Using Jackson’s Financial Statement, analyze the firm’s financial position.

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| Jackson Products Company's Balance Sheet | | | | |
| 31-Dec-08 | | | | |
| Cash | $240,000 |  | Accounts payable | $380,000 |
| Accounts receivable | 380,000 |  | Notes payable (9%) | 450,000 |
| Inventory | 1,040,000 |  | Other current liabilities | 50,000 |
| Total current assets | $1,660,000 |  | Total current liabilities | $880,000 |
| Net plant and equipment | 900,000 |  | Long-term debt (10%) | 930,000 |
| Total assets | $2,560,000 |  | Stockholders' equity | 750,000 |
|  |  |  | Total liabilities and |  |
|  |  |  | Stockholders' equity | $2,560,000 |
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| Income Statement for the Year Ended December 31, 2008 | | |  |  |
| Net sales (all on credit) |  | $3,400,000 |  |  |
| Cost of sales |  | 1,825,000 |  |  |
| Gross profit |  | $1,575,000 |  |  |
| Selling, general, and administrative expenses | | 1,200,000 |  |  |
| Earnings before interest and taxes | | $375,000 |  |  |
| Interest: |  |  |  |  |
| Notes | $37,800 |  |  |  |
| Long-term debt | 80,000 |  |  |  |
| Total interest charges |  | 117,800 |  |  |
| Earnings before taxes |  | $257,200 |  |  |
| Federal income tax (40%) | | 102,880 |  |  |
| Earnings after taxes |  | $154,320 |  |  |
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| Company Ratios Ind Averages | |
| Current ratio | 2.5:1 |
| Quick ratio | 1.1:1 |
| Average collection period (365-day year) | 35 days |
| Inventory turnover ratio | 2.4 times |
| Total asset turnover ratio | 1.4 times |
| Times interest earned ratio | 3.5 times |
| Net profit margin ratio | 4.0% |
| Return on investment ratio | 5.6% |
| Total assets/stockholders' equity (equity multiplier) ratio | 3.0 times |
| Return on stockholders' equity ratio | 16.8% |
| P/E ratio | 9.0 times |
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