

Ratio analysis memo essay sample



**ASSIGN
BUSTER**

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

Utilities \$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