

Bankruptcy Prediction Report

Predicted Status: Bankrupt

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Company: JP Morgan

Financial Year: 2021-22

Predicted Status

Bankrupt

Analysis

Top Contributing Financial Ratios:

- **X42: Operating Expenses / Total Liabilities (0.73):** A high operating expense to total liabilities ratio indicates that the company is spending a significant portion of its resources on operations, potentially leaving limited funds to cover liabilities. This could be a sign of inefficiency or unsustainable business practices.
- **X65: Real Interest Rate (0.36):** A high real interest rate suggests that the cost of borrowing is exceeding the rate of inflation. This can put pressure on a company's profitability and make it more difficult to manage debt obligations.
- **X39: (Gross Profit + Depreciation) / Sales (-0.34):** This ratio, also known as the return on assets, is negative, indicating that JP Morgan is not generating enough profit to cover its assets and operational expenses. This could signal a

declining profitability and potential issues with asset management.

- **X6: Equity Share Capital / Fixed Assets (0.32):** A higher equity share capital to fixed assets ratio suggests that JP Morgan has a strong financial foundation and is less reliant on debt financing. This can contribute to financial stability and lower bankruptcy risk.
- **X44: Current Assets / Total Liabilities (-0.27):** A low current asset to total liabilities ratio indicates that JP Morgan may have difficulty meeting its short-term financial obligations, potentially leading to liquidity problems and increased risk of bankruptcy.

Recommendations

- **Reduce Operating Expenses:** Identify areas where operating costs can be reduced, including streamlining processes, negotiating better supplier contracts, and optimizing employee compensation.
- **Improve Asset Management:** Analyze asset utilization and identify opportunities to optimize asset performance, potentially through asset disposal or redeployment.
- **Enhance Revenue Growth:** Explore strategies to increase revenue generation, such as expanding into new markets, developing new product lines, or improving marketing efforts.
- **Manage Debt Levels:** Negotiate more favorable terms with lenders, explore options for debt restructuring, and actively manage debt repayment.
- **Increase Liquidity:** Optimize working capital management, secure additional lines of credit, and consider short-term financing options.

Disclaimer

This report is based on model predictions and is intended for analytical purposes only. It should not be construed as financial advice. The actual outcome may vary depending on various factors and it is recommended to consult with a qualified financial advisor before making any investment decisions.