

Peaches Hotel

End of the Fiscal Year Results:

Current Assets:	\$44,000
Current Liabilities:	\$41,000
Net Income:	\$68,000
Total Revenue:	\$190,000
Average Stockholders' equity:	\$120,000

Determine the following:

Evaluating Profitability

Net Income Percentage _____

Return on Equity _____

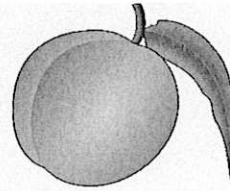
***What do these measurements mean for Peaches Hotel's profitability?**

Evaluating Solvency

Working Capital _____

Current Ratio _____

***What do you think of the corporation's solvency in the short term?**



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Determine the following:

Evaluating Profitability

Net Income Percentage	$\frac{68,000}{190,000} = 35.8\%$
Return on Equity	$\frac{68,000}{120,000} = 56.7\%$

*What do these measurements mean for Powder Skiing's profitability?

for every \$1 in sales company makes $\approx 36\%$
 for every \$1 invested company makes $\approx 57\%$

Evaluating Solvency

Working Capital	$44,000 - 41,000 = 3,000$
Current Ratio	$\frac{44,000}{41,000} = 1.07:1$

*What do you think of the corporation's solvency in the short term?

They are solvent but barely. There is concern due to how close current ratio is to 1:1

Accounting Review

- A. Cash Receipts Journal
- B. Cash Payment Journal
- C. Sales Journal
- D. Purchases Journal
- E. General Journal

- ___ The owner, Mr. Mauks, invested \$5,000 in his store, Mauks Mugs
- ___ Purchased a computer on account
- ___ Closed the income summary account
- ___ Paid freight charges on merchandise
- ___ Sold merchandise on account
- ___ Mr. Sanderson, owner, withdrew money for his personal use.
- ___ Closed the Expense accounts to Income Summary.
- ___ Purchased supplies for cash
- ___ Recorded the entry for the monthly depreciation.
- ___ Sold merchandise for cash
- ___ Purchased office supplies on account.
- ___ Recorded the adjusting entry for supplies expense
- ___ Returned damaged merchandise receiving credit memo
- ___ Received cash for a job to be performed at a later date.

Accounting Review

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A The owner, Mr. Mauks, invested \$5,000 in his store, Mauks Mugs

D Purchased a computer on account

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E Closed the Expense accounts to Income Summary.

B Purchased supplies for cash

E Recorded the entry for the monthly depreciation.

A Sold merchandise for cash

D Purchased office supplies on account.

E Recorded the adjusting entry for supplies expense

E Returned damaged merchandise receiving credit memo

A Received cash for a job to be performed at a later date.

remember Cash first then go to other

3 journals