|  |  |
| --- | --- |
| Excel sheet with calculations and 1-2 pg Word doc | |
| Details: | | The following stakeholders are interested in BC Corporation's financial results:   * the bank that financed BC's note payable * Sally and Ed, regarding the progress of their management team * Money Mutual Fund, a stakeholder ownership of 15% of BC's common stock   Use the information provided to you in the balance sheet and income statement to analyze BC Corporation's profitability for the current and prior year. Include the following profitability ratio calculations:   * current ratio * acid-test ratio * cash to debt ratio * times interest earned * cash to debt coverage * book value per share * receivable turnover * inventory turnover * asset turnover * profit margin on sales * rate of return on assets * earnings per share (EPS) * payout ratio * profit margin on sales * rate of return on common equity * price to earnings (P/E) ratio   Once you have completed all of your calculations, take each BC stakeholder's point of view. What ratios do you feel would be most important and relevant to that particular individual or group? Explain your rationale. How would each stakeholder view BC's performance? | | | | | |
| **BC Corporation** | | | | | | |
| **Financial Statements** | | | | | | |
| **As of 12/31/200x** | | | | | | |
|  | |  | | |  | |
|  | | **Current Year** | | | **1 Year Prior** | |
| **Assets:** | |  | | |  | |
| Cash | | 50,000 | | | 55,000 | |
| Accounts Receivable | | 230,000 | | | 205,000 | |
| Inventory | | 220,000 | | | 195,000 | |
| Marketable Securities | | 55,000 | | | 40,000 | |
| **Total Current Assets** | | 555,000 | | | 495,000 | |
|  | |  | | |  | |
| **Fixed Assets:** | |  | | |  | |
| Building | | 410,000 | | | 350,000 | |
| **Equipment** | | 185,000 | | | 135,000 | |
| Accelerated Depreciation | | (108,000) | | | (56,000) | |
| **Net Fixed Assets** | | 487,000 | | | 429,000 | |
|  | |  | | |  | |
| Intangible Assets | | 22,000 | | | 22,000 | |
|  | |  | | |  | |
| **Total Assets** | | **1,064,000** | | | **946,000** | |
|  | |  | | |  | |
| **Current Liabilities:** | |  | | |  | |
| Accounts Payable | | 115,000 | | | 105,000 | |
| Payroll Taxes Payable | | 18,000 | | | 16,000 | |
| Notes Payable - Current | | 25,000 | | | 25,000 | |
| Total Current Liabilities | | 158,000 | | | 146,000 | |
|  | |  | | |  | |
| **Long Term Liabilities** | |  | | |  | |
| Notes Payable | | 209,000 | | | 255,000 | |
| Due to Shareholders | | 120,000 | | | 96,000 | |
| Total Long-Term | | 354,000 | | | 376,000 | |
|  | |  | | |  | |
| **Total Liabilities** | | **512,000** | | | **522,000** | |
|  | |  | | |  | |
| **Equity** | |  | | |  | |
| Paid-in Capital | | 344,000 | | | 344,000 | |
| Common Stock 5,000 shares | | 5,000 | | | 5,000 | |
| Preferred Stock 3,000 shares | | 3,000 | | | 3,000 | |
| Retained Earnings | | 118,000 | | | 50,000 | |
| Income | | 82,000 | | | 22,000 | |
| **Total Equity** | | **552,000** | | | **424,000** | |
|  | |  | | |  | |
| **Total Liabilities & Equity** | | **1,064,000** | | | **946,000** | |
|  | |  | | |  | |
|  | |  | | |  | |
| **BC Corporation** | | | | |
| **Financial Statements** | | | | |
| **As of 12/31/200x** | | | | |
|  | |  |  | |
|  | | **Current Year** | **1 Year Prior** | |
| **Assets:** | |  |  | |
| Cash | | 50,000 | 55,000 | |
| Accounts Receivable | | 230,000 | 205,000 | |
| Inventory | | 220,000 | 195,000 | |
| Marketable Securities | | 55,000 | 40,000 | |
| **Total Current Assets** | | 555,000 | 495,000 | |
|  | |  |  | |
| **Fixed Assets:** | |  |  | |
| Building | | 410,000 | 350,000 | |
| **Equipment** | | 185,000 | 135,000 | |
| Accelerated Depreciation | | (108,000) | (56,000) | |
| **Net Fixed Assets** | | 487,000 | 429,000 | |
|  | |  |  | |
| Intangible Assets | | 22,000 | 22,000 | |
|  | |  |  | |
| **Total Assets** | | **1,064,000** | **946,000** | |
|  | |  |  | |
| **Current Liabilities:** | |  |  | |
| Accounts Payable | | 115,000 | 105,000 | |
| Payroll Taxes Payable | | 18,000 | 16,000 | |
| Notes Payable - Current | | 25,000 | 25,000 | |
| Total Current Liabilities | | 158,000 | 146,000 | |
|  | |  |  | |
| **Long Term Liabilities** | |  |  | |
| Notes Payable | | 209,000 | 255,000 | |
| Due to Shareholders | | 120,000 | 96,000 | |
| Total Long-Term | | 354,000 | 376,000 | |
|  | |  |  | |
| **Total Liabilities** | | **512,000** | **522,000** | |
|  | |  |  | |
| **Equity** | |  |  | |
| Paid-in Capital | | 344,000 | 344,000 | |
| Common Stock 5,000 shares | | 5,000 | 5,000 | |
| Preferred Stock 3,000 shares | | 3,000 | 3,000 | |
| Retained Earnings | | 118,000 | 50,000 | |
| Income | | 82,000 | 22,000 | |
| **Total Equity** | | **552,000** | **424,000** | |
|  | |  |  | |
| **Total Liabilities & Equity** | | **1,064,000** | **946,000** | |
|  | |  |  | |
|  | |  |  | |

**Current ratio**

Current Assets/Current Liabilities

**Acid-test ratio**

(Cash + Accounts Receivable + Short-Term Investments)/ Current Liabilities.

**Cash to debt ratio**

Cash Equivalents + Marketable Securities/Current Liabilities

**Debt to total assets**

Total Liabilities/Total Assets

**Times interest earned**

Earnings Before Interest and Taxes/Total Interest

**Cash to debt coverage**

(Cash flow from operations – Dividends)/Total Debt

**Book value per share**

Stockholders Equity – Preferred Stock/ Avg. Outstanding Shares

**Receivable turnover**

Net Sales/Average A/R (net)

**Inventory turnover**

COGS/Average Inventory

**Asset turnover**

Net Sales/Average Total Assets

**Profit margin on sales**

Net Income/Net Sales

**Rate of return on assets**

Net Income/Average Total Assets

**Earnings per share**

Net Income – Dividends from Preferred Stock/Avg. Outstanding Shares

**Payout ratio**

Yearly Dividend per Share/EPS

**Rate of return on common equity**

Net Income/ Average Shareholder’s Equity

**Price to earnings (P/E) ratio**

Market value per Share / Earnings per share