

**BOAOA1 – OAC Accounting**  
**Analyzing Financial Statements – Mock Exam**

Instructions: Study the following financial statements carefully. Compute the indicated ratios using figures from these financial statements and provide a comment on each ratio in the spaces provided. For each ratio, first state the formula and then show calculations in full solutions.

**PREMIUM ALCOHOLIC BEVERAGES INC.**  
**Consolidated Income Statement**  
**For the Years Ended December 31, 2000 and December 31, 2001**

<b>Revenues</b>	<b>2001</b>	<b>2000</b>
Net Sales	\$580,000.00	\$518,000.00
Commissions	<u>97,400.00</u>	<u>85,000.00</u>
Total Revenues	\$677,400.00	\$603,000.00
<b>Operating Expenses</b>		
Cost of Sales	182,000.00	195,000.00
Marketing, Sales, and Administration	98,000.00	89,000.00
Loss on Disposal	<u>38,000.00</u>	<u>24,000.00</u>
Total Operating Expenses	318,000.00	308,000.00
<b>Earnings from Operations</b>	<u>359,400.00</u>	<u>295,000.00</u>
Interest Expense, Net	70,200.00	68,000
<b>Earnings before Income Taxes</b>	<u>289,200.00</u>	<u>227,000.00</u>
Income Taxes	65,900.00	52,000.00
<b>Net Income (Loss)</b>	<u>\$223,300.00</u>	<u>\$175,000.00</u>

1. Accounts Receivable Turnover Rate

Comments:

2. Operating Expense Ratio

Comments:

3. Return on Assets

Comments:

4. Interest Coverage Ratio

Comments:

5. Return on Common Shareholder's Equity

Comments:

6. Earnings Per Share of Common Stock

Comments:

7. Book Value Per Share of Common Stock

Comments: