The comparative statements of Villa Tool Company are presented below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **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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