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.

The company is not paying much on dividends simply because it thinks its growth opportunities are better than investment opportunities available to shareholders; therefore, it retains the profit and uses it from more investment. On the other hand, the company is paying less on the dividend to increase the revenue for effective operation.

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.

The company recorded an increase in Cash in 2013 due to the investment opportunity that the company ventured into, which was not the case in 2012. High investments lead to high returns on capital; therefore, the company's cash foe increases.