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| Presented here are the comparative balance sheets of Hames, Inc., at December 31, 2011 and 2010. Sales for the year ended December 31, 2011, totaled $580,000. |

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| HAMES, INC. Balance Sheets December 31, 2011 and 2010 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2011 | | | | 2010 | | | |
| **Assets** |  |  |  |  |  |  |  |  |
| Cash |  | $ | 21,000 |  |  | $ | 19,000 |  |
| Accounts receivable |  |  | 78,000 |  |  |  | 72,000 |  |
| Merchandise inventory |  |  | 103,000 |  |  |  | 99,000 |  |
| Total current assets |  | $ | 202,000 |  |  | $ | 190,000 |  |
| Land |  |  | 50,000 |  |  |  | 40,000 |  |
| Plant and equipment |  |  | 125,000 |  |  |  | 110,000 |  |
| Less: Accumulated depreciation |  |  | (65,000 | ) |  |  | (60,000 | ) |
| **Total assets** |  | $ | 312,000 |  |  | $ | 280,000 |  |
| **Liabilities** |  |  |  |  |  |  |  |  |
| Short-term debt |  | $ | 18,000 |  |  | $ | 17,000 |  |
| Accounts payable |  |  | 56,000 |  |  |  | 48,000 |  |
| Other accrued liabilities |  |  | 20,000 |  |  |  | 18,000 |  |
| Total current liabilities |  | $ | 94,000 |  |  | $ | 83,000 |  |
| Long-term debt |  |  | 22,000 |  |  |  | 30,000 |  |
| **Total liabilities** . |  | $ | 116,000 |  |  | $ | 113,000 |  |
| **Owners’ Equity** |  |  |  |  |  |  |  |  |
| Common stock, no par, 100,000 shares authorized     40,000 and 25,000 shares issued, respectively |  | $ | 74,000 |  |  | $ | 59,000 |  |
| Retained earnings: |  |  |  |  |  |  |  |  |
| Beginning balance |  | $ | 108,000 |  |  | $ | 85,000 |  |
| Net income for the year |  |  | 34,000 |  |  |  | 28,000 |  |
| Dividends for the year |  |  | (20,000 | ) |  |  | (5,000 | ) |
| Ending balance |  | $ | 122,000 |  |  | $ | 108,000 |  |
| Total owners’ equity |  | $ | 196,000 |  |  | $ | 167,000 |  |
| **Total liabilities and owners’ equity** |  | $ | 312,000 |  |  | $ | 280,000 |  |
|  | | | | | | | | |

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| **Requirement 1:** |
| Calculate ROI for 2011. **(Round your percentage answer to two decimal places. Omit the "%" sign in your response.)** |

|  |  |  |
| --- | --- | --- |
| ROI |  | % |

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| **Requirement 2:** |
| Calculate ROE for 2011. **(Round your percentage answer to one decimal place. Omit the "%" sign in your response.)** |

|  |  |  |
| --- | --- | --- |
| ROE |  | % |

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| **Requirement 3:** |
| Calculate working capital at December 31, 2011. **(Omit the "$" sign in your response.)** |

|  |  |
| --- | --- |
| Working capital | $ |

|  |
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| **Requirement 4:** |
| Calculate the current ratio at December 31, 2011. **(Round your answer to two decimal places.)** |

|  |  |
| --- | --- |
| Current ratio |  |

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| --- |
| **Requirement 5:** |
| Calculate the acid-test ratio at December 31, 2011. **(Round your answer to two decimal places.)** |
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|  |  |
| --- | --- |
| Acid test ratio |  |

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| **Requirement 6:** |
| Assume that on December 31, 2011, the treasurer of Hames, Inc., decided to pay $15,000 of accounts payable. What impact, if any, this payment will have on the answers you calculated for requirements 1-4 (increase, decrease, or no effect) |

|  |  |
| --- | --- |
| **(a)** | ROI for the year ended December 31, 2011 |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(b)** | ROE for the year ended December 31, 2011: |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(c)** | Working capital as at December 31, 2011: |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(d)** | Current ratio as at December 31, 2011: |
|  |  |
|  |  |

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| --- |
| **Requirement 7:** |
| Assume that instead of paying $15,000 of accounts payable on December 31, 2011. Hames, Inc., collected $15,000 of accounts receivable. What impact, if any, this receipt will have on the answers you calculated for requirements 1-4 (increase, decrease, or no effect) |
|  |

|  |  |
| --- | --- |
| **(a)** | ROI for the year ended December 31, 2011: |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(b)** | ROE for the year ended December 31, 2011: |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(c)** | Working capital as at December 31, 2011: |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **(d)** | Current ratio as at December 31, 2011: |
|  |  |
|  |  |