

Attachments: (1) Thunderbird Apparel Inc. Financial Statements Handout (5 pages)

THIS EXAMINATION CONSISTS OF 12 PAGES (PLUS ATTACHMENT)
PLEASE ENSURE THAT YOU HAVE A COMPLETE PAPER

THE UNIVERSITY OF BRITISH COLUMBIA
PETER A. ALLARD SCHOOL OF LAW

FINAL EXAMINATION – APRIL 2023

LAW 467C

Topics in Corporate Law: Financial Accounting in Legal Practice

Section 1

Professor Jawanda

TOTAL MARKS: 70

TIME ALLOWED: 3 HOURS

- NOTES:**
1. This is an open book examination, meaning that you can refer to class notes, casebooks and other class readings. The use of library books is not permitted. The use of a calculator is permitted.
 2. If you think you have discovered a bona fide error or potential error in a question on this exam, please make a realistic assumption, set out that assumption clearly in writing for your professor, and continue answering the question.
 3. ANSWER ALL QUESTIONS.

THIS EXAMINATION CONSISTS OF THE FOLLOWING PARTS:

Part 1 – Multiple Choice (20 Questions for 20 Marks)

Part 2 – Short Answers (6 Questions for 20 Marks)

Part 3 – Case Analysis (10 Questions for 30 Marks)

Total – 70 Marks

PART 1 – MULTIPLE CHOICE (20 QUESTIONS – 1 MARK EACH)

Record your answers in your exam booklet or in Exemplify (do not circle answers directly on this sheet). Select only one answer for each question. If more than one answer is selected for a question, no marks for that question will be awarded.

1. Thunderbird Comics Ltd. sold \$100,000 of gift cards throughout 2017. It had a previous year-end balance in 2016 of \$50,000 in unredeemed gift cards. In 2017, customers redeemed \$125,000 of gift cards for comic book purchases. Which of the following is correct?
 - a. Thunderbird had revenue in 2017 of \$100,000
 - b. Thunderbird had revenue in 2017 of \$125,000
 - c. Thunderbird had deferred revenue at the end of 2017 of \$100,000
 - d. Thunderbird had deferred revenue at the end of 2017 of \$50,000
 - e. None of the above

2. In the example in #1 above, which of the revenue recognition criteria did Thunderbird fail to satisfy?
 - a. Persuasive evidence of arrangement
 - b. Collectability
 - c. Performance
 - d. Measurability
 - e. Thunderbird satisfied all of the revenue recognition criteria

3. Which one of the actions below is not a principle of sound cash management?
 - a. Keep inventory low
 - b. Delay collection of accounts receivable
 - c. Delay payment of liabilities
 - d. Invest idle cash
 - e. All of the above are principles of sound cash management

4. Which of the following is a traditional valuation approach?
 - a. Market approach
 - b. Income approach
 - c. Cost approach
 - d. All of the above
 - e. (a) and (b)

5. The assumption that a business enterprise will not be liquidated or insolvent in the near future is known as the:
 - a. Monetary unit assumption

- b. Economic entity assumption
 - c. Conservatism assumption
 - d. Discounted cash flow method
 - e. Going concern assumption
6. Thunderbird Life Sciences reports sales revenue of \$120 million this year and \$110 million last year. Its total assets in the current year are \$80 million and last year's total assets were \$75 million. What is the current year's asset turnover ratio?
- a. 1.46
 - b. 1.40
 - c. 1.55
 - d. 1.61
 - e. 1.50
7. On January 1, 2017, Thunderbird Manufacturing paid \$1,000 for a two-year insurance policy on its factory. The accounting period ends December 31. At the end of 2017, the financial statements should report which of the following?

	<u>Balance Sheet</u>	<u>Income Statement</u>
A.	Prepaid insurance, \$0	Insurance expense, \$1,000
B.	Prepaid insurance, \$250	Insurance expense, \$250
C.	Prepaid insurance, \$500	Insurance expense, \$500
D.	Prepaid insurance, \$1,000	Insurance expense, \$0

- a. Choice A
 - b. Choice B
 - c. Choice C
 - d. Choice D
 - e. None of the above
8. Which of the financial statements below are dated as of a specific date?
- a. Balance sheet
 - b. Income statement
 - c. Cash flow statement
 - d. All of the above
 - e. (a) and (c) above
9. Which of the below would be best characterized as a non-current liability?
- a. Cost of sales
 - b. Income taxes payable
 - c. Loss on sale of equipment

