

The the stockholders  
of chemalite of  
chemalite essay  
sample



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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.