22. The following calculations have been made for Coos Company:

Growth Rate

Net sales 10.5%

Total accounts receivable 21.3%

Allowance for doubtful accounts 2.6%

Current Year Prior Year

Allowance for doubtful accounts as a

percentage of total accounts receivable 3.8% 5.4%

Analyze the accounts receivable and allowance for doubtful accounts

24. Use the following common size balance sheet to answer the questions below:

1. Explain what has happened to current assets and long-term assets.
2. Explain the changes in the liabilities section of the balance sheet.
3. What has occurred to Retained Earnings at year-end? What is the company’s financial position?

BALANCE SHEET

2011 2010

Current assets:

Cash 3% 5%

Accounts receivable 20 18

Inventory 35 30

Total current assets 58% 53%

Property, plant and equipment 30 40

Other assets 12 7

Total assets 100% 100%

Current liabilities:

Accounts payable 25% 20%

Short-term debt 38 33

Total current liabilities 63% 53%

Long-term debt 22 17

Total liabilities 85% 70%

Common stock and paid in capital 14 20

Retained earnings 1 10

Total stockholders' equity 15% 30%

Total liabilities and stockholders' equity 100% 100%