



# MBBS campus Dadu University of Sindh, Jamshoro

# **CORPORATE FINANCE**

**Balance Sheet & Ratio Analysis Of** 

**BHP Billiton** 



### Prepared by

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BBA- Third Year Business Administration

## **Submitted to:**

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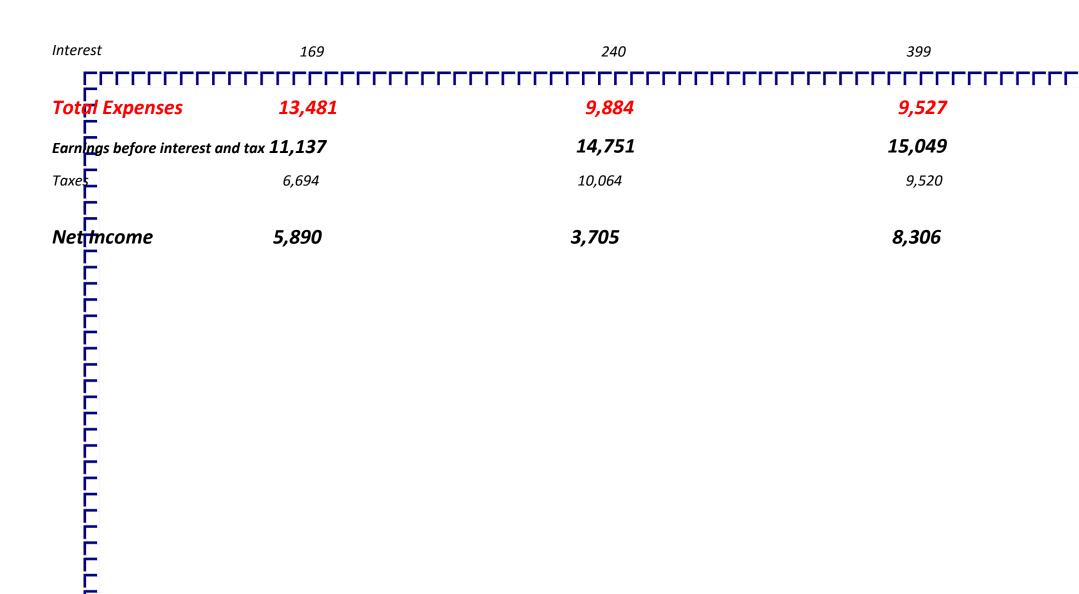
University of Sindh, Jamshoro

# BHP company 2017 TO 2019 Balance Sheet (\$ In millions )

	2017	2018	2019
ASSETS			
CASH	882	1,065	2,210
Account Receivable	2,836	3,096	3,462
Inventory	3,673	3,764	3,840
<b>Current Assets</b>	7,391	7,925	9,512
Property &Equipment	80,497	67,182	68,041
Goodwill	3,269	247	247

# BHP company 2017 TO 2019 income statement (\$ In millions )

	2017	<b>2018</b>	2019
Sales	36,135	43,129	44288
COGS	9,918	16,565	17,471
Gross profit	26,217	26,564	26,175
Expenses			
Marketing ,advertising	610	641	516
General &administrative	6,518	2,715	2,783
Depreciation & Amortization	6,184	6,288	5,829



# BHP company 2017 TO 2019 Ratio Analysis (\$ In millions)

*2017* 

**2018** 

**2019** 

# 1 .Short-term solvency

#### Interpretation:

BHP company has \$1.12in current assets for 2017 \$ 1in current liabilities but in 2018 has current ratio 1.10 in current assets for covered current liabilities 1.22times, in 2019 has more current assets than both years and that's current ratio more 1.22 to covered current liabilities.

#### Interpretation:

In 2017,2018, 2019 the inventories are more it shows quick ratio is less than current ratio because inventory affect on quick ratio and does not affect 0n current ratio all three years quick ratios are less than current ratio.

#### Interpretation:

A ratio above means that a company will be not able to pay off its current liabilities with cash and cash equivalent and 0.14 enough cash not pay off its current liabilities but in 2019 increase 0.28 cash ratio.

