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.