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Selected financial data for **Black & Decker** and **Snap-On Tools** for 2004 are presented here (in millions).

*Compute selected ratios, and compare liquidity, profitability, and solvency for two companies.*

	<b>Black &amp; Decker</b>	<b>Snap-On Tools</b>
	<b>Income Statement Data for Year</b>	
Net sales	\$5,398.4	\$2,407.2
Cost of goods sold	3,432.9	1,319.8
Selling and administrative expenses	1,336.3	945.1
Interest expense	57.9	23.0
Other income	(33.0)	(1.1)
Income tax expense	163.2	38.7
Net income (before irregular items)	<u>\$ 441.1</u>	<u>\$ 81.7</u>

	<b>Balance Sheet Data (End of Year)</b>	
Current assets	\$2,927.2	\$1,192.6
Property, plant, and equipment (net)	754.6	313.6
Other assets	1,849.0	783.9
Total assets	<u>\$5,530.8</u>	<u>\$2,290.1</u>
Current liabilities	\$1,792.6	\$ 674.2
Long-term debt	2,179.5	505.2
Total stockholders' equity	1,558.7	1,110.7
Total liabilities and stockholders' equity	<u>\$5,530.8</u>	<u>\$2,290.1</u>

	<b>Beginning-of-Year Balances</b>	
Total assets	\$4,222.5	\$2,138.5
Total stockholders' equity	846.5	1,010.9
Current liabilities	1,312.1	567.2
Total liabilities	3,376.0	1,127.6

	<b>Other Data</b>	
Average receivables (net)	\$ 927.6	\$ 618.7
Average inventory	845.9	346.5
Net cash provided by operating activities	619.1	146.8
Capital expenditures	117.8	38.7
Cash dividends	67.5	57.7

**Instructions**

- (a) For each company, compute the following ratios.
  - (1) Current ratio.
  - (2) Receivables turnover.
  - (3) Average collection period.
  - (4) Inventory turnover.
  - (5) Days in inventory.
  - (6) Profit margin.
  - (7) Asset turnover.
  - (8) Return on assets.
  - (9) Return on common stockholders' equity.
  - (10) Debt to total assets.
  - (11) Times interest earned.
  - (12) Current cash debt coverage.
  - (13) Cash debt coverage.
  - (14) Free cash flow.
- (b) Compare the liquidity, solvency, and profitability of the two companies.