

Ratios for Sled Co.

$$(1) \text{ Current Ratio} = \frac{CA}{CL} = \frac{122,080}{56,000} = 2.18 \text{ to } 1$$

CA		CL
Cash	\$ 11,900	(Current 56,000)
Notes Receivable	7,700	(Given)
A/R	42,000	
Inventory	58,800	
Prepays	1,680	
Total Current Assets:		
	\$ 122,080	

Acid test

$$(2) \frac{\text{Cash} + \text{ST Inv} + \text{A/R}}{CL} = 1.1 \text{ to } 1$$

$$\frac{11,900 + 0 + (7,700 + 42,000)}{56,000}$$

$$(3) \text{ A/R Turnover} = \frac{\text{Sales}}{\text{Avg AR}} = \frac{672,000}{42,000} = 16.0 \text{ times per year}$$

$$(4) \text{ Days Sales Uncollected (Short wt)} = \frac{365}{\text{AR Turnover}} = \frac{365}{16} = 22.8 \text{ days to collect}$$

$$(5) \text{ Inventory Turnover} = \frac{\text{COGS}}{\text{Avg Inv.}} = \frac{528,080}{58,800} = 9.0 \text{ times per year}$$

$$(6) \text{ days sales in inventory} = \frac{365}{9} = 40.5 \text{ days}$$

Alternate Demo Prob

Where they are now

SP	40	100%	32000 in FC
VC	24	60%	
CM	<u>16</u>	40%	

(a) Current Break even

$$\frac{FC}{U.CM} = \frac{32000}{16} = 2000 \text{ units}$$

OR

$$\$80,000$$

(2000 x 40)

BE SP
UNITS

(b) $3200 \text{ units} \times 17 = 54,400 \text{ CM}$

$\text{New CM} = 36,000 \text{ FC}$

$(40 - 23 = 17) \quad 18,400$

(c)

SP	$40 \times 1.10 = 44$	FC	$32000 \times 1.25 = 40,000$
VC	24	UCM =	<u>20</u>
CM	<u>20</u>	$= 45,459$	$=$

2000 units

OR \$88,000

(2000 x 44)

BE UNITS SP

(d) SP 40

VC $26^{40} (24 \times 1.10) 66^9$

CM 1360 349

FC = $32000 \times .75 = 24000$

UCM 1360

=

1765 UNITS

Exam 2 Practice - Horizontal Analysis

Korbin Company
 Comparative Balance Sheets
 December 31, 2015 and 2014

	2015	2014	(2015 - 2014)	Dollar Change/2014
			Dollar Change	Percent Change
Assets				
Current Assets	52,390	37,924	14,466	38%
Long-Term Investments	-	500	(500)	-100%
Plant Assets, Net	100,000	96,000	4,000	4%
Total Assets	152,390	134,424	17,966	13%
Liabilities				
Current Liabilities	22,800	19,960	2,840	14%
Common Stock	72,000	72,000	-	0%
Other Paid in capital	9,000	9,000	-	0%
Retained Earnings	48,590	33,464	15,126	45%
Total Liabilities and Equity	152,390	134,424	17,966	13%