- d. Bank term debt
 - e. Wages payable
10. On what basis are assets ordered in a balance sheet?
- a. How quickly the assets can be converted into cash
 - b. From largest to smallest
 - c. Importance to the company
 - d. How quickly assets can be sold
 - e. Management has significant judgment and discretion as to ordering
11. Which of the following errors would most likely lead to an overstatement of income this year?
- a. Recording revenue in the next year when the cash is collected although it is earned in the current year.
 - b. Recording an expense incurred in this year when the cash is paid next year.
 - c. Failure to adjust deferred revenue account for the portion of deferred revenue earned this year.
 - d. Failure to adjust prepaid expenses to account for the portion of insurance expired this year.
 - e. All of the above
12. If a business declared and paid a \$50,000 dividend, it would be disclosed in which of the following financial statements?
- a. Income statement only
 - b. Income statement and balance sheet
 - c. Retained earnings statement and the cash flow statement
 - d. Retained earnings statement only
 - e. None of the above
13. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and which of the following is correct?
- a. It must be identified as a cash equivalent on the statement of earnings
 - b. It must mature within 120 days
 - c. The investment must have a known foreign exchange rate
 - d. It must be sufficiently close to its maturity date so that its market value is relatively insensitive to interest rate changes.
 - e. None of the above
14. A company has incurred some routine maintenance costs. If it decides to capitalize these costs instead of expensing them, what would be the effect on cash from operating activities and cash from investing activities in that period?
- a. Cash from operating activities would increase; cash from investing activities would increase.
 - b. Cash from operating activities would increase; cash from investing activities would decrease.

- c. Cash from operating activities would decrease; cash from investing activities would increase.
 - d. Cash from operating activities would decrease; cash from investing activities would decrease.
 - e. There would be no effect on either cash from operating activities or cash from investment activities.
15. Complete the following statement: Shareholders' equity _____:
- a. is equal to liabilities and retained earnings.
 - b. includes retained earnings and share capital.
 - c. is shown on the income statement.
 - d. is usually equal to accumulated cash on hand.
 - e. is a figure presented on the cash flow statement.
16. When the occurrence of a liability is dependent on the outcome of some future event, the liability is referred to as a(n):
- a. commitment
 - b. accrued liability
 - c. contingent liability
 - d. accounts payable
 - e. cost of goods sold
17. Future corporate income tax obligations should be reported on which of the following?
- a. a corporation's income tax return
 - b. a corporation's balance sheet
 - c. a corporation's income statement
 - d. a corporation's audit report
 - e. all of the above
18. Which of the following ratios usually is not considered to be a test of profitability?
- a. current ratio
 - b. gross profit margin
 - c. return on assets
 - d. earnings per share
 - e. all of the above are tests of profitability
19. Thunderbird Soda Company had net income before interest and taxes of \$120,000. Interest expense for the period was \$17,000 and income taxes amounted to \$28,500. The average shareholders' equity was \$680,000. What is Thunderbird's return on equity?
- a. 10.96%
 - b. 13.46%
 - c. 15.15%
 - d. 17.65%
 - e. 20.00%

20. Which of the following is a basis for an economic loss calculation?

- a. Loss of earnings
- b. Loss of contribution
- c. Fair market value
- d. Accounting for profits
- e. All of the above

PART 2 – SHORT ANSWERS (6 QUESTIONS FOR 20 MARKS)

Provide your written answer in the exam booklet accompanying this examination or in Exemplify.

MARKS**2 Question 1**

Provide examples of how financial statements can affect (a) an environmental law lawyer and (b) a family law lawyer?

3 Question 2

Thunderbird Technologies is in the business of developing and licensing software and its common shares are publicly traded on the Toronto Stock Exchange. You are Thunderbird's securities lawyer and, prior to its annual report and financial statements being published, discover that Thunderbird is a defendant in a lawsuit in which the plaintiff is claiming that Thunderbird infringed its patents and other intellectual property. The plaintiff is seeking \$2 million in damages. Thunderbird, through its litigation counsel, is vigorously defending against the lawsuit and its counsel believes it has no merit. Thunderbird and the plaintiff have engaged in settlement discussions but they have not resulted in any progress or results. Explain Thunderbird's financial statement obligations in respect of the lawsuit (if any).

