

Annual Report

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Chester

C76085

Round: 3
Dec. 31, 2019

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.

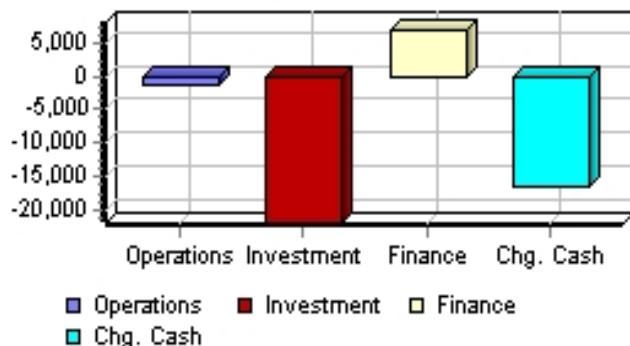
ASSETS		2019 Common Size	2018
Cash	\$5,698	4.0%	\$22,123
Account Receivable	\$15,576	11.1%	\$14,978
Inventory	\$16,249	11.5%	\$0
Total Current Assets	\$37,523	26.7%	\$37,101
Plant & Equipment	\$167,146	119.0%	\$145,200
Accumulated Depreciation	(\$63,943)	-45.4%	(\$53,400)
Total Fixed Assets	\$103,203	73.3%	\$91,800
Total Assets	\$140,726	100.0%	\$128,901
LIABILITIES & OWNER'S EQUITY			
Accounts Payable	\$10,202	7.2%	\$6,673
Current Debt	\$0	0.0%	\$6,950
Long Term Debt	\$65,250	46.4%	\$60,250
Total Liabilities	\$75,452	53.6%	\$73,873
Common Stock	\$39,004	27.7%	\$30,219
Retained Earnings	\$26,270	18.7%	\$24,809
Total Equity	\$65,274	46.4%	\$55,028
Total Liab. & O. Equity	\$140,726	100.0%	\$128,901

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	2019	2018
NetIncome(Loss)	\$1,461	\$593
Depreciation	\$10,543	\$9,680
Extraordinary gains/losses/writeoffs	\$0	\$7
Accounts Payable	\$3,528	(\$2,289)
Inventory	(\$16,249)	\$27,938
Accounts Receivable	(\$598)	(\$3,507)
Net cash from operation	(\$1,314)	\$32,422
Cash Flows from Investing Activities		
Plant Improvements	(\$21,946)	(\$15,020)
Cash Flows from Financing Activities		
Dividends Paid	\$0	\$0
Sales of Common Stock	\$8,785	\$5,859
Purchase of Common Stock	\$0	\$0
Cash from long term debt	\$5,000	\$15,500
Retirement of long term debt	\$0	(\$6,950)
Change in current debt(net)	(\$6,950)	(\$9,688)
Net Cash from financing activities	\$6,835	\$4,721
Net Change in cash position	(\$16,425)	\$22,123
Closing cash position	\$5,698	\$22,123

Cash Flow Summary
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2019 Income Statement

(Product Name)	Cake	Cedar	Cid	Coat	Cure	Cotton	Candy	NA	2019 Total	Common Size
Sales	\$49,948	\$28,141	\$27,269	\$30,299	\$26,774	\$0	\$0	\$0	\$162,430	100.0%
Variable Costs:										
Direct Labor	\$13,592	\$7,329	\$6,889	\$8,899	\$7,843	\$0	\$0	\$0	\$44,551	27.4%
Direct Material	\$19,333	\$9,559	\$10,797	\$13,469	\$10,163	\$0	\$0	\$0	\$63,321	39.0%
Inventory Carry	\$1,238	\$164	\$548	\$0	\$0	\$0	\$0	\$0	\$1,950	1.2%
Total Variable	\$34,163	\$17,052	\$18,233	\$22,368	\$18,006	\$0	\$0	\$0	\$109,822	67.6%
Contribution Margin	\$15,785	\$11,089	\$9,036	\$7,931	\$8,768	\$0	\$0	\$0	\$52,608	32.4%
Period Costs:										
Depreciation	\$3,400	\$3,513	\$1,280	\$880	\$870	\$600	\$0	\$0	\$10,543	6.5%
SG&A: R&D	\$486	\$0	\$526	\$641	\$628	\$555	\$1,000	\$0	\$3,837	2.4%
Promotions	\$2,300	\$1,500	\$2,300	\$2,250	\$2,300	\$0	\$0	\$0	\$10,650	6.6%
Sales	\$2,500	\$2,000	\$2,500	\$2,500	\$2,500	\$0	\$0	\$0	\$12,000	7.4%
Admin	\$1,279	\$721	\$698	\$776	\$686	\$0	\$0	\$0	\$4,159	2.6%
Total Period	\$9,965	\$7,734	\$7,304	\$7,047	\$6,984	\$1,155	\$1,000	\$0	\$41,189	25.4%
Net Margin	\$5,819	\$3,355	\$1,732	\$884	\$1,784	(\$1,155)	(\$1,000)	\$0	\$11,419	7.0%

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	\$689	0.4%
EBIT	\$10,730	6.6%
Short Term Interest	\$0	0.0%
Long Term Interest	\$8,436	5.2%
Taxes	\$803	0.5%
Profit Sharing	\$30	0.0%
Net Profit	\$1,461	0.9%

