**3.**

|  |  |  |
| --- | --- | --- |
| **Balance Sheet: 12/31/04** |   |   |
| **Assets** | **2004** | **2003** |
| Cash and Marketable Securities | 10 | 80 |
| Accounts Receivable | 375 | 315 |
| Inventories |    615 |    415 |
| Total Current Assets | 1,000 | 810 |
| Net plant and equipment | 1,000 |    870 |
| TOTAL ASSETS | 2,000 | 1,680 |

|  |  |  |
| --- | --- | --- |
| **Liabilities and Equity** | **2004** | **2003** |
| Accounts Payable | 60 | 40 |
| Notes Payable | 140 | 60 |
| Accruals |    110 |    130 |
| Total Current Liabilities | 310 | 230 |
| Long Term Bonds |    754 |    580 |
| TOTAL DEBT | 1,064 | 810 |
| Preferred Stock | 40 | 40 |
| Common Stock | 130 | 130 |
| Retained earnings | 766 | 700 |
| TOTAL COMMON EQUITY | 896 | 830 |
| TOTAL LIABILITIES AND EQUITY | 2,000 | 1,680 |

|  |  |  |
| --- | --- | --- |
| **Income Statement: 12/31/04** | **2004** | **2003** |
| Net Sales | 3,200 | 2,850 |
| Operating Costs (excludes Dep/Amortization) | 2,700 | 2,497 |
| EBITDA |    500 |    353 |
| Depreciation | 100 | 90 |
| Amortization |        0 |        0 |
| Depreciation and Amortization |    100 |      90 |
| EBIT | 400 | 263 |
| Less Interest |      88 |      60 |
| EBT | 312 | 203 |
| Taxes (40%) | 124.8 |   81.2 |
| NET INCOME (before Preferred Dividends) | 187.2 | 121.8 |
| Preferred Dividends |        4 |        4 |
| NET INCOME  | 183.2 | 117.8 |
| Common Dividends | 117 | 53 |
| Addition to Retained Earnings | 66.2 | 64.8 |

Refer to Stone Cold. For 2004, what was the return on assets?

(Points: 2)
       9.16%
       12.40%
       15.60%
       20.00%

**4.** Referring to Stone Cold data below. For 2004, what was the debt-to-equity ratio?

|  |  |  |
| --- | --- | --- |
| **Balance Sheet: 12/31/04** |   |   |
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|  |  |  |
| --- | --- | --- |
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|  |  |  |
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(Points: 2)
       0.81
       0.84
       0.98
       1.19

**5.**

|  |  |  |
| --- | --- | --- |
| **Balance Sheet: 12/31/04** |   |   |
| **Assets** | **2004** | **2003** |
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| Accounts Receivable | 375 | 315 |
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| Total Current Assets | 1,000 | 810 |
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|  |  |  |
| --- | --- | --- |
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| TOTAL LIABILITIES AND EQUITY | 2,000 | 1,680 |

|  |  |  |
| --- | --- | --- |
| **Income Statement: 12/31/04** | **2004** | **2003** |
| Net Sales | 3,200 | 2,850 |
| Operating Costs (excludes Dep/Amortization) | 2,700 | 2,497 |
| EBITDA |    500 |    353 |
| Depreciation | 100 | 90 |
| Amortization |        0 |        0 |
| Depreciation and Amortization |    100 |      90 |
| EBIT | 400 | 263 |
| Less Interest |      88 |      60 |
| EBT | 312 | 203 |
| Taxes (40%) | 124.8 |   81.2 |
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Refer to Stone Cold. For 2004, what was the average collection period for the firm in 2004?

(Points: 2)
       6.84 days
       8.77 days
       42.77 days
       51.22 days

**6.** Refer to Stone Cold data below. For 2004, what was the total asset turnover for 2004?

|  |  |  |
| --- | --- | --- |
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| **Assets** | **2004** | **2003** |
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| Total Current Assets | 1,000 | 810 |
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|  |  |  |
| --- | --- | --- |
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| TOTAL COMMON EQUITY | 896 | 830 |
| TOTAL LIABILITIES AND EQUITY | 2,000 | 1,680 |

|  |  |  |
| --- | --- | --- |
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| Operating Costs (excludes Dep/Amortization) | 2,700 | 2,497 |
| EBITDA |    500 |    353 |
| Depreciation | 100 | 90 |
| Amortization |        0 |        0 |
| Depreciation and Amortization |    100 |      90 |
| EBIT | 400 | 263 |
| Less Interest |      88 |      60 |
| EBT | 312 | 203 |
| Taxes (40%) | 124.8 |   81.2 |
| NET INCOME (before Preferred Dividends) | 187.2 | 121.8 |
| Preferred Dividends |        4 |        4 |
| NET INCOME  | 183.2 | 117.8 |
| Common Dividends | 117 | 53 |
| Addition to Retained Earnings | 66.2 | 64.8 |

(Points: 2)
       0.80
       1.20
       1.40
       1.60

**7.** You are planning your retirement and you come to the conclusion that you need to have saved $1,250,000 in 30 years. You can invest into an retirement account that guarantees you a 5% annual return. How much do you have to put into your account at the end of each year to reach your retirement goal? (Points: 2)
       $81,314.29
       $18,814.30
       $23,346.59
       $12,382.37

**8.** You set up a college fund in which you pay $2,000 each year at the beginning of the year. How much money will you have accumulated in the fund after 18 years, if your fund earns 7% compounded annually? (Points: 2)
       $72,757.93
       $67,998.07
       $20,118.17
       $28,339.25

**11.** Bavarian Sausage is expected to pay a $1.57 dividend next year and investors expect that dividend to grow by 5% each year forever. If the required return on the stock investment is 14%, what should be the price of the stock today. (Points: 2)
       $18.32
       $17.44
       $11.21
       $25.37

**12.** Miller Juice traditionally pays out 35% of its earnings as dividends. Last year Miller's earnings available for common stockholders were $256 million and the book value of its equity was $678 million. What is Miller's growth rate? (Points: 2)
       24.54%
       35.00%
       37.76%
       13.22%

**21.** You bought a share of Bavarian Sausage stock for $46.50 at the beginning of the year. During the year the stock paid a $2.75 dividend and at the end of the year it trades at $52.75. Referring to Bavarian Sausage. What is the total return of your stock investment? (Points: 2)
       5.91%
       13.44%
       26.69%
       19.35%

**22.** The risk-free rate is 5% and the expected return on the market portfolio is 13%. A stock has a beta of 1.5, what is its expected return? (Points: 2)
       17%
       12%
       19.5%
       24.5%