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A corporation has the following balance sheet items for the year ending December 31, 2011:

Cash $15,000

Accounts Receivable 20,000

Inventory 45,000

Prepaid Expenses 10,000

Property Plant and Equipment 80,000

Total Assets $170,000

Accounts Payables 30,000

Long Term Notes Payable 70,000

Stockholders' Equity 70,000

Total Liabilities and Equity $170,000

The income statement for the year ending December 31, 2011 is as follows:

Sales $110,000

Cost of Goods Sold (50,000)

Gross Margin $ 60,000

Selling Expenses (20,000)

Administrative Expenses (10,000)

Interest Expenses ( 5,000)

Net Income $25,000

Calculate the current ratio  
5.67  
3  
2.67  
1.7

Calculate the acid test/quick ratio  
1  
2.67  
3  
5.67

Calculate the debt to equity ratio  
1  
1.43  
.43  
.17

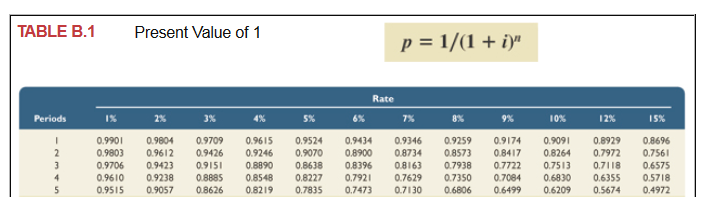
Calculate the profit margin ratio  
.23  
4.4  
.55  
1.83

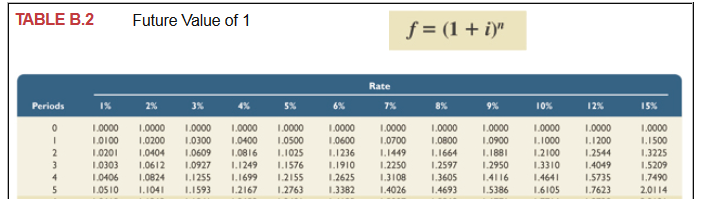
Calculate the times interest earned ratio  
6  
5  
.2  
22

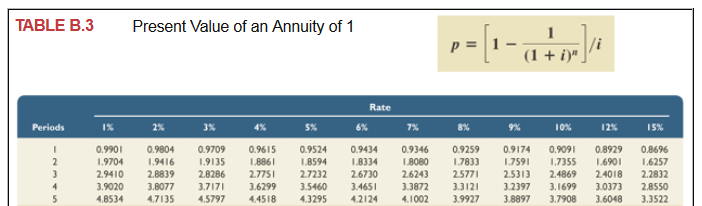
Top of Form

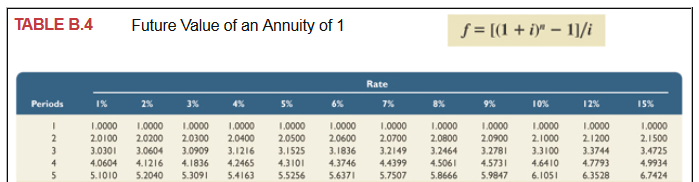
A corporation is considering the purchase of a new equipment costing $90,000. The projected after-tax annual net income from the equipment is $3,600, after deducting $30,000 depreciation. Assume that revenue is to be received at each year-end, and the machine has a useful life of three years with zero salvage value. Management requires a 12% return on its investments. What is the net present value of this machine? (use tables on next page)

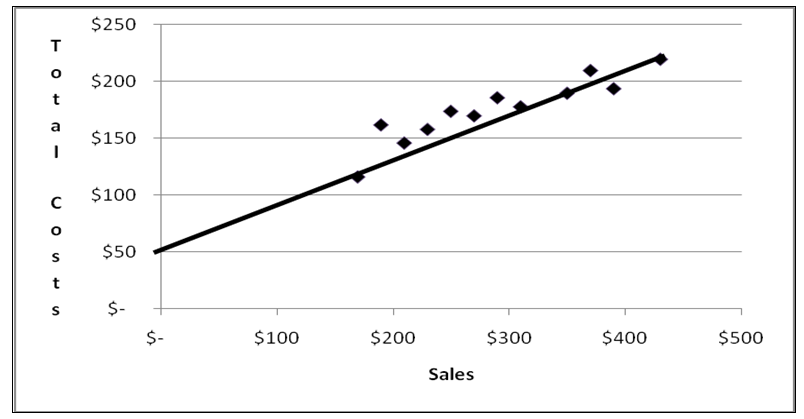
$60,444  
$80,700  
$(9,300)  
$(88,560)









  
  
What is the estimated fixed costs based upon the scattergraph?

$300  
$50  
$225  
$175