



## What Makes A Good Stock?

### Activity: Understanding Stock Ratios

**Q1:** If Superscan Inc. Has a market capitalization of \$804,000 and reported earnings of \$64,320, what is the company's PE ratio?

**Q2:** If SuperSneeze International has a stock price of \$1.70 and earnings per share of \$0.136, what is the company's PE ratio?

**Q3:** If Protoview Inc. Has a market capitalization of \$6,324,000 and reported earnings of \$316,200 what is the company's PE ratio?

**Q4:** If ProtoTron Inc. Has a market capitalization of \$946,000 and reported earnings of \$141,900, what is the company's PE ratio?

**Q5:** If EasySoft Corporation has a stock price of \$6.30 and earnings per share of \$1.89, what is the company's PE ratio?

**Q6:** The return on equity ratio for a given stock is .25. Which of the following BEST describes this value?

- a. 25% of the company's profits are long-term
- b. For every \$1 of stock, the company generated a \$0.25 profit
- c. For every \$1 of stock, the company generated a \$0.25 loss
- d. The return on investment is 75%



**Q7:** If MultiSoft Corp. Has a market capitalization of \$11,880,000 and reported earnings of \$2,970,000, what is the company's PE ratio?

**Q8:** If ElectroWongle Inc. Has a market capitalization of \$35,520,000 and reported earnings of \$10,656,000, what is the company's PE ratio?

**Q9:** If Company Q has annual income of \$5,644,750 and the Total Shareholder's Equity on the balance sheet is \$150,250, what is the return on equity?

**Q10:** TechnoBit Corp. Has a price-to-earnings ratio of 20.0 and reported earnings per share of \$0.295. What is the current stock price?

**Q11:** If SpectroSneeze Inc. has a stock price of \$5.00 and a price to earnings ratio of 20, what is the company's earnings-per-share?

**Q13:** What is the consequence of high debt to equity ratios across an industry?

- a. Increased cash flow in the market
- b. Potential for financial disaster
- c. Increased regulations
- d. Increased IRS audits

**Q14:** If TeleSneeze Inc. Has a market capitalization of \$58,740,000 and reported earnings of \$11,748,000, what is the company's PE ratio?



**Q15:** If ZoomScan has a stock price of \$1.40 and earnings per share of \$0.07, what is the company's PE ratio?

**Q16:** If ultraWidget Corporation has a stock price of \$4.50 and earnings per share of \$0.09, what is the company's PE ratio?