**Financial Reporting Final Assessment**

**STEP THREE**

Reflection: Analyze the statements you have created and use them to answer the following questions. Your reasoning should reference the numbers and accounts. Use no less than 30 and no more than 200 words for each of the questions.

1. Is Wells Mobile Apps paying too much out in dividends? Why or why not? Explain your reasoning.

I believe that they are. According to the adjusted trial balance on line 20 $24,000 dollars was paid out. This is only about 32% of the retained earnings listed on 24 of the balance sheet. Further, since just the total of the liabilities area of the balance sheet on lines 18-20 equal to $59,000 paying such a large dividend endangers the bottom line, and may put the company in default of liabilities due.

2. For Scenic Industries, there was an increase in Cash from the first year to the next., What was the single biggest event that caused this? Explain your reasoning.

 According to the income statement Scenic sold a lot this year with a gross profit listed on line 12 of $269,000, and a net income of $183,000. Further, according to the balance sheet line 39 Investments really paid off this year. With an increase of $113,000. Finally, the $26,500 cash change is also provided by the $30,000 dollar increase do to the sale of common stock listed on line 52.