

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

[Finance](https://assignbuster.com/essay-subjects/finance/)

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.