

business finance

Chapter 6

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**assignment: problem (1 and 2)**

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Problem#1

**1. Total Assets Turnover =**

A = = 1.25

B = = 2

C = = 1.33

D = = 2

E = = 3

F = = 2.125

**2. Net profit margin =**

A = = 0.07

B = = 0.1

C = = 0.1

D = = 0.1

E = = 0.125

F = = 0.0588

**3. Earning Power = sales profitable Assets efficiency**

**= Net profit margin Total assets turnover**

A = 0.07 1.25 = 0.09

B = 0.1 2 = 0.2

C = 0.1 1.33 = 0.13

D = 0.1 2 = 0.2

E = 0.125 3 = 0.375

F = 0.0588 2.125 = 0.125

Problem#2

1. Current Ratio = = = 2.26

2. Add test ratio = = = 1.01

3. Average Collection Period = = = 37.9

4. Inventory turnover ratio = = = 4.25

5. Debt to Net worth ratio = = = 1.07

6. Long term debt to total capitalization ratio = = = 0.37

7. Gross profit margin = = = = 0.3

8. Net profit margin = = = 0.053

9. Return on equity = = = 0.2