The financial statements of Lewis Company appear below:

LEWIS COMPANY

Comparative Balance Sheet

December 31,

Assets 2010 2009

Cash $ 25,000 $ 40,000

Marketable securities 20,000 60,000

Accounts receivable (net) 40,000 30,000

Inventory 150,000 170,000

Property, plant and equipment (net) 170,000 200,000

 Total assets $405,000 $500,000

Liabilities and stockholders' equity

Accounts payable $ 25,000 $ 30,000

Short-term notes payable 40,000 90,000

Bonds payable 75,000 160,000

Common stock 175,000 145,000

Retained earnings 90,000 75,000

 Total liabilities and stockholders' equity $405,000 $500,000

LEWIS COMPANY

Income Statement

For the Year Ended December 31, 2010

Net sales (all on credit) $360,000

Cost of goods sold 184,000

Gross profit 176,000

Expenses

 Interest expense $21,000

 Selling expenses 30,000

 Administrative expenses 20,000

 Total expenses 71,000

Income before income taxes 105,000

Income tax expense 30,000

Net income $ 75,000

Additional information:

a. Cash dividends of $50,000 were declared and paid on common stock in 2010.

b. Weighted-average number of shares of common stock outstanding during 2010 was 62,000 shares.

c. Market value of common stock on December 31, 2010, was $15 per share.

d. Net cash provided by operating activities for 2010 was $65,000.

**Instructions**

Using the financial statements and additional information, compute 5 of the following ratios for the Lewis Company for 2010. Show all computations.

1. Current ratio \_\_\_\_\_\_\_\_\_.
2. Return on common stockholders' equity \_\_\_\_\_\_\_\_\_.
3. Profit margin ratio \_\_\_\_\_\_\_\_\_.
4. Return on assets \_\_\_\_\_\_\_\_\_.
5. Cash debt coverage ratio \_\_\_\_\_\_\_\_\_.