

Annual Report

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Chester

C76085

Round: 1
Dec. 31, 2017

Balance Sheet

DEFINITIONS: Common Size: The common size column simply represents each item as a percentage of total assets for that year. **Cash:** Your end-of-year cash position. **Accounts Receivable:** Reflects the lag between delivery and payment of your products. **Inventories:** The current value of your inventory across all products. A zero indicates your company stocked out. Unmet demand would, of course, fall to your competitors. **Plant & Equipment:** The current value of your plant. **Accum Deprec:** The total accumulated depreciation from your plant. **Accts Payable:** What the company currently owes suppliers for materials and services. **Current Debt:** The debt the company is obligated to pay during the next year of operations. It includes emergency loans used to keep your company solvent should you run out of cash during the year. **Long Term Debt:** The company's long term debt is in the form of bonds, and this represents the total value of your bonds. **Common Stock:** The amount of capital invested by shareholders in the company. **Retained Earnings:** The profits that the company chose to keep instead of paying to shareholders as dividends.

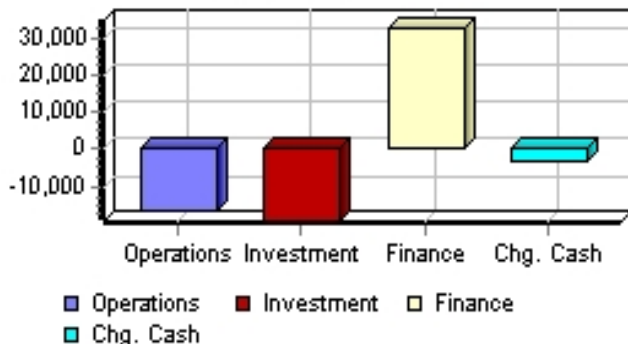
ASSETS		2017 Common Size	2016
Cash	\$0	0.0%	\$3,434
Account Receivable	\$11,471	9.1%	\$8,307
Inventory	\$27,938	22.2%	\$8,617
Total Current Assets	\$39,409	31.3%	\$20,358
Plant & Equipment	\$132,000	105.0%	\$113,800
Accumulated Depreciation	(\$45,533)	-36.2%	(\$37,933)
Total Fixed Assets	\$86,467	68.7%	\$75,867
Total Assets	\$125,876	100.0%	\$96,225
LIABILITIES & OWNER'S EQUITY			
Accounts Payable	\$8,962	7.1%	\$6,583
Current Debt	\$16,638	13.2%	\$0
Long Term Debt	\$51,700	41.1%	\$41,700
Total Liabilities	\$77,300	61.4%	\$48,283
Common Stock	\$24,360	19.4%	\$18,360
Retained Earnings	\$24,216	19.2%	\$29,582
Total Equity	\$48,576	38.6%	\$47,942
Total Liab. & O. Equity	\$125,876	100.0%	\$96,225

Cash Flow Statement

The **Cash Flow Statement** examines what happened in the Cash Account during the year. Cash injections appear as positive numbers and cash withdrawals as negative numbers. The Cash Flow Statement is an excellent tool for diagnosing emergency loans. When negative cash flows exceed positives, you are forced to seek emergency funding. For example, if sales are bad and you find yourself carrying an abundance of excess inventory, the report would show the increase in inventory as a huge negative cash flow. Too much unexpected inventory could outstrip your inflows, exhaust your starting cash and force you to beg for money to keep your company afloat.

Cash Flows from Operating Activities	2017	2016
NetIncome(Loss)	(\$5,367)	\$4,189
Depreciation	\$8,800	\$7,587
Extraordinary gains/losses/writeoffs	\$60	\$0
Accounts Payable	\$2,379	\$3,583
Inventory	(\$19,321)	(\$8,617)
Accounts Receivable	(\$3,163)	(\$307)
Net cash from operation	(\$16,611)	\$6,434
Cash Flows from Investing Activities		
Plant Improvements	(\$19,460)	\$0
Cash Flows from Financing Activities		
Dividends Paid	\$0	(\$4,000)
Sales of Common Stock	\$6,000	\$0
Purchase of Common Stock	\$0	\$0
Cash from long term debt	\$10,000	\$0
Retirement of long term debt	\$0	\$0
Change in current debt(net)	\$16,638	\$0
Net Cash from financing activities	\$32,638	(\$4,000)
Net Change in cash position	(\$3,434)	\$2,434
Closing cash position	\$0	\$3,434

