**Activity** 2

FunkieVideo.com, a hypothetical start-up, opened for business on April 1 this year. FunkieVideo.com allows anyone to upload short personal videos, on which viewers then vote each month. The videos with the most votes will receive cash and other rewards, with a "grand prize" in a runoff among the winning monthly videos each year.

You are the founder and president. You have not yet hired an accountant but your bank is asking for an income statement and balance sheet for the first month of operation.

Click the link below to download the activity sheet. Follow the instructions on the activity sheet. **Attached to submission**

**Funkie Video Grading Rubric**

Neither the Income Statement nor Balance Statement needs to be "correct."

Worksheet is used to enter transactions: 10%  
Income Statement shows only revenue and expenses in proper categories: 20%  
Balance Statement shows assets, liabilities, equity items in correct categories; retained earnings number is same number shown for profit or loss: 20%  
Statements show fundamental understanding of the concept of accrual accounting: 50%

Using the financial ratio worksheets provided below, compute the following for the years ending Jan 31, 2004 and 2005:

1. Current ratio
2. Quick ratio
3. AR Collection Period in days
4. Inventory Turnover in days and times per year
5. Net Profit Margin

Click the link below to download the financial ratio worksheet. Follow the additional instructions on the worksheet. Attached to submission

Activity 3

Using the financial ratio worksheets provided below, compute the following for the years ending Jan 31, 2004 and 2005:

1. Current ratio
2. Quick ratio
3. AR Collection Period in days
4. Inventory Turnover in days and times per year
5. Net Profit Margin

Click the link below to download the financial ratio worksheet. Follow the additional instructions on the **Attached to submission**

Write a one-page memo advising the reader what these numbers tell us about the financial health and trend of this company.

**Financial Ratio Analysis Grading Rubric**

1. Correct solution for the five calculations (10%@=50%) showing the calculations as well as the answer

* + Deduct 10% for answers only (1 points per calculation)
  + Deduct 10% for each with correct numbers in formula but math error in calculation (1 points per calculation)

1. One-page memo advising the reader what these numbers tell us about the financial health and trend of this company. (50%)

**Submission Instructions**

1. Complete the provided financial ratio worksheet.
2. Create your memo in the form of a Microsoft Word document.