



**17-M MASTERY PROBLEM (continued)**

Aqua Products, Inc.  
 Comparative Balance Sheet  
 December 31, 20-- and 20--

	Current Year				Prior Year					
	Amount		Percent		Amount		Percent			
<b>ASSETS</b>										
Current Assets:										
Cash	23	9	0	5	98	8	0	2	9	57
Accounts Receivable (net)	18	1	4	2	15	17	9	1	5	63
Merchandise Inventory	98	1	4	2	36	82	1	9	4	38
Other Current Assets	9	1	4	8	25	8	1	4	3	37
Total Current Assets	149	3	3	8	74	116	2	8	2	95
Plant Assets:										
Office Equipment (net)	32	9	8	9	04	38	1	9	5	52
Store Equipment (net)	35	1	8	4	47	40	9	1	4	83
Total Plant Assets	68	1	7	3	51	79	1	1	0	35
Total Assets	217	5	1	2	25	195	3	9	3	30
<b>LIABILITIES</b>										
Current Liabilities:										
Accounts Payable	14	1	8	9	10	26	4	9	1	11
Dividends Payable	2	0	0	0	00	1	8	0	0	00
Other Current Liabilities	9	4	8	1	76	10	9	4	7	61
Total Liabilities	25	6	7	0	86	39	2	3	8	72
<b>STOCKHOLDERS' EQUITY</b>										
Capital Stock	100	0	0	0	00	90	0	0	0	00
Retained Earnings	91	8	4	1	39	66	1	5	4	58
Total Stockholders' Equity	191	8	4	1	39	156	1	5	4	58
Total Liabilities and Stockholders' Equity	217	5	1	2	25	195	3	9	3	30



**17-M MASTERY PROBLEM (continued)**

Aqua Products, Inc.  
Comparative Balance Sheet  
December 31, 20-- and 20--

	Current Year				Prior Year				Increase (Decrease)			
									Amount	Percent		
<b>ASSETS</b>												
Current Assets:												
Cash	23	9	0	5	98	8	0	2	9	57		
Accounts Receivable (net)	18	1	4	2	15	17	9	1	5	63		
Merchandise Inventory	98	1	4	2	36	82	1	9	4	38		
Other Current Assets	9	1	4	8	25	8	1	4	3	37		
<b>Total Current Assets</b>	<b>149</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>74</b>	<b>116</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>95</b>		
Plant Assets:												
Office Equipment (net)	32	9	8	9	04	38	1	9	5	52		
Store Equipment (net)	35	1	8	4	47	40	9	1	4	83		
<b>Total Plant Assets</b>	<b>68</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>51</b>	<b>79</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>35</b>		
<b>Total Assets</b>	<b>217</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>25</b>	<b>195</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>30</b>		
<b>LIABILITIES</b>												
Current Liabilities:												
Accounts Payable	14	1	8	9	10	26	4	9	1	11		
Dividends Payable	2	0	0	0	00	1	8	0	0	00		
Other Current Liabilities	9	4	8	1	76	10	9	4	7	61		
<b>Total Liabilities</b>	<b>25</b>	<b>6</b>	<b>7</b>	<b>0</b>	<b>86</b>	<b>39</b>	<b>2</b>	<b>3</b>	<b>8</b>	<b>72</b>		
<b>STOCKHOLDERS' EQUITY</b>												
Capital Stock	100	0	0	0	00	90	0	0	0	00		
Retained Earnings	91	8	4	1	39	66	1	5	4	58		
<b>Total Stockholders' Equity</b>	<b>191</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>39</b>	<b>156</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>58</b>		
<b>Total Liabilities and Stockholders' Equity</b>	<b>217</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>25</b>	<b>195</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>30</b>		

**17-M MASTERY PROBLEM (concluded)**

3.

Ratio	Acceptable Range		Actual Ratio		Favorable Trend	Within Target Range
	Low	High	Current Year	Prior Year		
Gross margin	53.0%	54.0%				
Total operating expenses	46.0%	48.0%				
Operating margin	5.0%	8.0%				
Merchandise inventory	40.0%	42.0%				
Total plant assets	30.0%	35.0%				
Total liabilities	12.0%	15.0%				

4.

	Current Year	Prior Year	Increase over Prior Year (Yes or No)	Evaluation
Earnings per share		\$1.23		
Dividend yield		0.82%		
Price-earnings ratio		26.6		

5.

	Acceptable Range		Actual Ratio	Within Target Range
	Low	High		
Working capital	\$125,000.00	\$145,000.00		
Current ratio	4.50	5.00		
Quick ratio	1.00	2.00		

**17-C CHALLENGE PROBLEM (LO1, 3, 8), p. 542**

**Analyzing industry standards**

- A. \_\_\_\_\_
- B. \_\_\_\_\_
- C. \_\_\_\_\_
- D. \_\_\_\_\_
- E. \_\_\_\_\_