4 Question 3

Describe four separate sets of users of financial statements and their specific uses of such financial statements.

3 Question 4

Thunderbird Industrial Equipment Inc. is preparing for an initial public offering. It has engaged in discussions with its lead underwriters and wants to disclose its revenue and EBITDA projections for the next five years in a prospectus. The shares will be listed on the Toronto Stock Exchange. Describe any limitations or conditions on disclosing such information under applicable securities legislation.

4 Question 5

Thunderbird Construction is a construction company that engages in the business of constructing high-rise condo towers. All of its projects are long-term in nature (in excess of three years) pursuant to legally binding construction contracts. Under the terms of its standard contract, Thunderbird receives milestone instalment payments at the completion of 25%, 50% and 100% of the tower. Thunderbird also collects a deposit of \$1 million after signing the construction contract.

Describe how Thunderbird should be recording any revenue related to its performance under the contract and the deposit. In your answer, describe and analyze the criteria for revenue recognition.

4 Question 6

MCAT Mary is a shareholder in Thunderbird Natural Food Products Inc., a company focused on organic vegan food. Thunderbird is a reporting issuer and its shares are listed on the Toronto Stock Exchange. Vast Vegan Foods International, a globally dominant vegan food distribution company, enters into a transaction with Thunderbird pursuant to which Vast Vegan will acquire all of Thunderbird's shares for \$12 per share, which represents a 20% premium to the \$10 per share Thunderbird is currently trading at. The transaction will be effected by way of a court-supervised plan of arrangement pursuant to the *Business Corporations Act* (British Columbia). MCAT Mary is disappointed in the share price and intends to vote against the transaction. MCAT Mary believes the fair value of the shares is \$16 and therefore the price offered by Vast Vegan is too low. However, MCAT Mary is a very small shareholder with less than 1% of Thunderbird's outstanding shares – as a result, her vote will have very little influence.

What other rights does Mary have to get the value she is looking for? How does she exercise these rights and what is the process she will have to go through in order to get her higher value?

PART 3 – CASE ANALYSIS (10 QUESTIONS FOR 30 MARKS)

Provide your written analysis in the exam booklet accompanying this examination or in Exemplify.

Refer to the Thunderbird Apparel Inc. financial statements handout accompanying this examination for the financial statements to be used for this Case Analysis. Show your work for all calculations.

Thunderbird Apparel Inc., headquartered in Vancouver, manufactures and distributes a popular line of athleisure clothing throughout North America. Its products are very popular with avid recreationalists, as its clothing can be used for light hiking, yoga, Pilates or just casual days on the town (it is a popular line of clothing for brunch enthusiasts who want to quickly transition to a weekend outdoor activity immediately after eating). 75% of the material used in the clothing is from recycled products, which allows for Thunderbird to market its ESG focus compared to other clothing brands. This has resonated with a large demographic of customers that is increasingly focused on where the products they are wearing come from and the environmental impact of their choices.

However, in April 2022, a prominent newspaper published a scathing article about one of Thunderbird's manufacturing plants overseas in Eastern Europe and the fact that it was a leading environmental contaminator in the local area. The social media backlash against Thunderbird was instant and intense. As a result, Thunderbird closed this plant in May 2022, which resulted in early lease termination and layoff costs and onshored this production to one of its Canadian facilities in Winnipeg. To enable this increased production capacity, it needed to lease additional space at this Winnipeg facility, which resulted in a significant increase in its rent expense.

In June 2022, Thunderbird experienced major supply chain issues, as certain hemp material that it used for one of its clothing lines was in extremely scarce supply in North America. As a result, it could no longer make these products on a timely or economical basis. This hemp clothing line was provided exclusively to one big-box retailer, which had an exclusive long-term supply agreement with Thunderbird under which Thunderbird would deliver to the retailer a certain amount of hemp athleisure product each quarter. Thunderbird was forced to use a force majeure provision in the supply agreement to suspend the contract but the contract required a \$20,000 penalty payment in order to do so.

MARKS**3 Question 1**

Thunderbird is pursuing a securities offering to raise additional capital and is in active discussions with its underwriters about which financial metrics will be important to disclose to investors in its prospectus. Thunderbird reviews prospectuses filed by peers in the industry and determines that EBITDA and Adjusted EBITDA seem to be the most prominent financial metrics.

