**3.2 Analysis of liquidity ratios**

Liquidity ratios assess a company’s ability to meet its short‑term financial obligations using readily available assets. These measures indicate whether the company can comfortably manage its short‑term liabilities with its existing resources. Table 3.2.1 summarises Integra LLC’s key liquidity ratios for 2021–2023.

**Table 3.2.1: Integra LLC liquidity ratios, 2021–2023**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Metric** | **Benchmark** | **2021** | **2022** | **2023** | **Trend** | **Change** |
| Cash ratio | 0.2–0.5 | 0.00 | 0.11 | 0.03 | ↑ | +0.03 |
| Current ratio | 1–2 | 2.73 | 2.67 | 0.65 | ↓ | -2.08 |
| Quick ratio | ≥0.8 | 0.29 | 1.56 | 0.57 | ↑ | +0.28 |
| Months to repay | ≤3 months | 0.33 | 0.57 | 1.85 | ↑ | +1.52 |

**Cash ratio** indicates the extent to which current liabilities can be settled immediately using cash on hand. A commonly referenced range is 0.2–0.5. Across 2021–2023 the ratio remained below this range, peaking at 0.11 in 2022.

**Current ratio** assesses the ability to cover short-term obligations with current assets. A prudent range is 1-2. The indicator was above the benchmark in 2021–2022 (2.73 → 2.67) and then fell sharply below the benchmark, reaching 0.65 in 2023.

**Quick ratio** captures the ability to meet short-term obligations from the most liquid current assets (cash and trade receivables), excluding inventories. A prudent minimum is 0.8. After touching 1.56 in 2022, the indicator finished below the prudent minimum at 0.57 in 2023.

**Months to repay current liabilities** shows how many months of average monthly revenue are required to repay current obligations in full. In practice, a sound position is to keep it under three months. Over the period, the indicator remained within this benchmark, moving from 0.33 months in 2021 to 0.57 in 2022 and 1.85 in 2023.

**Overall assessment:** Taken together, Integra LLC’s short-term liquidity appears constrained: cash ratio persistently below the reference range, current ratio dropping below 1 in the final year, quick ratio below 0.8 in the final year. The time-to-repay metric remained within prudent limits, which partly mitigates near-term risk. Strengthening cash buffers, tightening receivables and inventory management, and aligning the maturity profile of obligations would enhance resilience.

**Key observations:**

* Cash ratio persistently below the **0.2–0.5** reference range.
* Current ratio dropping below **1** in the final year.
* Quick ratio below **0.8** in the final year.

**Mitigant:**

* Months to repay remained within the **3 months** threshold over the period.

**Recommended actions:**

* Strengthen cash buffers.
* Tighten receivables and inventory management discipline.
* Align the maturity profile of obligations with projected cash flows.