Target corporation financial analysis and interpretation

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.