- A. What is your calculation of Thunderbird's EBITDA for the 2022 financial year?
- B. Provide a proposed definition and calculation (for the 2022 financial year) for Adjusted EBITDA for Thunderbird to use in a prospectus if the company was pursuing a securities offering. Provide an explanation as to why your proposed definition is useful to readers and any related limitations of your definition. What are the limitations imposed by Canadian securities laws?

3 **Question 2**

Thunderbird was unsuccessful in its securities offering. It still needs additional cash to support its operations so West Mall Bank agrees to provide Thunderbird with a revolving credit facility.

- A. Provide a proposed definition for a Debt / EBITDA ratio that West Mall could use in a credit agreement. How can this definition be used within the context of a credit agreement in ways that can protect the bank's interests (i.e., what types of terms and conditions could this definition be used in)?
- B. Based on your proposed definition, provide a calculation for your ratio for the 2022 financial year.

4 **Question 3**

Calculate the following ratios for Thunderbird for fiscal 2022 (show your work) and provide an explanation as to their purpose for readers:

1. Current ratio
2. Gross profit margin
3. Receivables turnover
4. Return on Equity

2 **Question 4**

If Thunderbird is listed on the Toronto Stock Exchange and its market price on the stock exchange is \$11.50 as at December 31, 2022, what is its price to earnings ratio? If other companies in the truck trailer manufacturing industry were trading at a price to earnings ratio that was 30% higher than the ratio for Thunderbird, what could this be a sign of?

2 **Question 5**

Chancellor Asset Management is considering acquiring Thunderbird's shares for their equity value. Chancellor's valuation methodology ascribes an enterprise value for Thunderbird of 5x (five times) the EBITDA of Thunderbird for financial year 2022. What is the equity value of Thunderbird's shares (in total and per share).

4 **Question 6**

Chancellor Asset Management is focused on Thunderbird's post-closing financing needs and challenges in light of its failed initial public offering and its very high-interest revolving credit facility. As a result, Chancellor is extremely focused on Thunderbird's working capital. It wants its counsel to negotiate a working capital purchase price adjustment in the purchase agreement.

- A. What is your calculation of Thunderbird's working capital as at December 31, 2022?
- B. Describe the purpose of a working capital purchase price adjustment in the purchase agreement. Discuss three issues that frequently arise in negotiating such provisions (consider using examples to help explain these issues to Thunderbird).

3 **Question 7**

Review Thunderbird's cash flow statement. Provide an overall analysis of its cash flow position from its three types of activities and whether you view this as favourable or unfavourable in the context of Thunderbird.

2 **Question 8**

The Thunderbird balance sheet discloses a line for "Commitments and Contingencies". What can these items be? Why is there no dollar amount for that line?

3 **Question 9**

Thunderbird's goodwill on the balance sheet is the result of a series of acquisitions of manufacturing companies in Asia from 2015 to 2020. As a result of those acquisitions, it now had a significant goodwill balance on its balance sheet of at the end of 2021. In 2022, certain of these companies were at a legitimate threat of being taken over by the state under newly passed expropriation laws. As a result, the value of these companies plummeted.

- A. Describe what the goodwill balance on Thunderbird's balance sheet is.
- B. Discuss any ongoing review of goodwill that the company must do. What does that review entail and does it result in any expenses in the income statement?

4

Question 10

Thunderbird is considering an acquisition of Point Grey Apparel. Point Grey's 2022 financial year results were as follows:

Revenue for year ended December 31, 2022:	\$400 million
Net income for year ended December 31, 2022:	\$30 million
Assets at December 31, 2022:	\$150 million
Liabilities at December 31, 2022:	\$120 million
Shareholders' Equity at December 31, 2022:	\$30 million

- A. In the context of this potential transaction, what would pro forma financial statements be?
- B. If Thunderbird was a reporting issuer and its shares were listed on the Toronto Stock Exchange, would Thunderbird be required to prepare pro forma financial statements under applicable securities laws? Make reference to the three specific tests under applicable securities law.

