



Avdeling for allmenne fag

EKSAMEN

I

091 Engelsk

21.5.2003

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Hjelpemiddel/Study aids:	English-English Dictionary: Ellers ingen; Otherwise none.
Merknader/Please note:	
Vedlegg/Appendix:	2 sider/2 pages

Eksamensresultata blir offentliggjort på følgende internettadresse:
<http://www-bo.hit.no/af/> Klikk student

Write a report

(Case 3)

Employees at New England Cable and Wire have heard rumors of a takeover of the company by corporate raiders and are very confused and worried.

The representative for the employees has asked Mr. Jorgensen to give them a better understanding of these rumors and what the consequences may be for the future of the company and for them.

Write a report to the employees of New England Cable and Wire in which Mr. Jorgensen attempts to give an overview of the rumors (why outsiders are interested in the company), what consequences this takeover would have for the future of the company. Finally, suggest what Mr. Jorgensen intends to do both to prevent the takeover and make the company more profitable.

(See the appendix for the company's Balance Sheet and the Combined Statement of Income and Retained Earnings, if you wish to include financial information in Jorgensen's report.)

CASE 3:

continued

Stockholders' Equity

Common Stock	\$40,000,000	
Authorized and outstanding (4,000,000 shares of \$10 par value)		
Paid in Capital in Excess of Par	5,000,000	
Retained Earnings	<u>37,200,000</u>	
Total Stockholder's Equity		<u>\$85,200,000</u>
Total Liabilities and Stockholders' Equity		<u>\$90,200,000</u>

Figure 3-1 Balance sheet (*continued*)

NEW ENGLAND WIRE AND CABLE

Combined Statement of Income and Retained Earnings

For the Year Ended December 31, 2002

Sales Revenue	\$20,000,000	
Cost of Goods Sold	13,750,000	
Depreciation Expense	2,000,000	
Compliance Expense	2,500,000	
Selling and Administrative Expenses	<u>1,625,000</u>	
Net Income		\$125,000
Retained Earnings Jan. 1		37,200,000
Cash Dividends Declared and Paid		125,000
Retained Earnings Dec. 31		\$37,200,000

Combined Statement of Income and Retained Earnings

NEW ENGLAND WIRE AND CABLE

Balance Sheet
December 31, 2002

Assets**Current Assets**

Cash	\$10,000,000
Accounts Receivable	6,000,000
Inventories	12,000,000
U.S. Govt. and other marketable securities	<u>2,000,000</u>

Total Current Assets **\$30,000,000**

Property, Plant, and Equipment

Land	\$100,000
Equipment	120,000,000
Building	500,000
Accumulated Depreciation:	
Equipment	60,000,000
Accumulated Depreciation:	
Building	<u>400,000</u>

Total PP and E **\$60,200,000**

Total Assets **\$90,200,000**

Liabilities and Stockholders' Equity**Current Liabilities**

Accounts Payable	\$2,200,000
Accrued Taxes (other than income taxes)	250,000
Accrued Compensation and Benefits	50,000
Advances from Customers on Contract	<u>2,500,000</u>

Total Current Liabilities **5,000,000**

continued

Figure 3-1 Balance sheet