Total assets 93,949

73,235

71,241

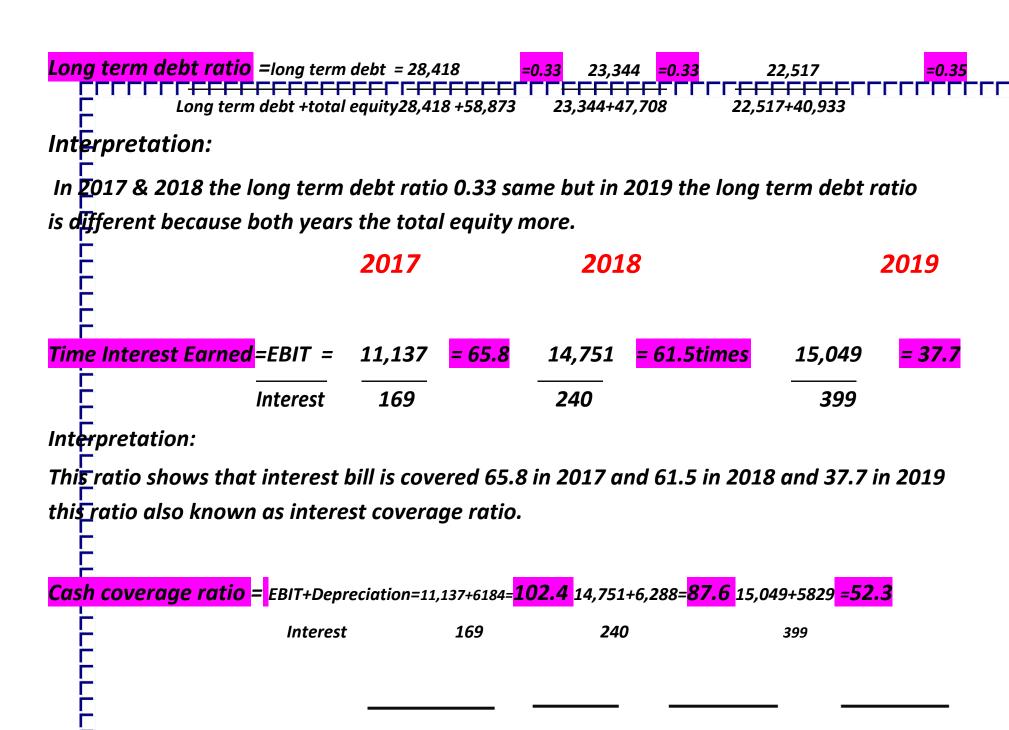
# 2.Long –term solvency measures

#### *Interpretation:*

In 2017 has 0.37 is considered a good debt ratio BHP has 0.35 in debt for every \$\\$in assets in 2018 and 2019 has 0.42 the debt ratio increase because total equity decreases in all years.

#### *Interpretation:*

The debt of a business is worth 50million and the total equity is worth 120million, then debt to equity is 0.59 then 0.64 and 0.74 it means that debt equity ratio increases and total equity ratio decrease.



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# 3. Asset management, or Turnover

2017

*2018* 

2019

16,565 **=4.5** 

17,471

**=4.5**times

Inventory

3,673

3,764

3,840

#### Interpretation:

BHP sold off or turned over the entire inventory 4.5times in both years, the higher this ratio the more efficiently we are managing inventory.

sales

*=36,135 =12.7* 

43,129 **=13.9** 

44,288

=12.7

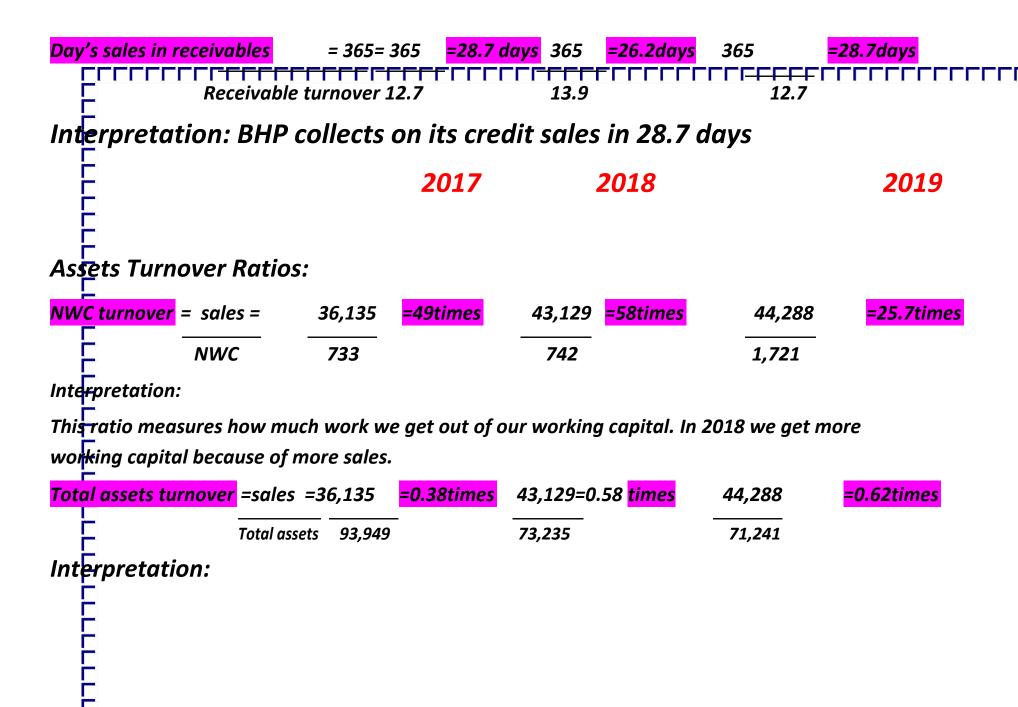
Accounts receivable 2,836

3,096

3,462

#### Interpretation:

BHP collected its outstanding credit accounts and reloaned the the money 12.7 times during every two years and in 2018 collected 13.9.



In 2017 for every dollar in assets BHP generated \$0.38 in sale but in 2018 0.58 more generated assets for sales and in 2019 also more sales times

## **4.Profitability Measures**

*2017 2018* 

2019

 Profit Margin
 = Net incomes = 5,890
 = 16.2%
 3,705 = 8.6%
 8,306
 = 18.8%

 Sales
 36,135
 43,129
 44,288

Interpretation:

This tells us that BHP in an accounting sense, generates a little less than 10 cents in 2018 profit for every dollar in sales. BHP generate 16% for every dollar in sales and in 2017 generate 18.8 profit for every dollar in sales.

Return on Assets = Net incomes = 5,890 = 6.3% 3,705 = 5.1% 8,306 = 11.6

Total assets 93,949 73,235 71,241 Interpretation: BHP has return 5.1per dollar of assets in 2018 but more get in 2017,2019 per dollar. **Return on equity** = Net income = 5,890 = 10.0% *=*7.8% =20.2% 3,705 8,306 Total equity 58,873 40,933 47,708 Interpretation: BHP generated 20.2% in profit for 2019 but 2017,2018 less return profit because net income decrease.



