

> Comprehensive Problem for Chapter 15

Analyzing a company for its investment potential

In its annual report, WRS Athletic Supply, Inc. includes the following five-year financial summary.

WRS ATHLETIC SUPPLY, INC.
Five-Year Financial Summary (Partial; adapted)

	2018	2017	2016	2015	2014	2013
(Dollar amounts in thousands except per share data)						
Net Sales	\$244,524	\$217,799	\$191,329	\$165,013	\$137,634	
Net Sales Increase	12%	14%	16%	20%	17%	
Domestic Comparative Store Sales Increase	5%	6%	5%	8%	9%	
Other Income—Net	2,001	1,873	1,787	1,615	1,391	
Cost of Goods Sold	191,838	171,562	150,255	129,664	108,725	
Operating, Selling, and General and Administrative Expenses	41,236	36,356	31,679	27,408	22,516	
Interest:						
Interest Expense	(1,063)	(1,357)	(1,383)	(1,045)	(803)	
Interest Income	138	171	188	204	189	
Income Tax Expense	4,487	3,897	3,692	3,338	2,740	
Net Income	8,039	6,671	6,295	5,377	4,430	
Per Share of Common Stock:						
Net Income	1.81	1.49	1.41	1.21	0.99	
Dividends	0.30	0.28	0.24	0.20	0.16	
Financial Position						
Current Assets, Excluding Merchandise Inventory	\$ 30,483	\$ 27,878	\$ 26,555	\$ 24,356	\$ 21,132	
Merchandise Inventory at LIFO Cost	24,891	22,614	21,442	19,793	17,076	\$16,497
Property, Plant, and Equipment, Net	51,904	45,750	40,934	35,969	25,973	
Total Assets	94,685	83,527	78,130	70,349	49,996	
Current Liabilities	32,617	27,282	28,949	25,803	16,762	
Long-term Debt	22,731	21,143	17,838	18,712	12,122	
Shareholders' Equity	39,337	35,102	31,343	25,834	21,112	
Financial Ratios						
Acid-test Ratio	0.9	1.0	0.9	0.9	1.3	
Rate of Return on Total Assets	10.2%	9.9%	10.3%	10.7%	9.6%	
Rate of Return on Shareholders' Equity	21.6%	20.1%	22.0%	22.9%	22.4%	