year	13,154	12,276	11,379
REINVESTED EARNINGS			
Balance at beginning of year	61,660	58,045	53,621
Net income attributable to shareowners of The Coca-Cola Company	7,098	8,584	9,019
Dividends (per share — \$1.22, \$1.12 and \$1.02 in 2014, 2013 and 2012, respectively)	(5,350)	(4,969)	(4,595)
Balance at end of year	63,408	61,660	58,045
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	(3,432)	(3,385)	(2,774)
Net other comprehensive income (loss)	(2,345)	(47)	(611)
Balance at end of year	(5,777)	(3,432)	(3,385)
TREASURY STOCK			
Balance at beginning of year	(39,091)	(35,009)	(31,304)
Stock issued to employees related to stock compensation plans	891	745	786
Purchases of treasury stock	(4,025)	(4,827)	(4,491)
Balance at end of year	(42,225)	(39,091)	(35,009)
TOTAL EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	\$ 30,320	\$ 33,173	\$ 32,790
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Balance at beginning of year	\$ 267	\$ 378	\$ 286
Net income attributable to noncontrolling interests	26	42	67
Net foreign currency translation adjustment	(5)	(3)	38
Dividends paid to noncontrolling interests	(25)	(58)	(48)
Acquisition of interests held by noncontrolling owners	—	(34)	(15)
Contributions by noncontrolling interests	—	6	—
Business combinations	(22)	25	50
Deconsolidation of certain entities	—	(89)	—
TOTAL EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	\$ 241	\$ 267	\$ 378

Refer to Notes to Consolidated Financial Statements.

Income statements

MACY'S, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share data)

	2014	2013	2012
Net sales	\$ 28,105	\$ 27,931	\$ 27,686
Cost of sales	(16,863)	(16,725)	(16,538)
Gross margin	11,242	11,206	11,148
Selling, general and administrative expenses.....	(8,355)	(8,440)	(8,482)
Impairments, store closing and other costs	(87)	(88)	(5)
Operating income	2,800	2,678	2,661
Interest expense	(395)	(390)	(425)
Premium on early retirement of debt.....	(17)	—	(137)
Interest income	2	2	3
Income before income taxes.....	2,390	2,290	2,102
Federal, state and local income tax expense	(864)	(804)	(767)
Net income	\$ 1,526	\$ 1,486	\$ 1,335
Basic earnings per share.....	\$ 4.30	\$ 3.93	\$ 3.29
Diluted earnings per share.....	\$ 4.22	\$ 3.86	\$ 3.24

The accompanying notes are an integral part of these Consolidated Financial Statements.

Balance sheets

MACY'S, INC.
CONSOLIDATED BALANCE SHEETS
(millions)

ASSETS	January 31, 2015	February 1, 2014
Current Assets:		
Cash and cash equivalents	\$ 2,246	\$ 2,273
Receivables	424	438
Merchandise inventories	5,516	5,557
Prepaid expenses and other current assets	493	420
Total Current Assets	8,679	8,688
Property and Equipment – net.....	7,800	7,930
Goodwill	3,743	3,743
Other Intangible Assets – net.....	496	527
Other Assets	743	732
Total Assets.....	\$ 21,461	\$ 21,620
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	\$ 76	\$ 463
Merchandise accounts payable	1,693	1,691
Accounts payable and accrued liabilities.....	3,109	2,810
Income taxes	296	362
Deferred income taxes	362	400
Total Current Liabilities.....	5,536	5,726
Long-Term Debt.....	7,265	6,714
Deferred Income Taxes.....	1,081	1,273
Other Liabilities	2,201	1,658
Shareholders' Equity:		
Common stock (340.6 and 364.9 shares outstanding).....	4	4
Additional paid-in capital	1,048	2,522
Accumulated equity	7,340	6,235
Treasury stock.....	(1,942)	(1,847)
Accumulated other comprehensive loss	(1,072)	(665)
Total Shareholders' Equity.....	5,378	6,249
Total Liabilities and Shareholders' Equity.....	\$ 21,461	\$ 21,620

The accompanying notes are an integral part of these Consolidated Financial Statements.

Statement of changes in shareholders' equity

MACY'S, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (millions)

	Common Stock	Additional Paid-In Capital	Accumulated Equity	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at January 28, 2012.....	\$ 5	\$ 5,408	\$ 4,015	\$ (2,434)	\$ (1,061)	\$ 5,933
Net income			1,335			1,335
Other comprehensive income.....					130	130
Common stock dividends (\$.60 per share).....			(242)			(242)
Stock repurchases.....				(1,397)		(1,397)
Stock-based compensation expense		55				55
Stock issued under stock plans.....		(111)		345		234
Retirement of common stock	(1)	(1,480)		1,481		—
Deferred compensation plan distributions				3		3
Balance at February 2, 2013.....	4	3,872	5,108	(2,002)	(931)	6,051
Net income			1,486			1,486
Other comprehensive income.....					266	266
Common stock dividends (\$.95 per share).....			(359)			(359)
Stock repurchases.....				(1,571)		(1,571)
Stock-based compensation expense		60				60
Stock issued under stock plans.....		(84)		399		315
Retirement of common stock		(1,326)		1,326		—
Deferred compensation plan distributions				1		1
Balance at February 1, 2014.....	4	2,522	6,235	(1,847)	(665)	6,249
Net income			1,526			1,526
Other comprehensive loss					(407)	(407)
Common stock dividends (\$1.1875 per share).....			(421)			(421)
Stock repurchases.....				(1,901)		(1,901)
Stock-based compensation expense		72				72
Stock issued under stock plans.....		(66)		324		258
Retirement of common stock		(1,480)		1,480		—
Deferred compensation plan distributions				2		2
Balance at January 31, 2015.....	\$ 4	\$ 1,048	\$ 7,340	\$ (1,942)	\$ (1,072)	\$ 5,378

The accompanying notes are an integral part of these Consolidated Financial Statements.

Excerpt from Note 2: Impairments, store closings and other costs

MACY'S, INC.

2. Impairments, Store Closing and Other Costs

Impairments, store closing and other costs consist of the following:

	2014	2013	2012
	(millions)		
Impairments of properties held and used	\$ 33	\$ 39	\$ 4
Severance	46	43	3
Other	8	6	(2)
	<u>\$ 87</u>	<u>\$ 88</u>	<u>\$ 5</u>

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Excerpt from Note 7: Accounts payable and accrued liabilities

MACY'S, INC.

7. Accounts Payable and Accrued Liabilities

	January 31, 2015	February 1, 2014
	(millions)	
Accounts payable.....	\$ 833	\$ 746
Gift cards and customer award certificates.....	907	840
Accrued wages and vacation	193	190
Current portion of post employment and postretirement benefits	190	110
Taxes other than income taxes.....	187	157
Lease related liabilities	155	153
Current portion of workers' compensation and general liability reserves.....	128	131
Accrued interest.....	93	89
Allowance for future sales returns	93	85
Severance and relocation	46	43
Other	284	266
	<u>\$ 3,109</u>	<u>\$ 2,810</u>

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