END OF EXAMINATION

ATTACHMENTS BEGIN ON FOLLOWING PAGE

(1) Thunderbird Apparel Inc. Financial Statements Handout

THUNDERBIRD APPAREL INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,245	\$ 71,778
Accounts receivable, net	255,577	176,511
Inventories	243,870	237,621
Prepaid expenses and other	34,927	43,795
Total current assets	<u>592,619</u>	<u>529,705</u>
Property, plant, and equipment, net	271,116	232,425
Goodwill	188,434	188,443
Intangible assets, net	99,231	114,441
Other assets	52,123	42,057
Total assets	<u>\$ 1,203,523</u>	<u>\$ 1,107,071</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ —
Current portion of finance lease obligations	—	59
Accounts payable	189,141	173,950
Other accrued liabilities	158,327	115,316
Total current liabilities	<u>347,468</u>	<u>289,325</u>
Long-term debt	395,818	428,315
Deferred income taxes	27,758	36,019
Other non-current liabilities	34,354	27,873
Total liabilities	<u>805,398</u>	<u>781,532</u>
Commitments and contingencies		
Noncontrolling interest	512	—
n Stockholders' equity:		
Common stock, \$0.01 par value: 200,000,000 shares authorized; 47,675,796 and 48,954,482 shares outstanding, respectively	766	759
Additional paid-in capital	665,941	653,978
Retained earnings	188,241	92,111
Accumulated other comprehensive (loss) income	(882)	859
Treasury stock, at cost: 28,972,928 and 27,013,275 common shares, respectively	<u>(456,453)</u>	<u>(422,168)</u>
Total n stockholders' equity	<u>397,613</u>	<u>325,539</u>
Total liabilities, noncontrolling interest, and equity	<u>\$ 1,203,523</u>	<u>\$ 1,107,071</u>

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

THUNDERBIRD APPAREL INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Net sales	\$ 2,502,129	\$ 1,803,268	\$ 1,481,889
Cost of sales	2,179,438	1,606,801	1,322,135
Gross profit	322,691	196,467	159,754
General and administrative expenses	113,083	88,807	92,740
Selling expenses	27,070	23,691	25,080
Amortization of intangible assets	15,211	22,858	21,981
Impairment and other, net	685	27,569	105,561
Income (loss) from operations	166,642	33,542	(85,608)
Other income (expense):			
Interest expense	(20,525)	(23,128)	(24,194)
Other, net	318	(9,124)	588
Other expense, net	(20,207)	(32,252)	(23,606)
Income (loss) before income tax	146,435	1,290	(109,214)
Income tax expense (benefit)	33,665	126	(11,802)
Net income (loss)	112,770	1,164	(97,412)
Net income attributable to noncontrolling interest	512	—	—
Net income (loss) attributable to common stockholders	\$ 112,258	\$ 1,164	\$ (97,412)
Net income (loss) attributable to common stockholders per share:			
Basic	\$ 2.31	\$ 0.02	\$ (1.84)
Diluted	\$ 2.25	\$ 0.02	\$ (1.84)
Weighted average common shares outstanding (in thousands):			
Basic	48,626	50,684	52,945
Diluted	49,881	51,608	52,945
Dividends declared per share	\$ 0.32	\$ 0.32	\$ 0.32

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THUNDERBIRD APPAREL INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total
	Shares	Amount					
Balances at December 31, 2019	53,473,620	\$ 750	\$ 638,917	\$ 221,841	\$ (3,978)	\$ (336,542)	\$ 520,988
Net loss for the year				(97,412)			(97,412)
Foreign currency translation					(316)		(316)
Stock-based compensation	212,009	4	4,506				4,510
Stock repurchase	(1,262,459)					(18,895)	(18,895)
Common stock dividends				(17,196)			(17,196)
Unrealized gain on derivative instruments, net of tax					11,927		11,927
Common stock issued in connection with:							
Stock option exercises	113,312	1	1,272				1,273
Balances at December 31, 2020	52,536,482	\$ 755	\$ 644,695	\$ 107,233	\$ 7,633	\$ (355,437)	\$ 404,879
Net income for the year				1,164			1,164
Foreign currency translation					193		193
Stock-based compensation	145,118	2	7,057				7,059
Stock repurchase	(3,927,900)					(66,731)	(66,731)
Common stock dividends				(16,286)			(16,286)
Unrealized loss on derivative instruments, net of tax					(6,967)		(6,967)
Common stock issued in connection with:							
Stock option exercises	200,782	2	2,226				2,228
Balances at December 31, 2021	48,954,482	\$ 759	\$ 653,978	\$ 92,111	\$ 859	\$ (422,168)	\$ 325,539
Net income attributable to common stockholders for the year				112,258			112,258
Foreign currency translation					198		198
Stock-based compensation	298,458	5	9,741				9,746
Stock repurchase	(1,761,339)					(34,285)	(34,285)
Common stock dividends				(16,128)			(16,128)
Unrealized loss on derivative instruments, net of tax					(1,939)		(1,939)
Common stock issued in connection with:							
Stock option exercises	184,195	2	2,222				2,224
Balances at December 31, 2022	47,675,796	\$ 766	\$ 665,941	\$ 188,241	\$ (882)	\$ (456,453)	\$ 397,613

