

# [Ratio analysis memo essay sample](https://assignbuster.com/ratio-analysis-memo-essay-sample/)

What do the liquidity, profitability, and solvency ratios reveal about the financial position of the company?

Which users may be interested in each type of ratio?

What does the collected data reveal about the performance and position of the company? Format your memo consistent with APA guidelines.

Current Assets:
Cash $1, 430, 000
Accounts Receivable $86, 000
Less: Reserve for Bad Debts $0
$86, 000 $86, 000
Merchandise Inventory $429, 000
Prepaid Expenses $26, 000
Notes Receivable $0
Total Current Assets $1, 971, 000 $1, 971, 000
Fixed Assets:
Vehicles $63, 000
Less: Accumulated Depreciation $27, 750
$35, 250 $35, 250
Furniture and Fixtures $435, 000
Less: Accumulated Depreciation $186, 000
$249, 000 $249, 000
Equipment $634, 000
Less Accumulated Depreciation $214, 000
$420, 000 $420, 000
Total Fixed Assets $704, 250 $704, 250
Other Assets:
Goodwill $0
Total Other Assets $0 $0
Total Assets $2, 675, 250
Kudler Fine Foods
Balance Sheet
December 31, 2003
Assets
Current Liabilities:
Accounts Payable $96, 500
Sales Tax Payable $3, 950
Payroll Taxes Payable $15, 840
Accrued Wages Payable $0
Unearned Revenues $0
Short-Term Notes Payable $0
Short-Term Bank Loan Payable $0
Total Current Liabilities $116, 290 $116, 290
Long-Term Liabilities:
Long-Term Notes Payable $630, 000
Total Long-Term Liabilities $630, 000 $630, 000
Total Liabilites $746, 290 $746, 290
Capital:
Owner’s Equity $746, 290
Net Profit $1, 182, 670
Total Capital $1, 928, 960 $1, 928, 960
Total Liabilities and Capital $2, 675, 250
Liabilities and Capital

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Income statement
Gross sales: $10, 804, 000
Less: sales returns and allowances $7, 800
Net sales $10, 796, 200

Cost of goods sold: beginning inventory $467, 890
Add: purchases $3752, 891
Freight-in $165, 010
Direct labor $3769, 591
Indirect Expenses $748, 539
$8903, 921
Less: ending inventory $429, 090

Cost of goods sold $8474, 831
Gross profit (loss) $2, 321, 369

Expenses:
Advertising $263, 000
Amortization $2, 700
Bad debts $2, 300
Bank charges $19, 258
Charitable contributions $5, 000
Bonuses $65, 000
Systems & network contract $82, 000
Credit card fees $125
HR Payroll outsource $8, 500
Depreciation $27, 750
Dues & subscriptions $29, 403
Insurance $65, 000
Custodial contract $48, 000
Interest $63, 768
Maintenance contract $36, 000
Miscellaneous $1, 100
Office expenses $8, 300
Operating supplies $5, 500
Software licenses $8, 200
Permits and licenses $3, 500
Postage $46, 000
Professional Fees $32, 157
Office Lease $63, 000
Repairs $850
Telephone $16, 500
Travel $4, 500
Utilties $7, 900
Vehicle Expenses $11, 458
Wages $725, 650
Total expenses $1, 652, 419

net operating income $668, 950

Other income: gain (loss on sale of assets $0
interest income $7, 845

total other income $7, 845

net income (loss) $676, 795