

Written assignment analysis essay



**ASSIGN
BUSTER**

Question #1 A) Thingamajigs and Things has total assets of \$45, 000 and \$9, 000 in liabilities. This gives a current ratio of 5. 00: 1. Wannabees has total assets of \$150, 000 and \$85, 000 in liabilities. This gives a current ratio of 1. 76: 1.

Thingamajigs and Things is more likely to be approved for a loan, because it has a higher current ration. This means that their assets are higher than their liabilities (what they owe), and they are more likely to be able to make payments. B) Thingamajigs and Things has total assets of \$45, 000, inventory valued at \$30, 000, and \$9, 000 in liabilities. This gives a current ratio of 1. 67: 1.

Wannabees has total assets of \$150, 000, inventory valued at \$125, 000, and \$85, 000 in liabilities. This gives a current ratio of 0. 29: 1. Both ratios are way too low to even be considered for a loan. Thingamajigs and Things is close to bringing in the same amount that they are spending/losing. Wannabees is in debt.

Neither businesses should be approved for a loan, because they will not be able to make payments. Question #2 A) Microsoft has had success in terms of revenue. Its revenue is already higher than last year's total. The operating income and net income is currently lower than where they should be, compared the financial trend in 2011. Microsoft has the challenge of bringing in more income, due to its high operating costs/expenses.

The expenses are much higher than they were for the past couple years. Right now, there is also a goodwill impairment that is affecting the overall financial success of Microsoft. This is not evident in past years. B) Microsoft's

gross income was \$22, 267, and its net income was \$16, 978 over the past year.