**BUSN 5200**

**Homework Assignment for Week 3:**

For Week 3, please complete the following for Joe’s Fly-By-Night Oil Company, whose latest income statement and balance sheet are shown below:

**INCOME STATEMENT, 2018**

**BALANCE SHEET, as of Dec 31, 2018**

Sales

$10,000

ASSETS

Cost of goods sold

4,000

Cash

$5,000

Gross profit

$6,000

Accounts receivable

3,000

S, G & A expenses

3,000

Inventory

17,000

EBIT

$3,000

Current assets

$25,000

Interest

$200

Equipment (gross)

27,000

Before-tax earnings

$2,800

Less Accum Depreciation

(12,000)

Taxes

1,000

Equipment (net)

$15,000

Net income

$1,800

Total assets

$40,000

LIABILITIES AND EQUITY

EPS

$1.80

Accounts payable

$17,000

Current liabilities

$17,000

Dividends

$600

Long-term debt

$3,000

Addition to retained earnings

$1,200

Total liabilities

$20,000

Common stock (1,000 shares)

$7,000

Retained earnings

$13,000

Total equity

$20,000

Total liabilities & Equity

$40,000

**Joe's Fly-by-Night Oil**

• Prepare a graph of sales and net income for the years 2015 – 2018. For the purposes of this exercise, assume the following historical sales and net income figures for Joe’s Fly-By-Night Oil:

Year Sales Net Income

2015 $8,200 $1,500

2016 $8,000 $1,400

2017 $9,000 $1,600

2018 $10,000 $1,800

Comment on the results displayed on the graph.

• Prepare a pie chart of Joe’s Fly-By-Night Oil’s expense distribution for 2018 and comment on the results displayed.

• Prepare a pie chart of Joe’s Fly-By-Night Oil’s asset distribution for Dec 31, 2018 and comment on the results displayed.

• Prepare a pie chart of Joe’s Fly-By-Night Oil’s capital structure for Dec 31, 2018 and comment on the results displayed.

Note: Be sure to comment on each of the four graphs. The numbers mean little

without your explanatory comments.

**Case Study Tasks:**

1. Revise your Company Overview file based on your instructor’s feedback when received.

2. If you haven’t done so already, enter the data from your company’s last two years’ income statements, balance sheets, and statements of cash flows onto an Excel spreadsheet and begin working on the Financial Overview section of your report.