

# [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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Other Assets:   
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Total Other Assets $0 $0   
Total Assets $2, 675, 250

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