

# [Sands air – college essay](https://assignbuster.com/ss-air-college-essay/)

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3. Depreciation percentage=$1, 640, 200/$15, 411, 620 = 10. 64% New Fixed Assets=$15, 411, 620 + $30, 000, 000 = $45, 411, 620 $45, 411, 620\*. 1064 = $4, 831, 796 new depreciation Pro forma Income Statement Sales ($36, 599, 300\*1. 12)$40, 991, 216 Cost of Goods Sold ($26, 669, 496\*1. 12) 29, 869, 836 Other Expenses ($4, 641, 000\*1. 12) 5, 197, 920 Depreciation 4, 831, 796 EBIT 1, 091, 664 Interest 573, 200 Taxable Income 518, 464 Taxes (40%) 207, 386 Net Income $311, 078 Dividends ($311, 0786\*0. 30)$93, 323

Add to Retained Earnings $217, 755 Pro forma Balance Sheet AssetsLiabilities and Stockholder’s Equity Current AssetsCurrent Liabilities Cash ($396, 900\*1. 12)$444, 528 Accounts Payable ($844, 550\*1. 12) $945, 896 Accounts Receivable ($637, 560\*1. 12) 714, 067 Notes Payable 1, 928, 500 Inventory ($933, 400\*1. 12)1, 045, 408Total Current Liabilities 2, 874, 396 Total Current Assets $2, 204, 003Long-term Debt $5, 050, 000 Fixed Assets Net Plant and Stockholder’s Equity

Equipment $45, 411, 620 Common Stock $322, 500 Retained Earnings 9, 451, 685 Total Equity $9, 774, 185 Total Assets $47, 615, 623 Total Liabilities and Stockholder’s Equity $17, 698, 581 EFN=$47, 615, 623-$17, 698, 581 = $29, 917, 042 Since the fixed assets have increased at a faster percentage than sales, capacity utilization for next year will decrease because the addition of the new line would expand capacity much more than would normally be required.