

Analysis of Financial Statements Balance Sheets

EXHIBITS: INPUT DATA (XYZ)

Table 1 Balance Sheets

	2013E	2012	2011
Assets			
Cash	\$ 85,632	\$ 7,282	\$ 57,600
Accounts receivable	878,000	632,160	351,200
Inventories	1,716,480	1,287,360	715,200
Total current assets	\$2,680,112	\$1,926,802	\$ 1,124,000
Gross fixed assets	1,197,160	1,202,950	491,000
Less: accumulated depreciation	380,120	263,160	146,200
Net fixed assets	\$ 817,040	\$ 939,790	\$ 344,800
Total assets	\$3,497,152	\$2,866,592	\$ 1,468,800
Liabilities and equity			
Accounts payable	\$ 436,800	\$ 524,160	\$ 145,600
Notes payable	300,000	636,808	200,000
Accruals	408,000	489,600	136,000
Total current liabilities	\$1,144,800	\$1,650,568	\$ 481,600
Long-term bonds	400,000	723,432	323,432
Total debt	\$1,544,800	\$2,374,000	\$ 805,032
Common stock (100,000 shares)	1,721,176	460,000	460,000
Retained earnings	231,176	32,592	203,768
Total common equity	\$1,952,352	\$ 492,592	\$ 663,768
Total liabilities and equity	\$3,497,152	\$2,866,592	\$ 1,468,800

Analysis of Financial Statements Income Statements

Table 2 Income Statements	2013E	2012	2011
Sales	\$7,035,600	\$6,034,000	\$ 3,432,000
Cost of goods sold	5,875,992	5,528,000	2,864,000
Other expenses	550,000	519,988	358,672
Total operating exp. excl. depreciation and amortization	<u>\$6,425,992</u>	<u>\$6,047,988</u>	<u>\$ 3,222,672</u>
EBITDA	\$ 609,608	\$ (13,988)	\$ 209,328
Depreciation and amortization	116,960	116,960	18,900
Earnings before interest and taxes (EBIT)	<u>\$ 492,648</u>	<u>\$ (130,948)</u>	<u>\$ 190,428</u>
Interest expense	70,008	136,012	43,828
Earnings before taxes (EBT)	<u>\$ 422,640</u>	<u>\$ (266,960)</u>	<u>\$ 146,600</u>
Taxes (40%)	169,056	(106,784)	58,640
Net Income	<u><u>\$ 253,584</u></u>	<u><u>\$ (160,176)</u></u>	<u><u>\$ 87,960</u></u>
Earnings per share (EPS)	\$ 1.014	\$ (1.602)	\$ 0.880
Dividends per share (DPS)	\$ 0.220	\$ 0.110	\$ 0.220
Book value per share (BVPS)	\$ 7.809	\$ 4.926	\$ 6.638
Stock price	\$ 12.17	\$ 2.25	\$ 8.50
Shares outstanding	250,000	100,000	100,000
Tax rate	40.00%	40.00%	40.00%
Lease payments	\$ 40,000	\$ 40,000	\$ 40,000
Sinking fund payments	0	0	0

Analysis of Financial Statements Ratio Analysis

	2013E	2012	2011	Industry Average
Current ratio	*	1.2	2.3	2.7
Quick ratio	*	0.4	0.8	1.0
Inventory turnover	*	4.7	4.8	6.1
Days sales outstanding (DSO)	*	38.2	37.4	32.0
Fixed assets turnover	*	6.4	10.0	7.0
Total assets turnover	*	2.1	2.3	2.6
Debt-to-assets ratio	*	82.8%	54.8%	50.0%
Times interest earned (TIE)	*	-1.0	4.3	6.2
Operating margin	*	-2.2%	5.6%	7.3%
Profit margin	*	-2.7%	2.6%	3.5%
Basic earning power (BEP)	*	-4.6%	13.0%	19.1%
Return on assets (ROA)	*	-5.6%	6.0%	9.1%
Return on equity (ROE)	*	-32.5%	13.3%	18.2%
Price/earnings (P/E)	*	-1.4	9.7	14.2
Market/book (M/B)	*	0.5	1.3	2.4
Book value per share (BVPS)	*	\$4.93	\$6.64	n.a.

*The calculations from your module 2 assignment would complete column 2013E. You are not required to complete the ratio analysis chart as part of your assignment, you will submit the calculations with rationale in a word document.