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(a) Canadian Tire's current liabilities include the following amounts:

(\$ millions)	2010 Balance
Bank indebtedness	\$124.8
Deposits	1,182.3
Trade and other payables	1,640.9
Provisions	191.9
Short-term borrowings	352.6
Loans payable	628.7
Income taxes payable	3.9
Current portion of long-term debt	<u>27.9</u>
	<u>\$1,999.7</u>

"Trade and other payables" includes liabilities such as deferred revenue and derivatives. It probably mainly relates to regular trade accounts receivable, but it is possible that the accrued liabilities would include items like wages and salaries payable, GST and sales taxes payable, dividends payable, vacation pay accruals, and interest payable.

**RA13-2 CANADIAN TIRE CORPORATION LIMITED. (Continued)**

(b) (1) Working capital = Current assets less current liabilities.

\$ In millions	2011	2010
Current assets	6,956.6	6,549.2
Current liabilities	4,153.0	3,251.5
Working capital	2,803.6	3,297.7

(2) Acid-test ratio = 
$$\frac{\text{Cash + short-term investments + trade and other receivables + loans receivable}}{\text{Current liabilities}}$$

2011: 1.26 times = 
$$\frac{\$325.8 + \$196.4 + \$673.9 + 4,051.0}{\$4,153.0}$$

2010: 1.75 times = 
$$\frac{\$568.0 + \$196.7 + \$829.3 + 4,081.7}{\$3,251.5}$$

(3) Current ratio = 
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

2011: 1.675 times = 
$$\frac{\$6,956.6}{\$4,153.0}$$

2010: 2.01 times = 
$$\frac{\$6,549.2}{\$3,251.5}$$

















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