P11-6 Prepare a common size balance sheet, 2008 [LO 9]

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| Use the following consolidated balance sheet for Intel Corporation annual report. |

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| INTEL CORPORATION CONSOLIDATED BALANCE SHEET December 27, 2008 (In Millions, Except Par Value) | | | | |
|  | Assets |  |  |  |
|  | Current assets: |  |  |  |
|  | Cash and cash equivalents | $ | 3,350 |  |
|  | Short-term investments |  | 5,331 |  |
|  | Trading assets |  | 3,162 |  |
|  | Accounts receivable, net of allowance for doubtful accounts of $17 ($27 in 2008) |  | 1,712 |  |
|  | Inventories |  | 3,744 |  |
|  | Deferred tax assets |  | 1,390 |  |
|  | Other current assets |  | 1,182 |  |
|  |  |  |  |  |
|  | Total current assets |  | 19,871 |  |
|  |  |  |  |  |
|  | Property, plant and equipment, net |  | 17,544 |  |
|  | Marketable strategic equity securities |  | 352 |  |
|  | Other long-term investments |  | 2,924 |  |
|  | Goodwill |  | 3,932 |  |
|  | Other long-term assets |  | 6,092 |  |
|  |  |  |  |  |
|  | Total assets | $ | 50,715 |  |
|  |  |  |  |  |
|  | Liabilities and stockholders' equity |  |  |  |
|  | Current liabilities: |  |  |  |
|  | Short-term debt | $ | 102 |  |
|  | Accounts payable |  | 2,390 |  |
|  | Accrued compensation and benefits |  | 2,015 |  |
|  | Accrued advertising |  | 807 |  |
|  | Deferred income on shipments to distributors |  | 463 |  |
|  | Other accrued liabilities |  | 2,041 |  |
|  |  |  |  |  |
|  | Total current liabilities |  | 7,818 |  |
|  |  |  |  |  |
|  | Long-term income taxes payable |  | 736 |  |
|  | Deferred tax liabilities |  | 46 |  |
|  | Long-term debit |  | 1,886 |  |
|  | Other long-term liabilities |  | 1,141 |  |
|  | Commitments and contingencies (Notes 18 and 24) |  |  |  |
|  | Stockholders' equity: |  |  |  |
|  | Preferred stock, $0.001 par value, 50 shares authorized; none issued |  | - |  |
|  | Common stock, $0.001 par value, 10,000 shares authorized; 5,562 issued and       outstanding(5,818 in 2007) and capital in excess of par value |  | 12,944 |  |
|  | Accumulated other comprehensive income (loss) |  | (393 | ) |
|  | Retained earnings |  | 26,537 |  |
|  |  |  |  |  |
|  | Total stockholders' equity |  | 39,088 |  |
|  |  |  |  |  |
|  | Total liabilities and stockholders' equity | $ | 50,715 |  |
|  |  |  |  |  |
|  | | | | |

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| **Required:** |
| Prepare a common size balance sheet at December 27, 2008. **(Round your answers to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
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| INTEL CORPORATION Common Size Balance Sheet December 27, 2008 | |
| Total current assets | % |
| Property, plant and equipment, (net) |  |
| Marketable strategic equity securities and other long-term investments |  |
| Goodwill and other long-term assets, net |  |
|  |  |
| Total assets | % |
|  |  |
| Total current liabilities | % |
| Total long-term liabilities (including deferred income tax liabilities) |  |
| Total stockholders' equity |  |
|  |  |
| Total liabilities and stockholders' equity | % |
|  |  |

P11-10 Ratio analysis-comprehensive problem, 2008 data

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| This problem is based on the 2008 annual report of [Intel Corporation](http://lectures.mhhe.com/connect/0073527068/Images/int1.jpg). |

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| **Requirement 1:** |
| Compute the following profitability measures for the year ended December 27, 2008: |

|  |  |
| --- | --- |
| **(a)** | Return on investment, based on net income (perform a DuPont analysis). **(Do not round intermediate calculations and round final answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| ROI | % |

|  |  |
| --- | --- |
| **(b)** | Return on equity, based on net income. **(Round your answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| ROE | % |

|  |  |
| --- | --- |
| **(c)** | Price/earnings ratio. Use $14.18 as the year-end market price. **(Round your answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Price/earnings ratio |  |

|  |  |
| --- | --- |
| **(d)** | Dividend yield. **(Round your answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| Dividend yield | % |

|  |  |
| --- | --- |
| **(e)** | Dividend payout ratio. **(Round your answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| Dividend payout ratio | % |

|  |
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| **Requirement 2:** |
| Compute the following liquidity measures at December 27, 2008: |

|  |  |
| --- | --- |
| **(a)** | Working capital. **(Enter your answer in millions. Omit the "$" sign in your response.)** |

|  |  |
| --- | --- |
| Working capital | $ million |

|  |  |
| --- | --- |
| **(b)** | Current ratio. **(Round your answer to 2 decimal places.)** |

|  |  |
| --- | --- |
| Current ratio |  |

|  |  |
| --- | --- |
| **(c)** | Acid-test ratio **(Round your answer to 2 decimal places.)** |

|  |  |
| --- | --- |
| Acid-test ratio |  |

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| **Requirement 3:** |
| Compute the following activity measures for the year ended December 27, 2008: |

|  |  |
| --- | --- |
| **(a)** | Number of days' sales in accounts receivable, based on a 365-day year. **(Do not round intermediate calculations and round** **your answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Number of days' sales | days |

|  |  |
| --- | --- |
| **(b)** | Number of days' sales in inventory, based on a 365-day year. **(Do not round intermediate calculations and roundyour answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Number of days' sales | days |

|  |  |
| --- | --- |
| **(c)** | Accounts receivable turnover. **(Round your answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Turnover | times |

|  |  |
| --- | --- |
| **(d)** | Inventory turnover. **(Round your answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Turnover | times |

|  |  |
| --- | --- |
| **(e)** | Turnover of net property, plant, and equipment. **(Round your answer to 1 decimal place.)** |

|  |  |
| --- | --- |
| Turnover | times |

|  |
| --- |
| **Requirement 4:** |
| Compute the following financial leverage measures at December 27, 2008: |

|  |  |
| --- | --- |
| **(a)** | Debt ratio. **(Round your answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| Debt ratio | % |

|  |  |
| --- | --- |
| **(b)** | Debt/equity ratio. **(Round your answer to 1 decimal place. Omit the "%" sign in your response.)** |

|  |  |
| --- | --- |
| Debt/equity ratio | % |

|  |
| --- |
| **Requirement 5:** |
| Compute the following physical measures of Intel's profitability at December 27, 2008: |

|  |  |
| --- | --- |
| **(a)** | Net revenues per employee. **(Round your answer to the nearest dollar amount. Enter your answers in thousands of dollars. Omit the "$" sign in your response.)** |

|  |  |
| --- | --- |
| Net revenues | $ per employee |

|  |  |
| --- | --- |
| **(b)** | Operating income per employee. *(Hint: The number of employees at year-end is disclosed on the* [*Intel annual report*](http://lectures.mhhe.com/connect/0073527068/Images/int2.jpg)*.)* **(Round your answer to the nearest dollar amount. Enter your answers in thousands of dollars. Omit the "$" sign in your response.)** |

|  |  |
| --- | --- |
| Operating income | $ per employee |

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