

Student: Adam Clonick  
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Time: 10:20 PM

Instructor: Timothy Posey  
Course: FINC400 D002 Fall 14  
Book: Keown/Martin/Petty, Foundations of Finance, 8e

Assignment: Week 2 Homework

Problem 3 - (Preparing an income statement) Prepare an income statement and a common-sized income statement from the following information.  
2 (similar to).

1.

Sales	\$525,985
Cost of goods sold	199,569
General and administrative expense	60,151
Depreciation expense	8,947
Interest expense	11,494
Income taxes	98,330

(Click on the icon located on the top-right corner of the data table above in order to copy its contents into a spreadsheet.)

Complete the income statement below. (Round to the nearest dollar. NOTE: You may input expense accounts as negative values.)

		\$	
		\$	
		\$	
<b>Gross profits</b>		\$	
		\$	
		\$	
Total operating expenses		\$	
<b>Operating income (EBIT)</b>		\$	
		\$	
<b>Earnings before taxes</b>		\$	
		\$	
<b>Net income</b>		\$	

Problem 3- Complete the common-sized income statement below. (Round to one decimal place. NOTE: You may input expense accounts as negative values.)

(cont.)

3.

Common-sized Income Statement			
Sales		\$ 525,985	<input type="text"/> %
Cost of goods sold		199,569	<input type="text"/>
<b>Gross profits</b>		<b>\$ 326,416</b>	<input type="text"/> %
General and administrative expense	\$ 60,151	<input type="text"/>	<input type="text"/> %
Depreciation expense	8,947	<input type="text"/>	<input type="text"/>
Total operating expenses		\$ 69,098	<input type="text"/> %
<b>Operating income (EBIT)</b>		<b>\$ 257,318</b>	<input type="text"/> %
Interest expense		11,494	<input type="text"/>
<b>Earnings before taxes</b>		<b>\$ 245,824</b>	<input type="text"/> %
Income taxes		98,330	<input type="text"/>
<b>Net income</b>		<b>\$ 147,494</b>	<input type="text"/> %