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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 SheetsDecember 31, 2011 and 2010 |

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| --- | --- | --- |
|  | 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: |
|   |   |
|   |  |

|  |
| --- |
| **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: |
|   |   |
|   |  |