

**FIN310 Financial Management Principles
Assignments**

Phase 2 Ratio Analysis

Key Financial Data for Strident Marks

- all numbers are in thousands

Strident Marks, Inc.

Income Statement

For the year ending December 31, 2005

INCOME STATEMENT	<u>05</u>
Net Revenues	<u>\$50,000</u>
Total Revenues	<u>\$50,000</u>
COGS (not including depreciation)	<u>(\$25,000)</u>
Gross Profit	<u>\$25,000</u>
SG&A	<u>(\$10,000)</u>
Depreciation Expense	<u>(\$6,500)</u>
Total Operating Expenses	<u>(\$16,500)</u>
Income Before Interest & Taxes	\$8,500
Interest Expense	<u>(\$1,500)</u>
Income Before Taxes	\$7,000
Income Tax Expense	<u>(\$2,800)</u>
Net Income	\$4,200
Beginning RE	\$2,700
Dividends	<u>(\$590)</u>
Ending RE	<u><u>\$6,310</u></u>

Strident Marks, Inc.
Balance Sheet
As of December 31, 2005

BALANCE SHEET	<u>05</u>
ASSETS	
Cash and ST Investments	\$11,210
Accounts Receivable	\$9,000
Inventories	\$750
Total Current Assets	<u>\$20,960</u>
Property, Plant & Equipment	\$62,500
less Accumulated Depreciation	(\$11,000)
Net Property, Plant, and Equipment	<u>\$51,500</u>
Prepaid Expenses (Non current)	<u>\$1,500</u>
Total	<u><u>\$73,960</u></u>

LIABILITIES & SHAREHOLDER'S EQUITY	
Accounts Payable - Trade	\$4,100
Accrued Liabilities (expenses)	\$1,750
Interest Payable	\$550
Income Taxes Payable	\$1,250
Dividends Payable	\$500
Total Current Liabilities	<u>\$8,150</u>
Long term Debt - A	\$10,000
Long term Debt - B	\$7,500
Total Liabilities	<u>\$25,650</u>
Common Stock at Par	\$42,500
Retained Earnings	\$6,310
Treasury Stock - at cost	(\$500)
Total Shareholders equity	<u>\$48,310</u>
Total	<u><u>\$73,960</u></u>

Additional data:

- 1) ABC has no uncollectible trade receivables and it has not written off trade receivables
- 2) Income tax rate for ABC is 40%