

Financial Management For Engineers

EMGT 6305

SPRING 2022

Lingxuan Ye

HW 1

Section 2

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| **CDE Company** | | |
| **Income Statement** | | |
| Service Fees Earned |  | 102200 |
| Miscellaneous Income |  | 7200 |
| **Total Income** |  | **109400** |
| Salaries Expense | 42800 |  |
| Rent Expense | 8000 |  |
| Insurance Expense | 4800 |  |
| Depreciation Expense | 8000 |  |
| Income Tax Expense | 8800 |  |
| **Total Operating Expense** | **72400** |  |
| **Net Income** |  | **37000** |
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| **Statement of Retained Earnings** | | |
| **Beginning Retained Earnings** |  | **15200** |
| Net Income |  | 37000 |
| Cash Dividends | 7500 |  |
| **Net Increase in Retained Earnings** |  | **29500** |
| **Ending Retained Earnings** |  | **44700** |
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| **Profit Margin = (Net Income / Revenue) × 100** | | |
| **Profit Margin = (37000 / 109400) × 100 = 33.82%** | | |
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| **Payout Ratio = (Dividends / Net Income) × 100** | | |
| **Payout Ratio = (7500 / 37000) × 100 = 20.27%** | | |

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| **XYZ Company** | | |
| **Income Statement** | | |
| Service Fees Earned |  | 83000 |
| **Total Income** |  | **83000** |
| Wages Expense | 29800 |  |
| Rent Expense | 13200 |  |
| Insurance Expense | 4900 |  |
| Supplies Expense | 5100 |  |
| Advertising Expense | 8000 |  |
| Depreciation Expense – Truck | 4000 |  |
| Depreciation Expense – Equipment | 800 |  |
| **Total Operating Expense** | **65800** |  |
| **Net Income** |  | **17200** |
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| **Statement of Retained Earnings** | | |
| **Beginning Retained Earnings** |  | **16050** |
| Net Income |  | 17200 |
| Dividends | 12000 |  |
| **Net Increase in Retained Earnings** |  | **5200** |
| **Ending Retained Earnings** |  | **21250** |
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| **Profit Margin = (Net Income / Revenue) × 100** | | |
| **Profit Margin = (17200 / 83000) × 100 = 20.72%** | | |
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| **Payout Ratio = (Dividends / Net Income) × 100** | | |
| **Payout Ratio = (12000 / 17200) × 100 = 69.77%** | | |

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| **Untitled** | | |
| **Income Statement** | | |
| Service Fees Earned |  | 70400 |
| **Total Income** |  | **70400** |
| Rent Expense | 13000 |  |
| Salaries Expense | 33400 |  |
| Supplies Expense | 4700 |  |
| Insurance Expense | 3250 |  |
| Depreciation Expense – Equipment | 720 |  |
| Interest Expense | 630 |  |
| **Total Operating Expense** | **55700** |  |
| **Net Income** |  | **14700** |
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| **Statement of Retained Earnings** | | |
| **Beginning Retained Earnings** |  | **7505** |
| Net Income |  | 14700 |
| Dividends | 2900 |  |
| **Net Increase in Retained Earnings** |  | **11800** |
| **Ending Retained Earnings** |  | **19305** |
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| **Profit Margin = (Net Income / Revenue) × 100** | | |
| **Profit Margin = (14700 / 70400) × 100 = 20.88%** | | |
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| **Payout Ratio = (Dividends / Net Income) × 100** | | |
| **Payout Ratio = (2900 / 14700) × 100 = 19.73 %** | | |