

# [The the stockholders of chemalite of chemalite essay sample](https://assignbuster.com/the-the-stockholders-of-chemalite-of-chemalite-essay-sample/)

The attached report highlights the Corporation’s financial activities and results for the period ending December 31, 2003.

Executive Summary   
•For the six months ending December 31, 2003 Chemalite had sales of $754, 500 with $69, 500 uncollected at year end. •Ended 2003 with a cash balance of $113, 000   
•Net income for 2003 $58, 750

The following is an assessment of each of the three major financial reports: statement of cash flows, income statement and balance sheet.

Statement of Cash Flows   
Prior to beginning operations in July 2003 the following cash inflows/outflows were completed: •Cash Inflows:   
oStock issued – 375, 000 shares at $1. 00 a share for a total cash inflow of $375, 000 •Cash outflows:   
oIncorporation costs of $7500   
oMachinery costs of $62, 500   
oInventory costs of $75, 000   
Resulting in a net cash outlay of $145, 000   
From the period of July 1 to December 31, 2003 the following cash inflows/outflows occurred: •Cash Inflows:   
oCash collected from Customers of $685, 000   
•Cash Outflows:   
oInventory costs of $175, 000   
oAdvertising costs of $22, 500   
oManufacturing costs of $350, 000   
oAdmin costs of $80, 000   
oEquipment costs of $150, 000   
oInterest on loan $750   
oPrototype cost of $23, 750   
Resulting in a net cash outlay of $802, 000   
While there was $947, 000 in cash outlays throughout 2003 to get Chemalite established and running, at December 31, 2003 Chemalite had a cash balance of $113, 000. Equipment costs account for $212, 500 of the $947, 000 in cash outlays. It would be expected going forward this cost would be significantly reduced to maintenance costs on the current equipment. Manufacturing costs of $350, 000 appear to be a bit on the high side, but as operations continue the manufacturing process could be stream lined to reduce costs.

Income Statement   
•Total revenue of $754, 500   
•Cost of goods sold $545, 000   
•Gross income (before operating expenses) $209, 500   
•Operating Expenses $150, 750   
•Resulting in a net income of $58, 750

Chemalite ended 2003 with a net income of $58, 750 which is approximately eight percent of sales. Overall an impressive margin when considering the immaturity of the company.

Balance Sheet   
•Total Assets of $558, 750   
•Total Liabilities of $0   
•Total Stockholders Equity of $558, 750

Chemalite has $558, 750 in total assets with $113, 000 of that being cash. As of December 31, 2003 Chemalite does not have any liabilities, meaning it does have any debt.