

Jeffersonian Corporation has been in business for over 50 years. The company is looking to expand operations into the Pacific Rim and would like an analysis of its financial statements to be prepared. Review the financial statements below:

Jeffersonian Corporation
Comparative Income Statement
For years ended December 31, 2011 and 2010

	2011	2010
Sales	\$ 2,486,000.00	\$ 2,075,000.00
Cost of goods sold	\$ 1,523,000.00	\$ 1,222,000.00
Gross Profit	\$ 963,000.00	\$ 853,000.00
Operating Expenses		
Salaries Expense	\$ 145,000.00	\$ 100,000.00
Contract Labor Expense	\$ 240,000.00	\$ 280,000.00
Insurance Expense	\$ 165,000.00	\$ 200,000.00
Supplies expense	\$ 100,000.00	\$ 45,000.00
Depreciation Expense	\$ 26,000.00	\$ 35,000.00
Miscellaneous expense	\$ 85,000.00	\$ 75,000.00
Marketing and Promotion expense	\$ 17,000.00	\$ 15,000.00
Total operating expenses	\$ 778,000.00	\$ 750,000.00
Operating Income	\$ 185,000.00	\$ 103,000.00
Interest expense	\$ 44,000.00	\$ 46,000.00
Income before taxes	\$ 141,000.00	\$ 57,000.00
Income taxes	\$ 47,000.00	\$ 19,000.00
Net Income	\$ 94,000.00	\$ 38,000.00

Jeffersonian Corporation
Comparative Balance Sheet
For years ended December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash	\$ 79,000.00	\$ 42,000.00
Marketable Securities	\$ 65,000.00	\$ 96,000.00
Accounts receivable	\$ 120,000.00	\$ 100,000.00
Merchandise inventory	\$ 250,000.00	\$ 265,000.00
Total current assets	\$ 514,000.00	\$ 503,000.00
Fixed Assets		
Store Equipment, net	\$ 400,000.00	\$ 350,000.00
Office Equipment, et	\$ 45,000.00	\$ 50,000.00
Building, net	\$ 625,000.00	\$ 675,000.00
Land	\$ 100,000.00	\$ 100,000.00
Total fixed assets	\$ 1,170,000.00	\$ 1,175,000.00
Total assets	\$ 1,684,000.00	\$ 1,678,000.00
Liabilities		
Current Liabilities		
Accounts payable	\$ 164,000.00	\$ 190,000.00
Short term Liabilities	\$ 75,000.00	\$ 90,000.00
Taxes payable	\$ 26,000.00	\$ 12,000.00
Total current liabilities	\$ 265,000.00	\$ 292,000.00
Long-term liabilities		
Mortgage payable	\$ 400,000.00	\$ 420,000.00
Total liabilities	\$ 665,000.00	\$ 712,000.00
Stockholder's Equity		
Common Stock, \$5 par value	\$ 475,000.00	\$ 475,000.00
Retained earnings	\$ 544,000.00	\$ 491,000.00
Total stockholder's equity	\$ 1,019,000.00	\$ 966,000.00
Total	\$ 1,684,000.00	\$ 1,678,000.00

REQUIRED:

1. Prepare comparative income statements for year 2011 in comparison to year 2010.
2. Prepare common-size comparative balance sheet for years 2011 and 2010
3. Compute the following ratios for 2011.

Current ratio

Profit margin ratio

Acid-test ratio

Total asset turnover

Accounts receivable turnover

Return on total assets

Days' sales uncollected

Earnings per share

Inventory turnover

Price earnings ratio

Debt-to-equity ratio

Dividend yield

Times interest earned