

# [Target corporation financial analysis and interpretation](https://assignbuster.com/target-corporation-financial-analysis-and-interpretation-essay-samples/)

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d] TARGET CORPORATION FINANCIAL ANALYSIS AND INTERPRETATION Target Corporation Target Corporation Perform their business as Target, is an American department store. It is the second-largest wholesale vendor in the United States; it is situated in behind the Wal-Mart. The company was founded in 1902 by the name of Dayton Dry Goods Company in 1902 (Firestone 16-17). First Target store was opened nearby Roseville, Minnesota in 1962.   
As of January 2010, Target Corporation operated 37 division centers United States. Target Corporation competes in a straight line against other discount retailers, mainly like Wal-mart and K-mart.   
Target Corporation’s Financial Analysis:   
In order to define whether an organization is doing sound we must go through a few things. One of major thing is its liquidity. This is the capacity of dealing to meet up its short term cash necessities. Another aspect is its efficiency. This refers to how fruitful a company is in using assets. Liquidity and efficiency are significant and complement each other.   
To calculate a company’s short term liquidity (requirement) we need to figure out the current ratio and working capital. Working capital is the current assets less the current liabilities. To calculate the current ratio we divide the current assets by current liabilities.   
In looking at the objective organization’s financials for years 2004, 2005 and 2006 we can see how sound they performed over the years. 4, 638 was its working capital in 2004. We got this by subtraction of current liabilities of 8, 134 from current assets of 12, 952. 5702 and 4817 was the working capital in 2005 and 2006 respectively.   
Now we have to look for the current ratio for these same periods. In 2004 current ratio for Target Company is 1. 56. We got this number by dividing 12, 952, which are current assets, by its current liabilities, 8, 314. In 2005 and 2006 the current ratio is 1. 69 and 1. 50 respectively.   
Looking at these statistics we can see that Target’s current ratio decreased from 2004 to 2006. It shows that the ability for paying its current liabilities had decreased over 2 years (2005-2005).   
Company’s asset turnover:   
It reflects the company’s ability how use assets to create sales. It is an important aspect in a company’s working efficiency. To calculate this we divide net sales by average total assets. Target Company the asset turnover for 2004 is 0. 20. It can be determined by its net sales of 3, 198 and divided by average of total assets of 15, 708. The asset turnover rate was 0. 15 for 2005. In years 2004, 2005 and 2006 we can see that from 2004 and 2005 there was an increase in liquidity and efficiency but in 2006 there was a fall.   
Although there was a fall, Targets results are not that unusual from other companies, in fact some had even bigger decreases and struggled more within the same time period. I would like to invest in the Target Corporation; with the drop from 2005 to 2006 at the overall picture the drop is not that significant.   
Consolidated Statement Of Financial Position   
Amount in Millions   
2006   
2005   
2004   
Asset   
Cash & Cash Equivalents   
$1, 648   
$2, 245   
$708   
Account receivable   
5, 666   
5, 069   
4, 621   
Inventory   
5, 838   
5, 384   
4, 531   
Other current assets   
1, 253   
1, 224   
1, 000   
current asset discontinuous operations   
-   
2, 092   
Total Current Assets   
14, 405   
13, 922   
12, 952   
Property & Equipments   
Land   
4, 449   
3, 904   
3, 312   
building and improvement   
14, 174   
12, 518   
11, 022   
Fixture & Equipments   
5, 433   
4, 988   
4, 577   
construction in progress   
1, 168   
982   
969   
Accumulated Depreciation   
(6, 176)   
(5, 412)   
(4, 727)   
Property & equipments-Net   
19, 038   
16, 860   
15, 153   
other Non Current Assets   
1, 552   
1, 511   
1, 377   
Non Current Assets discontinued operation   
0   
-   
1, 934   
Total Assets   
$34, 995   
$32, 293   
$31, 416   
Liabilities & Share Holders Investment   
Accounts Payable   
$6, 268   
$5, 779   
$4, 956   
Accrued Liabilities   
2, 193   
1, 633   
1, 288   
Taxes Payable   
374   
304   
382   
Notes Payable   
753   
504   
863   
Current Portion of Long Term notes Payable   
0   
825   
9, 588   
8, 220   
8, 314   
Long Term Debt   
9, 119   
9, 034   
10, 155   
Deferred Income   
851   
973   
632   
Other Non Current Liabilities   
1, 232   
1, 037   
917   
Non Current liabilities of discontinued operations   
-   
266   
Shareholders Investment   
Common Stock   
73   
74   
76   
Additional Paid in Capital   
2, 121   
1, 810   
1, 530   
Retained Earning   
12, 013   
11, 148   
9, 523   
accumulated other income   
(2)   
(3)   
3   
Total   
14, 205   
13, 029   
11, 132   
Total Liabilities & Shareholder’s Investment   
$34, 995   
$32, 293   
$19, 446   
Works Cited   
Firestone, Mary. Daytons Department Store. Charleston, SC: Arcadia Pub, 2007. Print.