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|  | Comparative statement data for Douglas Company and Maulder Company, two competitors, appear below. All balance sheet data are as of December 31, 2009, and December 31, 2008.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | |  | | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | |  | | --- | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  | **Douglas Company** | | **Maulder Company** | | | --- | --- | --- | --- | --- | |  | **2009** | **2008** | **2009** | **2008** | | Net sales | $1,549,035 |  | $339,038 |  | | Cost of goods sold | 1,080,490 |  | 241,000 |  | | Operating expenses | 302,275 |  | 79,000 |  | | Interest expense | 8,980 |  | 2,252 |  | | Income tax expense | 54,500 |  | 6,650 |  | | Current assets | 325,975 | $312,410 | 83,336 | $ 79,467 | | Plant assets (net) | 521,310 | 500,000 | 139,728 | 125,812 | | Current liabilities | 65,325 | 75,815 | 35,348 | 30,281 | | Long-term liabilities | 108,500 | 90,000 | 29,620 | 25,000 | | Common stock, $10 par | 500,000 | 500,000 | 120,000 | 120,000 | | Retained earnings | 173,460 | 146,595 | 38,096 | 29,998 | | | |  | | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif |   **Hint:**  *Prepare vertical analysis and comment on profitability.* |
| http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif |

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| **Instructions**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | |  |  | | --- | --- | | **(a)** | Prepare a vertical analysis of the 2009 income statement data for Douglas Company and Maulder Company in columnar form. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | **(b)** | Comment on the relative profitability of the companies by computing the return on assets and the return on common stockholders' equity ratios for both companies. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | |