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 CORPORATIONCONSOLIDATED BALANCE SHEETDecember 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 CORPORATIONCommon Size Balance SheetDecember 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: |

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| --- | --- |
| **(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   |

|  |
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| **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 | %   |

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| **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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