ABC Company

FINANCIAL PROFILE

2020 - 2023

The following report is composed as a part of University of London CM2020 Agile Software Projects module course work. All right are belong to Team 42 members:

Michael Bradford Jian Fang Beverley Wingfield Sangjune Lee Jelena Varyukhicheva

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Cash and cash equivalents	120	260
Accounts receivable	220	210
Inventories	400	390
Other current assets	130	100
	870	960
Property, plant and equipment (neto)	800	800
Intangible assets (neto)	70	70
Long-term loan receivables	110	110
Other non-current liabilities	20	20
	1000	1000
	1870	1960
Short-term loan repayments	60	60
Accounts payable	170	170
Other current liabilities	90	90
	320	320
Long-term loans	900	840
Shareholder loan	150	100
Other Non Current Liabilities	120	100
	1170	1040
	1490	1360
Share capital	130	130
Retained Earnings	100	250
Net profit/loss	150	220
	380	600
	1870	1960

FINANCIAL DATA

Balance Sheet	2020	2021
ASSETS		
Current Assets		
Cash	1234	1234
Inventories	1234	1234
Accounts receivable	1234	1234
Other current assets	1234	1234
Total Current Assets	1234	1234
Fixed Assets		
Property plant equipment (neto)	1234	1234
Intangible assets (neto)	1234	1234
Long-term loan receivables	1234	1234
Other non-current assets	1234	1234
Total Fixed Assets	1234	1234
TOTAL ASSETS	1234	1234
LIABILITIES AND EQUITY		
Short-Term Liabilities		
Short-term loan repayments	1234	1234
Accounts payable	1234	1234
Interest payable	1234	1234
Other short-term liabilities	1234	1234
Total Short-Term Liabilities	1234	1234
Long-Term Liabilities		
Long-term loans	1234	1234
Shareholder loans	1234	1234
Other non-current liabilities	1234	1234
Total Long-Term Liabilities	1234	1234
Equity		
Share capital	1234	1234
Retained earnings	1234	1234
Net profit (-loss)	1234	1234
Total Equity	1234	1234
TOTAL LIABILITIES AND EQUITY	1234	1234

FINANCIAL DATA

Income statement	2020	2021	2022F	2023F
Sales (revenue)	1234	1234	1234	1234
Cost of goods sold	1234	1234	1234	1234
Gross profit	1234	1234	1234	1234
Rent and utilities	1234	1234	1234	1234
Wages	1234	1234	1234	1234
Entertainment	1234	1234	1234	1234
Insurance	1234	1234	1234	1234
Advertising	1234	1234	1234	1234
Depreciation	1234	1234	1234	1234
Bad debt expense	1234	1234	1234	1234
Other operating expenses	1234	1234	1234	1234
Total operating expences	1234	1234	1234	1234
Operating profit	1234	1234	1234	1234
Other income	1234	1234	1234	1234
Financial income	1234	1234	1234	1234
Financial expenses	1234	1234	1234	1234
Total Finance Cost	1234	1234	1234	1234
Profit (loss) before taxes	1234	1234	1234	1234
Corporate tax	1234	1234	1234	1234
Net profit (loss)	1234	1234	1234	1234

RATIO ANALYSIS

	2020	industry	result	2022	industry	result
Solvency Ratios						
Debt ratio	1234	1234	in line	1234	1234	in line
Debt-to-equity ratio	1234	1234	in line	1234	1234	in line
Interest coverage ratio	1234	1234	worse	1234	1234	worse
Liquidity ratios						
Current ratio	1234	1234	better	1234	1234	better
Quick ratio	1234	1234	in line	1234	1234	in line
Cash ratio	1234	1234	worse	1234	1234	worse
Profitability ratios						
Gross profit margin	1234	1234	in line	1234	1234	in line
Operating profit margin	1234	1234	better	1234	1234	better
Net profit margin	1234	1234	better	1234	1234	better
ROE	1234	1234	in line	1234	1234	in line
ROA	1234	1234	worse	1234	1234	worse
Activity ratios						
Asset turnover (days)	1234	1234	worse	1234	1234	worse
Receivables turnover (days)	1234	1234	worse	1234	1234	worse
Inventory turnover (days)	1234	1234	in line	1234	1234	in line

CHARTS AND GRAPHS

FORMULAS

SOLVENCY RATIOS

Debt Ratio = Total Liabilities / Total Assets

Debt Ratio measures the amount of leverage used by a company in terms of total debt to total assets. This ratio varies widely across industries, such that capital-intensive businesses tend to have much higher debt ratios than others. A debt ratio of greater than 1.0 or 100% means a company has more debt than assets while a debt ratio of less than 100% indicates that a company has more assets than debt.

