FINANCIAL STATEMENT ANALYSIS

RATIO ANALYSIS

The following is the Balance Sheet of Trea Trades Ltd:

|  |  |  |
| --- | --- | --- |
| **BALANCE SHEET** | Dec 31, 2014  | Dec 31, 2013  |
| Cash | $ 21,000  | $ 18,000  |
| Accounts receivable, net | 31,000  | 35,000  |
| Inventory | 53,000  | 25,000  |
| PP&E, net | 120,000  | 90,000  |
|  Total assets | $225,000  | $168,000  |
|  |  |  |
| Accounts payable | $4,000  | $ 6,000  |
| Accrued liabilities | 2,000  | 1,000  |
| Long-term notes payable | 84,000  | 90,000  |
|  Total liabilities | $ 90,000  | $ 97,000  |
|  |  |  |
| Common stock | $ 30,000  | $ 2,000  |
| Retained earnings | 113,000  | 74,000  |
| Treasury stock | (8,000) | (5,000) |
|  Total stockholders’ equity | $135,000  | $71,000  |
|  Total liabilities and Stockholders’ equity | $225,000  | $168,000  |

Additional information:

 • Net sales (all on account): $240,000

 • Cost of goods sold: $110,000

Required:

1. Calculate the current ratio at year-end 2014.
2. Calculate the days in inventory ratio for 2014.
3. Calculate the inventory turnover for 2014.
4. Calculate the Accounts Receivable Turnover for 2014.