

Selected year-end financial statements of Overton Corporation follow. (All sales were on credit; selected balance sheet amounts at December 31, 2007, were inventory, \$17,400; total assets, \$94,900; common stock, \$35,500; and retained earnings, \$18,800.)

**OVERTON CORPORATION**  
Income Statement  
For Year Ended December 31, 2008

Sales .....	\$315,500
Cost of goods sold .....	<u>236,100</u>
Gross profit .....	79,400
Operating expenses .....	49,200
Interest expense .....	<u>2,200</u>
Income before taxes .....	28,000
Income taxes .....	4,200
Net income .....	<u>\$ 23,800</u>

**OVERTON CORPORATION**  
Balance Sheet  
December 31, 2008

Assets	Liabilities and Equity
Cash .....	Accounts payable .....
Short-term investments .....	Accrued wages payable .....
Accounts receivable, net .....	Income taxes payable .....
Notes receivable (trade)* .....	Long-term note payable, secured by mortgage on plant assets .....
Merchandise inventory .....	Common stock, \$5 par value .....
Prepaid expenses .....	Retained earnings .....
Plant assets, net .....	Total liabilities and equity .....
Total assets .....	
	<u>\$117,500</u>
	<u>\$117,500</u>

\* These are short-term notes receivable arising from customer (trade) sales.

**Required**

Compute the following: (1) current ratio, (2) acid-test ratio, (3) days' sales uncollected, (4) inventory turnover, (5) days' sales in inventory, (6) debt-to-equity ratio, (7) times interest earned, (8) profit margin ratio, (9) total asset turnover, (10) return on total assets, and (11) return on common stockholders' equity.

**Check** Acid-test ratio, 1.6 to 1;  
Inventory turnover, 15.3