1. **Please tell me what these number mean. Interpret the financial ratio of this company for 2009, 2010 and 2011**

### Medical group hospital

### nual Income Statement (values in 000's)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period Ending:** | **Trend** | **12/31/2011** | **12/31/2010** | **12/31/2009** | **12/31/2008** |
| **Liquidity Ratios** |  |  |  |  |  |
| Current Ratio | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  |  | | | | 133% | 134% | 84% | 90% |
| Quick Ratio | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  |  | | | | 133% | 134% | 84% | 90% |
| Cash Ratio | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  |  | | | | 9% | 20% | 9% | 11% |
| **Profitability Ratios** |  |  |  |  |  |
| Gross Margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 35% | 35% | 35% | 36% |
| Operating Margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 22% | 22% | 22% | 23% |
| Pre-Tax Margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 22% | 22% | 22% | 23% |
| Profit Margin | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 14% | 14% | 14% | 16% |
| Pre-Tax ROE | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 20% | 21% | 24% | 25% |
| After Tax ROE | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | |  | | | |  |  | | --- | --- | |  |  | |  |  | | | | 13% | 14% | 15% | 18% |

1. **When comparing the Medical hospital number for the year of 2009. 2010 with the national norm number for the year 2009 and 2010 What does the number mean? How does the hospital compare with the national norm.**

## Industry Financial Ratios

|  |  |
| --- | --- |
| **Hospitals, nursing, and residential care facilities**  **Corp Average Financial Ratios** | **2009** |
| Return on Sales | 6.88% |
| Return on Assets | 6.37% |
| Return on Net Worth | 36.75% |
| Quick Ratio | 1.18% |
| Current Ratio | 1.48% |
| Inventory Turnover | 999.03% |
| Assets:Sales | 1.08 |
| Tot Liabilities:Net Worth | 4.77% |

**2010**

Quick ratio -29.13

Current ration 1.23:1

ROA 0.18:1

Debt to Assets 76%

Operating Profit 9%

Inventory Turnover 999.03%

Total asset 1.05

Total Liabilities 4.70%

1. **Basic on the financial ratios of the Medical hospital company How could the company improve? What suggestions should be given to the company?**