Chapter 3- Homework Question

35. Below is information for Smolira Golf, Inc. Use this information to work the problem.

SMOLIRA GOLF, INC.
Balance Sheets as of December 31, 2015 and 2016

	2015	2016		2015	2016
Assets			**Liabilities and Owners' Equity**		
Current assets			Current liabilities		
Cash	$ 4,607	$ 4,910	Accounts payable	$ 3,413	$ 3,846
Accounts receivable	6,702	8,149	Notes payable	2,768	3,416
Inventory	17,357	19,350	Other	138	165
Total	$28,666	$ 32,409	Total	$ 6,319	$ 7,427
			Long-term debt	$22,500	$ 19,000
			Owners' equity		
			Common stock and paid-in surplus	$38,000	$ 38,000
Fixed assets			Accumulated retained earnings	20,535	44,792
Net plant and equipment	58,688	76,810	Total	$58,535	$ 82,792
Total assets	$87,354	$109,219	Total liabilities and owners' equity	$87,354	$109,219

SMOLIRA GOLF, INC.
2016 Income Statement

Sales		$205,227
Cost of goods sold		138,383
Depreciation		5,910
EBIT		$ 60,934
Interest paid		1,617
Taxable income		$ 59,317
Taxes		20,760
Net income		$ 38,557
Dividends	$14,300	
Additions to retained earnings	24,257	

Calculating Financial Ratios. Find the following financial ratios for Smolira Golf (use year-end figures rather than average values where appropriate):

Short-term solvency ratios

a. Current ratio __________

b. Quick ratio __________

c. Cash ratio __________

Asset utilization ratios

d. Total asset turnover __________

e. Inventory turnover __________

f. Receivables turnover __________

Long-term solvency ratios

g. Total debt ratio __________

h. Debt-equity ratio __________

i. Equity multiplier __________

j. Times interest earned ratio __________

k. Cash coverage ratio __________

Profitability ratios

l. Profit margin __________

m. Return on assets __________

n. Return on equity __________