

LAKE OF EGYPT MARINA, INC.
Balance Sheet as of December 31, 2015 and 2014
(in millions of dollars)

	2015	2014		2015	2014
Assets			Liabilities and Equity		
Current assets:			Current liabilities:		
Cash and marketable securities	\$ 75	\$ 65	Accrued wages and taxes	\$ 40	\$ 43
Accounts receivable	115	110	Accounts payable	90	80
Inventory	<u>200</u>	<u>190</u>	Notes payable	<u>80</u>	<u>70</u>
Total	<u>\$390</u>	<u>\$365</u>	Total	<u>\$210</u>	<u>\$193</u>
Fixed assets:			Long term debt:	<u>\$300</u>	<u>\$280</u>
Gross plant and equipment	\$580	\$471	Stockholders' equity:		
Less: Depreciation	<u>110</u>	<u>100</u>	Preferred stock (5 million shares)	\$ 5	\$ 5
Net plant and equipment	\$470	\$371	Common stock and paid in surplus (65 million shares)	65	65
Other long term assets	<u>50</u>	<u>49</u>	Retained earnings	<u>330</u>	<u>242</u>
Total	<u>\$520</u>	<u>\$420</u>	Total	<u>\$400</u>	<u>\$312</u>
Total assets	<u>\$910</u>	<u>\$785</u>	Total liabilities and equity	<u>\$910</u>	<u>\$785</u>

LAKE OF EGYPT MARINA, INC.
Income Statement for Years Ending December 31, 2015 and 2014
(in millions of dollars)

	2015	2014
Net sales (all credit)	\$ 515	\$ 432
Less: Cost of goods sold	<u>230</u>	<u>175</u>
Gross profits	\$ 285	\$ 257
Less: Other operating expenses	<u>30</u>	<u>25</u>
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	\$ 255	\$ 232
Less: Depreciation	<u>22</u>	<u>20</u>
Earnings before interest and taxes (EBIT)	\$ 233	\$ 212
Less: Interest	<u>33</u>	<u>30</u>
Earnings before taxes (EBT)	\$ 200	\$ 182
Less: Taxes	<u>57</u>	<u>55</u>
Net income	<u>\$ 143</u>	<u>\$ 127</u>
Less: Preferred stock dividends	<u>\$ 5</u>	<u>\$ 5</u>
Net income available to common stockholders	\$ 138	\$ 122
Less: Common stock dividends	<u>65</u>	<u>65</u>
Addition to retained earnings	\$ 73	\$ 57
Per (common) share data:		
Earnings per share (EPS)	\$ 2.123	\$ 1.877
Dividends per share (DPS)	\$ 1.000	\$ 1.000
Book value per share (BVPS)	\$ 6.077	\$ 4.723
Market value (price) per share (MVPS)	\$14.750	\$12.550

3-29 Spreading the Financial Statements Spread the balance sheets and income statements of Lake of Egypt Marina, Inc., for 2015 and 2014. (LG3-6)

3-30 Calculating Ratios Calculate the following ratios for Lake of Egypt Marina, Inc., as of year-end 2015. (LG3-1 through LG3-5)

Lake of Egypt Marina, Inc.	Industry
a. Current ratio	2.00 times
b. Quick ratio	1.20 times
c. Cash ratio	0.25 times
d. Inventory turnover	3.60 times
e. Days' sales in inventory	101.39 days
f. Average collection period	32.50 days
g. Average payment period	45.00 days
h. Fixed asset turnover	1.25 times
i. Sales to working capital	4.25 times
j. Total asset turnover	0.85 times
k. Capital intensity	1.18 times
l. Debt ratio	62.50%
m. Debt-to-equity	1.67 times
n. Equity multiplier	2.67 times
o. Times interest earned	8.50 times
p. Cash coverage	8.75 times
q. Profit margin	28.75%
r. Gross profit margin	56.45%
s. Operating profit margin	46.78%
t. Basic earnings power	32.50%
u. ROA	19.75%
v. ROE	36.88%
w. Dividend payout	35.00%
x. Market-to-book ratio	2.55 times
y. PE ratio	15.60 times

- 3-31 DuPont Analysis** Construct the DuPont ROA and ROE breakdowns for Lake of Egypt Marina, Inc. (LG3-6)
- 3-32 Internal and Sustainable Growth Rates** Calculate the internal and sustainable growth rate for Lake of Egypt Marina, Inc. (LG3-6)
- 3-33 Cross-Sectional Analysis** Use the ratios from Problem 3-30 for Lake of Egypt Marina, Inc., and the industry, what can you conclude about Lake of Egypt Marina's financial performance for 2015? (LG3-7)

ADVANCED PROBLEMS

- 3-34 Ratio Analysis** Use the following information to complete the balance sheet below. (LG3-1 through LG3-5)

Current ratio = 2.5 times

Profit margin = 10%

Sales = \$1,200m

ROE = 20%

Long-term debt to long-term debt and equity = 55%

Current assets	\$ _____	Current liabilities	\$210m
Fixed assets	_____	Long-term debt	_____
Total assets	\$ _____	Stockholders' equity	_____
		Total liabilities and equity	\$ _____

- 3-35 Ratio Analysis** Use the following information to complete the balance sheet. (LG3-1 through LG3-5)

Current ratio = 2.20 times