**9-59. The following information is available for the Fox Company, Inc.:**

**Fox Company, Inc**

**Income Statement**

**For the Year Ended December 31, 2005**

Sales $6,500,000

Cost of goods sold 4,850,000

Gross profit 1,650,000

Operating expenses (780,000)

Operating income 870,000

Other expenses-interest expense (125,000)

Income before income tax 745,000

Income tax (268,200)

Net income $476,800

**Statement of Ratained Earnings**

**For the Year Ended December 31, 2005**

Beginning retained earnings balance $950,000

Net income 476,800

Dividends (47,680)

Endings retained earnings $1,379,120

**Balance Sheet**

**December 31, 2005**

ASSETS:

Current assets:

Cash $126,000

Accounts receivable 750,000

Inventory 598,000

Supplies 12,000

Prepaid expenses 36,000

Total current assets 1,522,000

Property, plant, and equipment:

Land 865,000

Building 2,350,000

Accumulated depreciation-building (360,000)

Building, net of accumulated depreciation 1,990,000

Total property, plant, and equipment 2,855,000

LIABILITIES

Current liabilities

Accounts payable $550,000

Current notes payable 65,000

Total current liabilities 615,000

Long-term liabilities:

Long-term bonds payable 150,000

Long-term bonds payable 1,350,000

Total long-term liabilities 1,500,000

Total liabilities 2,115,000

EQUITY:

Paid-in capital:

Common stock, $5 par, 200,000 shares authorized,

38,000 shares issued and outstanding 190,000

Additional paid-in capital-common 692,880

Total paid-in capital 882,880

Retained earnings 1,379,120

Total equity 2,262,000

Total liabilities and equity $377,000

Required: Assume the following:

The company’s assets totaled $4,290,000 at December 31, 2004.

The company’s accounts receivable totaled $720,000 at December 31, 2004.

**a. Calculate the following ratios for the company:**

1. The asset turnover ratio

2. The receivables turnover ratio

3. The average accounts receivable collection period in days

4. The current ratio

5. The quick ratio

6. The times interest earned ratio

**b. Based on the ratios, what is your impression of the company? Explain your answer.**