**Homework Problems Week 5 (STUMPED)**

**2-9.** Yoakum Company reported the following information related to inventory and sales:

Units Unit Cost

Beginning inventory 1,000 $20

Purchase No. 1 7,000 22

Purchase No. 2 2,000 23

Sales — 7,000 units at $38 per unit.

**Compute the following amounts assuming a periodic inventory:**

**FIFO: Revenue; Cost of Goods Sold; Gross Margin; and Balance Sheet Inventory**

**LIFO: Revenue; Cost of Goods Sold; Gross Margin: and Balance Sheet Inventory**

**14.** On January 1, 20D, Janus Company issued $5 million of 10-year bonds at a 10% stated interest rate to be paid semiannually. The following present value factors have been provided to answer the subsequent questions:

|  |  |  |  |
| --- | --- | --- | --- |
| Time Period | Interest | PV of $ | PV of an Annuity |
| 10 | 10% | .386 | 6.145 |
| 10 | 8% | .463 | 6.710 |
| 10 | 12% | .322 | 5.650 |
| 20 | 5% | .377 | 12.462 |
| 20 | 4% | .456 | 13.590 |
| 20 | 6% | .312 | 11.470 |

**Calculate the issuance price if the market rate of interest is 12%.**

**16.** A company reported current assets of $80,000, noncurrent assets of $350,000, current liabilities of $32,000 and long-term liabilities of $120,000. **What would be the current ratio?**

**17.** Current assets are $70,000, noncurrent asset are $150,000, current liabilities are $40,000 and long-term liabilities are $30,000. **What is the debt to equity ratio?**

**18.** If earnings per share is $2.50 and the number of shares of capital stock outstanding is 6,000, then net income equals?

**19.** Discount Toys is a retail toy store. The following are selected figures from their income statement (in millions). Use this table for to compute the ratios for 2006, 2005, 2004

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2006 | 2005 | 2004 |
| Sales revenues | $11,332 | $11,862 | $11,170 |
| Net income | $404 | $279 | ($132) |
| Average total assets | $8,178 | $8,126 | $7,931 |
| Average stockholders’ equity | $3,549 | $3,652 | $4,026 |

**Compute the following ratios for 2006, 2005 and 2004. Explain what has happened to the return on equity for Discount Toys and discuss the causes of changes in the ratio for the three years.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2006 | 2005 | 2004 |
| (1) Net profit margin |  |  |  |
| (2) Asset turnover |  |  |  |
| (3) Financial leverage |  |  |  |
| (4) Return on equity |  |  |  |

**32.** Assume total liabilities are $40,000, total stockholders' equity $75,000, and all assets, other than current assets, total $50,000. **What would be the amount of current assets?**

**38.** Hubbard Company purchased a truck on January 1, 2006, at a cost of $34,000. The company estimated that the truck would have a useful life of 4 years and a residual value of $4,000.

Complete the following table:

|  |  |  |
| --- | --- | --- |
| Year | Depreciation Straight-line method | Depreciation Declining balance method 200% acceleration rate |
| 2006 |  |  |
| 2007 |  |  |
| 2008 |  |  |
| 2009 |  |  |

Which of the two methods in the previous question would result in:

Lower net income in 2007?

Lower net income in 2008?



|  |
| --- |
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**48.** Please note five (or more if you wish) key things about this statement that suggests strengths, weaknesses, or other significant relationships that can be identified reading only the cash flow statement.

**See attached Delta\_Airlines PDF**