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

THUNDERBIRD APPAREL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	\$ 112,770	\$ 1,164	\$ (97,412)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	31,758	25,984	25,989
Amortization of intangibles	15,211	22,858	21,981
Net gain on sale of property, plant and equipment and business divestiture	(635)	(1,594)	(1,567)
Loss on debt extinguishment	—	9,504	396
Deferred income taxes	(7,614)	(8,147)	5,016
Stock-based compensation	9,746	7,059	4,509
Non-cash interest expense	868	1,082	1,112
Impairment	1,339	29,163	107,114
Accounts receivable	(79,066)	(80,879)	71,436
Inventories	(6,249)	(74,804)	21,099
Prepaid expenses and other	1,069	8,570	(2,875)
Accounts payable and accrued liabilities	46,085	54,862	(28,266)
Other, net	(1,198)	(2,292)	(4,398)
Net cash provided by (used in) operating activities	<u>124,084</u>	<u>(7,470)</u>	<u>124,134</u>
Cash flows from investing activities:			
Cash payments for capital expenditures	(57,086)	(49,105)	(20,131)
Proceeds from sale of assets and business divestiture	1,781	22,029	17,115
Net cash used in investing activities	<u>(55,305)</u>	<u>(27,076)</u>	<u>(3,016)</u>
Cash flows from financing activities:			
Proceeds from exercise of stock options	2,224	2,228	1,273
Dividends paid	(16,020)	(16,435)	(17,324)
Borrowings under revolving credit facilities	97,549	50,823	45,794
Payments under revolving credit facilities	(130,584)	(17,788)	(45,794)
Principal payments under finance lease obligations	(59)	(319)	(327)
Borrowings under new senior notes	—	400,000	—
Principal payments against old senior notes	—	(315,000)	(10,000)
Borrowings under term loan credit facility, net of original issuance discount	—	—	148,500
Principal payments under term loan credit facility	—	(138,835)	(146,393)
Debt issuance costs paid	(1,137)	(9,296)	(791)
Stock repurchases	(34,285)	(66,731)	(18,895)
Net cash used in financing activities	<u>(82,312)</u>	<u>(111,353)</u>	<u>(43,957)</u>
Cash, cash equivalents, and restricted cash:			
Net (decrease) increase in cash, cash equivalents, and restricted cash	(13,533)	(145,899)	77,161
Cash, cash equivalents, and restricted cash at beginning of period	71,778	217,677	140,516
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 58,245</u>	<u>\$ 71,778</u>	<u>\$ 217,677</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 20,131	\$ 22,040	\$ 23,411
Net cash paid (refunds received) for income taxes	\$ 18,333	\$ (467)	\$ (4,670)
Period end balance of payables for property, plant, and equipment	\$ 18,809	\$ 3,785	\$ 2,840

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

THUNDERBIRD APPAREL INC.

SUPPLEMENTAL BREAK-DOWN OF GENERAL AND ADMINISTRATIVE EXPENSES

(Dollars in thousands, except per share amounts)

	Year Ended December 31,		
	2022	2021	2020
RENT EXPENSE	\$40,000	\$25,000	\$30,000
OFFICE SALARIES AND COMPENSATION	\$28,954	\$43,165	\$43,286
COVID=19 HEALTH COMPLIANCE COSTS	-	\$10,312	\$16,046
PLANT CLOSURE COSTS AND EXPENSES	\$12,576	-	-
UTILITIES	\$998	\$1,980	\$1,985
FORCE MAJEURE CONTRACT PENALTY	\$20,000	-	-
OTHER	\$10,555	\$8,350	\$1,423
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 113,083	\$ 88,807	\$ 92,740