Debt to Equity Ratio (D/E) = Total Liabilities / Equity

Debt to Equity Ratio (D/E) compares a company's total liabilities to its shareholder equity and can be used to evaluate how much leverage a company is using. Higher-leverage ratios tend to indicate a company or stock with higher risk to shareholders. However, the D/E ratio is difficult to compare across industry groups where ideal amounts of debt will vary.

Interest Coverage Ratio = EBITDA / Interest Expense

Interest Coverage Ratio is used to measure how well a firm can pay the interest due on outstanding debt. Generally, a higher coverage ratio is better, although the ideal ratio may vary by industry. Some variations of the formula use EBITDA or EBIAT instead of EBIT to calculate the ratio.

EBITDA = Operating Profit + Depreciation

EBITDA is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

LIQUIDITY RATIOS

Current Ratio = Current Assets / Current Liabilities

Current Ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Quick Ratio = (Current Assets - Inventories) / Current Liabilities

Quick Ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Since it indicates the company's ability to instantly use its near-cash assets (assets that can be converted quickly to cash) to pay down its current liabilities, it is also called the 'acid test ratio'.

Cash Ratio = Cash / Current Liabilities

Cash Ratio is a measurement of a company's liquidity. It specifically calculates the ratio of a company's total cash and cash equivalents to its current liabilities. The metric evaluates company's ability to repay its short-term debt with cash or near-cash resources, such as easily marketable securities. This information is useful to creditors when they decide how much money, if any, they would be willing to loan a company.

FORMULAS

PROFITABILITY RATIOS

Gross Profit Margin = Gross Profit / Sales

Gross profit margin is a measure of profitability that shows the percentage of revenue that exceeds the cost of goods sold (COGS). The gross profit margin reflects how successful a company's executive management team is in generating revenue, considering the costs involved in producing their products and services.

Operating Profit Margin = Operating Profit / Sales

Operating profit margin shows a company's ability to manage its indirect costs. Therefore, this section of the income statement shows how a company is investing in areas it expects will help to improve its brand and business growth through several channels. A company may have a high gross profit margin but a relatively low operating profit margin if its indirect expenses for things like marketing, or capital investment allocations are high.

Net Profit Margin = Net Profit / Sales

Net profit margin potlights a company's ability to manage its interest payments and tax payments. Interest payments can take several varieties. Interest includes the interest a company pays stakeholders on debt for capital instruments. It also includes any interest earned from short-term and long-term investments.

Return on Equity Ratio (ROE) = Net Profit / Equity

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits. The higher the ROE, the more efficient a company's management is at generating income and growth from its equity financing.

Return on Assets Ratio (ROA) = Net Profit / Total Assets

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit. The metric is commonly expressed as a percentage by using a company's net income and its average assets. A higher ROA means a company is more efficient and productive at managing its balance sheet to generate profits while a lower ROA indicates there is room for improvement.

FORMULAS

ACTIVITY RATIOS

Asset Turnover (days) = 365 / (Sales / Total Assets)

Gross profit margin is a measure of profitability that shows the percentage of revenue that exceeds the cost of goods sold (COGS). The gross profit margin reflects how successful a company's executive management team is in generating revenue, considering the costs involved in producing their products and services.

Receivables Turnover (days) = 365 / (Credit Sales / Accounts Receivable)

Operating profit margin shows a company's ability to manage its indirect costs. Therefore, this section of the income statement shows how a company is investing in areas it expects will help to improve its brand and business growth through several channels. A company may have a high gross profit margin but a relatively low operating profit margin if its indirect expenses for things like marketing, or capital investment allocations are high.

Inventory Turnover (days) = 365 / (Cost of Goods Sold / Inventory)

Net profit margin potlights a company's ability to manage its interest payments and tax payments. Interest payments can take several varieties. Interest includes the interest a company pays stakeholders on debt for capital instruments. It also includes any interest earned from short-term and long-term investments.

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