Conclusion and decisions

In order to choose an investment in common stocks one has to evaluate the financial performance of the enterprise. Sysco is a marketer and distributor of foodservice products. The common stock of the company (SYY) is being sold in the New York Stock Exchange at $28. 60 (Sysco). Sysco has a global workforce of 46, 000 employees. The sales of the company in 2010 were $37. 23 billion. In comparison with 2009 the revenues of the company increased by 1. 05%. The net income of the company for that accounting period was $1. 18 billion. The net margin of Sysco was 3. 15%. The earnings per share of the company were $1. 99 and it had a declared dividend of $0. 99. The return on capital of the firm was 19%. Based on the basic financial analysis performed it seems as if Sysco is a sound financial investment. I would invest $1 million in SYY common stocks. The two other decisions regarding Sysco is whether or not invest in Sysco corporate bonds and to decide if Sysco is worthy of a bank credit line for its short term needs. The best way to determine how good the corporate bonds of the company are is by testing if the firm has the ability to pay off its long term debt. A ratio that can help determine if the firm can pay its long term debt is the debt ratio. The debt ratio is calculated dividing assets by liabilities. The debt ratio of Sysco is 1. 59. A good debt ratio is one above 1. 0. Based on these results I would recommend a $500, 000 investment in Sysco bonds. The final decision is regarding whether the company deserves a line of credit for its short term needs. A liquidity ratio that helps determine the ability of the company to pay off its short term debts is the current ratio. The current ratio is calculated dividing current assets by current liability. A current ratio is good is it is above 1. 0. The current ratio of Sysco is 1. 69. Based on the ratio

analysis result I would recommend the bank approve a $1 million credit line.

Work Cited Page Sysco. com. 2011. “ Financial Information.” 7 April 2011.