The comparative statements of Villa Tool Company are presented below.

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|   | **VILLA TOOL COMPANY** |
|   | **Income Statement** |
|   | **For the Year Ended December 31** |
|   |   | **2009** |   | **2008** |
|   | Net sales | $1,818,500 |   | $1,750,500 |
|   | Cost of goods sold | 1,011,500 |   | 996,000 |
|   | Gross profit | 807,000 |   | 754,500 |
|   | Selling and administrative expense | 516,000 |   | 479,000 |
|   | Income from operations | 291,000 |   | 275,500 |
|   | Other expenses and losses |   |   |   |
|   |    Interest expense | 18,000 |   | 14,000 |
|   | Income before income taxes | 273,000 |   | 261,500 |
|   | Income tax expense | 81,000 |   | 77,000 |
|   | Net income | $ 192,000 |   | $ 184,500 |
|   |   |   |   |   |
|   | **VILLA TOOL COMPANY** |
|   | **Balance Sheets** |
|   | **December 31** |
|   | **Assets** | **2009** |   | **2008** |
|   | Current assets |   |   |   |
|   |    Cash | $ 60,100 |   | $ 64,200 |
|   |    Short-term investments | 69,000 |   | 50,000 |
|   |    Accounts receivable (net) | 117,800 |   | 102,800 |
|   |    Inventory | 123,000 |   | 115,500 |
|   |         Total current assets | 369,900 |   | 332,500 |
|   | Plant assets (net) | 600,300 |   | 520,300 |
|   | Total assets | $970,200 |   | $852,800 |
|   |   |   |   |   |
|   | **Liabilities and Stockholders' Equity** |   |   |   |
|   | Current liabilities  |   |   |   |
|   |    Accounts payable | $160,000 |   | $145,400 |
|   |    Income taxes payable  | 43,500 |   | 42,000 |
|   |         Total current liabilities | 203,500 |   | 187,400 |
|   | Bonds payable | 200,000 |   | 200,000 |
|   |         Total liabilities | 403,500 |   | 387,400 |
|   | Stockholders' equity |   |   |   |
|   |    Common stock ($5 par) | 280,000 |   | 300,000 |
|   |    Retained earnings | 286,700 |   | 165,400 |
|   |         Total stockholders' equity | 566,700 |   | 465,400 |
|   | Total liabilities and stockholders' equity | $970,200 |   | $852,800 |

All sales were on account. The allowance for doubtful accounts was $3,200 on December 31, 2009, and $3,000 on December 31, 2008.

Compute the following ratios for 2009. (Weighted average common shares in 2009 were 57,000.) **(a)** Earnings per share. **(b)** Return on common stockholders' equity. **(c)** Return on assets. **(d)** Current. **(e)** Acid-test. **(f)** Receivables turnover. **(g)** Inventory turnover. **(h)** Times interest earned. **(i)** Asset turnover. **(j)** Debt to total assets. ***(Round earnings per share, current ratio and acid-test ratio to 2 decimal places, e.g. 10.50. Round all other answers to 1 decimal place, e.g. 10.5.)***

|  |  |  |
| --- | --- | --- |
| **(a)** | Earnings per share | $ |
| **(b)** | Return on common stockholders; equity | % |
| **(c)** | Return on assets | % |
| **(d)** | Current | :1    |
| **(e)** | Acid-test | :1 |
| **(f)** | Receivables turnover | times |
| **(g)** | Inventory turnover | times |
| **(h)** | Times interest earned | times |
| **(i)** | Asset turnover | times |
| **(j)** | Debt to total assets | % |

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