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| **3.** Referring to Stone Cold data below. For 2004, what was the debt-to-equity ratio?

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

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

       0.81        0.84        0.98        1.19  |

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| **4. 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?       9.16%        12.40%        15.60%        20.00%  |

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| **5. 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 average collection period for the firm in 2004       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?

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

       0.80        1.20        1.40        1.60

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