Financial Statements Analysis and Financial Models - **ALL QUESTIONS** **NEEDS TO BE COMPLETED IN EXCEL -** All calculations must be shown

#1: During the year, the Senbet Discount Tire Company had gross sales of $1.2 million. The firm's cost of goods sold and selling expenses were $450,000 and $225,000, respectively. Senbet also had notes payable of $900,000. These notes carried an interest rate of 9%. Depreciation was $110,000. Senbet's tax rate was 35%.

a. What was Senbet's net income?

b. What was Senbet's operating cash flow?

#2: EFN The most recent financial statements for Martin, Inc., are shown here:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Income Statement | | | Balance Sheet | | |
| Sales | $25,800 | Assets | $113,000 | Debt | $ 20,500 |
| Costs | 16,000 |  |  | Equity | 92,500 |
| Taxable Income | $ 9,000 | Total | $113,000 | Total | $113,000 |
| Taxes (34%) | 3,162 |  |  |  |  |
| Net Income | $ 6,138 |  |  |  |  |

Assets and costs are proportional to sales. Debt and equity are not. A dividend of $1,841.40 was paid, and Martin wishes to maintain a constant payout ratio. Next year's sales are projected to be $30,960. ***What external financing is needed?***

#3: Sustainable Growth: ***Assuming the following ratios are constant, what is the sustainable growth rate?***

Total Asset turnover = 1.90

Profit margin = 8.1%

Equity multiplier = 1.25

Payout ratio = 30%

#4: Ratios and Fixed Assets: The Le Bleu Company has a ratio of long-term debt to total assets of .40 and a current ratio of 1.30. Current liabilities are $900, sales are $5,320, profit margin is 9.4%, and ROE is 18.2%. ***What is the amount of the firm's net fixed assets?***