**MGT500. Business Basics**

**Assignment 2 GLOBUS ENTERPRISES YEAR END BALANCES**

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| Globus Enterprises Year End Balances |
| Owner’s Equity | $112,350 |
| Revenue | $263,200 |
| Wages expense | $121,800 |
| Rent expense | $65,100 |
| Supplies expense | $50,400 |
| Miscellaneous expenses | $5,250 |
| Cash | $81,200 |
| Accounts receivable | $51,800 |
| Supplies | $9,100 |
| Prepaid insurance | $8,400 |
| Land (fixed asset) | $29,400 |
| Equipment (fixed asset) | $25,900 |
| Accounts payable | $20,650 |
| Notes payable | $43,050 |
| Mortgage (long term) | $29,750 |

**Assignment**

1. Using the data in the table above, create a balance sheet for Globus’s operations as of yearend (December 31, 200X)
2. Using the data in the table above, create an income statement for the year being examined.
3. Analyze the financial statements using the following analytical tools:
	1. Current ratio (What does this ratio tell us about Globus?)
	2. Net working capital (What does net working capital tell us about Globus?)

Note: Net working capital is the difference between current assets and current liabilities.

c. Debt to equity ratio (What does this ratio tell us about Globus?) Note: To compute owners’ equity from the data supplied here, remember the fundamental accounting equation:

Assets = Liabilities + Owners’ equity

d. Leverage ratio (What does this ratio tell us about Globus?)

e. Return on equity (What does this ratio tell us about Globus?)