Instructions

1. Please email an Excel spreadsheet for questions 1 - 20 to itkatch@gsu.edu no later than 7:15 PM on February 17, 2010.

2. You may use Excel to solve other problems as well, but Excel is required only for questions 1 - 20. Use cell addresses rather than just the values to calculate formulas.

3. Print out your Balance Sheet, Income Statement and Statement of Cash Flows and turn them in with the completed answer sheet (attached) and either hand-written solutions or Excel solutions to the other problems (10 - 30).

4. This assignment includes 6 pages. Read every question carefully and make sure that you are providing the solution that the question is seeking.

5. Last day to submit the assignment is February 17, 2010. Please submit both hard copy and email before class.

6. Follow the instructions and read each question carefully. Make sure you are providing the solution that the question is seeking.

7. You may choose to work alone or with one partner. If two students work together they should submit one copy. Make sure that both names are on the file and hard copy. I will not allow students to add their name later on.
1-9. From the information provided below, develop an Excel spread sheet for the Huang Yang Soup Co. (H/Y Soup)

(i) Balance Sheet for 2008 and 2009
(ii) Income Statement for 2008 and 2009
(iii) Statement of Cash Flows for 2009, only.

Copy the data into the spreadsheet (I prepared a copy on the webpage) and use cell addresses to calculate the different items.

**Huang Yang Soup Company**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$4,378,714</td>
<td>$3,988,705</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>382,391</td>
<td>314,755</td>
</tr>
<tr>
<td>Plant and Property</td>
<td>1,168,129</td>
<td>1,027,460</td>
</tr>
<tr>
<td>Excess Capital</td>
<td>38,110</td>
<td>36,268</td>
</tr>
<tr>
<td>Taxes</td>
<td>164,000</td>
<td>135,900</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>244,990</td>
<td>194,319</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>88,875</td>
<td>92,109</td>
</tr>
<tr>
<td>Inventories</td>
<td>642,007</td>
<td>648,035</td>
</tr>
<tr>
<td>Marketing Expenses</td>
<td>544,427</td>
<td>478,341</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>298,987</td>
<td>279,821</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>1,480,427</td>
<td>1,325,876</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>25,581</td>
<td>32,117</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>3,173,491</td>
<td>2,950,204</td>
</tr>
<tr>
<td>Cash</td>
<td>35,862</td>
<td>30,181</td>
</tr>
<tr>
<td>Equipment</td>
<td>259,864</td>
<td>257,304</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>321,721</td>
<td>274,568</td>
</tr>
<tr>
<td>Accruals</td>
<td>215,456</td>
<td>206,594</td>
</tr>
<tr>
<td>Other L-T Liabilities</td>
<td>215,462</td>
<td>167,012</td>
</tr>
<tr>
<td>Common Stock ($0.8 Par Value)</td>
<td>20,343</td>
<td>20,343</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>357,936</td>
<td>194,724</td>
</tr>
</tbody>
</table>

**Note:** Income Statement is a multi-step statement. Balance sheet should include current assets and liabilities, long-term assets and liabilities as well as equity account.
10. Determine H/Y Soup’s Net Profit margin for 2008 and 2009
14. How much did H/Y Soup pay in total common dividends in 2009?
15. Determine H/Y Soup’s Inventory Turnover
16. Determine H/Y Soup’s Average Collection Period for 2008 and 2009
17. Determine H/Y Soup’s Gross Profit Margin
18-20. Prepare a common size Balance Sheet and Income Statement for H/Y Soup for 2008 and 2009
21. The RM Shenshall Corp earned a net profit of €660,000 on sales of €11,000,000 and total assets of €6,000,000. If RM Shenshall’s debt ratio is 30%, what is their ROE?
   a. 6.0%
   b. 11.0%
   c. 15.7%
   d. 16.2%
   e. 17.3%

22. During the last year, Delaney, Inc. had sales of $4 million. The cost of its merchandise sold came to $2 million, operating expenses were $400,000, depreciation expense was $100,000 and the firm paid $150,000 in interest on bank loans. Also, the company paid $25,000 to stockholders as dividends. If Delaney had net income of $945,000, what was their tax rate?
   a. 27%
   b. 30%
   c. 42%
   d. 48%
   e. 70%

23. Co. A has a negative cash flow from operating activities, a positive cash flow from financing activities and a negative cash flow from investing activities. What can you infer from this information?
   a. the company could be growing rapidly
   b. the company is in deep financial trouble
   c. the company is very healthy and growing appropriately
   d. the company is likely to be an older company with a high profit margin
   e. the company is likely in a cyclical industry

24. TP Jarmon Inc. has net working capital of £1,500, current liabilities of £4,300, and inventory of £1,800. What is the current ratio? What is the quick ratio?
   a. 1.00, 0.51
   b. 0.08, 0.58
   c. 1.35, 0.93
   d. 1.31, 0.82
   e. 0.70, 0.45

25. Why are cash flow and net income not the same for the typical firm?
   a. they typically are the same
   b. accrual accounting
   c. operating expenses are not cash expenses
   d. they are only the same when there is a net loss, not a profit
   e. both b and c
USE THE FOLLOWING INFORMATION TO CONSTRUCT A BALANCE SHEET TO ANSWER QUESTIONS 26 through 30

The following information applies to ShopAlot Co.

Cash $15,000
Average Collection Period 25 days
Net fixed Assets $268,000
Sales $1,224,000
Quick Ratio 0.50
Current Ratio 1.20
Return on Equity 30%
Net Profit Margin 6%

If ShopAlot only has long-term debt, common equity and current liabilities on the right-hand side of the balance sheet and only cash, accounts receivable, inventories and net fixed assets on the left-hand side of the balance sheet, build a balance sheet and find the following.... (360 days in a year)

26. Accounts Receivable Balance
27. Net Income
28. Inventory
29. Current Liabilities
30. Return on Assets

10. ________________ 21. ________________

11. ________________ 22. ________________

12. ________________ 23. ________________

13. ________________ 24. ________________

14. ________________ 25. ________________

15. ________________ 26. ________________

16. ________________ 27. ________________

17. ________________ 28. ________________

18. ________________ 29. ________________

19. ________________ 30. ________________

20. ________________