Cash Flow Summary
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2017 Income Statement

(Product Name)	Cake	Cedar	Cid	Coat	Cure	NA	NA	NA	2017 Total	Common Size
Sales	\$35,984	\$36,304	\$17,035	\$17,211	\$13,091	\$0	\$0	\$0	\$119,625	100.0%
Variable Costs:										
Direct Labor	\$11,461	\$14,435	\$4,114	\$5,095	\$3,591	\$0	\$0	\$0	\$38,696	32.3%
Direct Material	\$15,480	\$14,494	\$7,141	\$8,547	\$5,364	\$0	\$0	\$0	\$51,026	42.7%
Inventory Carry	\$2,403	\$17	\$75	\$709	\$149	\$0	\$0	\$0	\$3,353	2.8%
Total Variable	\$29,344	\$28,947	\$11,330	\$14,351	\$9,103	\$0	\$0	\$0	\$93,075	77.8%
Contribution Margin	\$6,640	\$7,357	\$5,705	\$2,860	\$3,988	\$0	\$0	\$0	\$26,550	22.2%
Period Costs:										
Depreciation	\$3,120	\$2,893	\$1,173	\$880	\$733	\$0	\$0	\$0	\$8,800	7.4%
SG&A: R&D	\$494	\$643	\$841	\$489	\$804	\$0	\$0	\$0	\$3,271	2.7%
Promotions	\$1,400	\$1,000	\$1,350	\$1,000	\$1,000	\$0	\$0	\$0	\$5,750	4.8%
Sales	\$1,400	\$1,100	\$1,200	\$1,000	\$1,100	\$0	\$0	\$0	\$5,800	4.8%
Admin	\$353	\$356	\$167	\$169	\$128	\$0	\$0	\$0	\$1,174	1.0%
Total Period	\$6,767	\$5,992	\$4,731	\$3,538	\$3,766	\$0	\$0	\$0	\$24,794	20.7%
Net Margin	(\$127)	\$1,365	\$974	(\$678)	\$222	\$0	\$0	\$0	\$1,756	1.5%

Definitions: **Sales:** Unit Sales times list price. **Direct Labor:** Labor costs incurred to produce the product that was sold. **Inventory Carry Cost:** the cost unsold goods in inventory. **Depreciation:** Calculated on straight-line, 15-year depreciation of plant value. **R&D Costs:** R&D department expenditures for each product. **Admin:** Administration overhead is estimated at 1.5% of sales. **Promotions:** The promotion budget for each product. **Sales:** The sales force budget for each product. **Other:** Charges not included in other categories such as Fees, Write offs, and TQM. The fees include money paid to investment bankers and brokerage firms to issue new stocks or bonds plus consulting fees your instructor might assess. Write-offs include the loss you might experience when you sell capacity or liquidate inventory as the result of eliminating a production line. If the amount appears as a negative amount, then you actually made money on the liquidation of capacity or inventory. **EBIT:** Earnings Before Interest and Taxes. **Short Term Interest:** Interest expense based on last year's current debt, including short term debt, long term notes that have become due, and emergency loans, **Long Term Interest:** Interest paid on outstanding bonds. **Taxes:** Income tax based upon a 35% tax rate. **Profit Sharing:** Profits shared with employees under the labor contract. **Net Profit:** EBIT minus interest, taxes, and profit sharing.

Other	\$860	0.7%
EBIT	\$896	0.7%
Short Term Interest	\$2,601	2.2%
Long Term Interest	\$6,551	5.5%
Taxes	(\$2,890)	-2.4%
Profit Sharing	\$0	0.0%
Net Profit	(\$5,367)	-4.5%

