

ACCOUNTANCY 321
INCOME STATEMENT SUPPLEMENTAL PROBLEM
SOLUTION

Jensen Corporation
 INCOME STATEMENT
 For the Year Ended December 31, 2007

Sales		\$945,000
Cost of goods sold		<u>408,500</u>
Gross profit		536,500
Selling expenses	\$145,000	
Administrative expenses	<u>215,000</u>	<u>360,000</u>
Income from operations		176,500
Other revenue: Investment revenue		<u>19,500</u>
		196,000
Other expenses: Interest expense		<u>13,000</u>
Income from continuing operations before taxes		183,000
Provision for income taxes		<u>54,900</u>
Income from continuing operations		<u>128,100</u>
Results from operations of discontinued segment	\$15,000	
Tax effect	<u>4,500</u>	
Results net of tax		10,500
Loss on sale of discontinued business	(\$45,000)	
Tax effect	<u>13,500</u>	
Loss net of tax		<u>(31,500)</u>
Loss from discontinued operations, net of applicable income tax		<u>21,000</u>
Income before extraordinary item		107,100
Extraordinary casualty loss	\$70,000	
Tax effect	<u>21,000</u>	
Extraordinary casualty loss, net of applicable income tax		<u>49,000</u>
Net income		<u>\$ 58,100</u>
Per share of common stock		
Income from continuing operations		\$2.56
Results of operations of discontinued segment	\$0.21	
Loss on sale of discontinued operation	<u>(0.63)</u>	
Discontinued operations		(0.42)
Extraordinary item		<u>(0.98)</u>
Net income		<u>\$1.16</u>