

# Financial statement project essay examples

[Business](#), [Company](#)



Financial analysis of the company for spring 2012 to provide an insight of the profitability of the company to prospective investors: Any company's financial health can be determined by calculating some ratios which depict the significant features of the company such as profitability, stability and credibility in financial terms. The four set of ratios calculated for the purpose of this financial analysis is liquidity ratios and profitability.

Liquidity ratios: Liquidity ratios project the firm's ability to pay its short term liabilities. Current ratio is a primary liquidity ratio that projects the company's capability to pay its short term financial commitments. The Current ratio for the company is 4.93 which projects very good liquidity status of the company. The higher the current ratio is the better it is for the company. Quick ratio is the further refinement of the current ratio. The quick ratio for the company for the current period is at 4.60 which illustrate a greater liquidity of the company. Therefore these ratios present a desirable liquid current position of the company.

Profitability ratios: The profit margin ratio for the company is at 19.22%. A positive profit margin ratio depicts the positive investment quality of the company in question. The return on assets for the company stands at 13.02%. Return on assets, as a ratio portrays the profitability of the company in relation to its assets. A higher return on assets ratio affirms the company's capability to effectively utilize its assets. The rate of return on equity is 15.35% which measures the profitability that was earned by the shareholders on their investment made in the company. A higher rate of return on equity assures a better job of the company in utilizing its equity shareholder's investments.

The price earnings ratio of the company is 15.32. Price earnings ratio serves as the measurement of the investment valuation in the company. The prospective investors of any investment avenue prominently use price earnings ratio as a yardstick to measure the investment returns that can be expected from the investments made in the company. And the price earnings ratio of the company is at 15.32 which is very desirable ratio for the investors.

Going by the ratios that are discussed above for the current period, the company seems to be an attractive investment avenue for the prospective investors due to its appropriate current liquidity and high profitability.