34. Using the following financial statements for Eagle Company, compute the required ratios:

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| EAGLE COMPANY BALANCE SHEET AS OF December 31 (IN MILLIONS) | | | |
|  | 2007 | 2008 | 2009 |
| Assets |  |  |  |
| Cash | $2.6 | $1.8 | $1.6 |
| Government securities | 0.4 | 0.2 | 0.0 |
| Accounts and notes receivable | 8.0 | 8.5 | 8.5 |
| Inventories | 2.8 | 3.2 | 2.8 |
| Prepaid assets | 0.7 | 0.6 | 0.6 |
| Total current assets | $14.5 | $14.3 | $13.5 |
| Property, plant, and equipment (net) | 4.3 | 5.4 | 5.9 |
| Total assets | $18.8 | $19.7 | $19.4 |
| **Liabilities and shareholders’ Equity** |  |  |  |
| Notes payable | $3.2 | $3.7 | $4.2 |
| Accounts payable | 0.9 | 1.1 | 1.0 |
| Total current liabilities | $6.9 | $8.5 | $9.3 |
| Long-term debt, 6% interest | 3.0 | 2.0 | 1.0 |
| Total liabilities | $9.9 | $10.5 | $10.3 |
| Shareholders’ equity | 8.9 | 9.2 | 9.1 |
| Total liabilities and shareholders’ equity | $18.8 | $19.7 | $19.4 |
| **Income Statement for the Year Ended December 31 (in millions)** |  |  |  |
| Net sales | $24.2 | $24.5 | $24.9 |
| Cost of goods sold | (16.9) | (17.2) | (18.0) |
| Gross margin | $7.3 | $7.3 | $6.9 |
| Selling and administrative expenses | (6.6) | (6.8) | (7.3) |
| Earnings (loss)before taxes | $0.7 | $0.5 | $(0.4) |
| Income taxes | (0.3) | (0.2) | 0.2 |
| Net income | $0.4 | $0.3 | $(0.2) |

Required

1. What is the rate of return on total assets for 2009?
2. What is the current ratio for 2009?
3. What is the quick (acid-test) ratio for 2009?
4. What is the profit margin for 2008?
5. What is the profit margin for 2009?
6. What is the inventory turnover for 2008?
7. What is the inventory turnover for 2009?
8. What is the rate of return on stockholders’ equity for 2008?
9. What is the rate of return on stockholders’ equity for 2009?
10. What is the debt-equity ratio for 2009?