

Name: Opeyemi Morakinyo

FNT 6100 Milestone 1

Instructor: Keith Wade





assets and liabilities :									
Inventories				-2,849	100.00 %	-9,487	332.99 %	-2,592	90.98%
Accounts receivable, net and other				-8,169	100.00 %	-18,163	222.34 %	-21,897	268.05 %
Accounts payable				17,480	100.00 %	3,602	20.61%	2,945	16.85%
Accrued expenses and other				5,754	100.00 %	2,123	36.90%	-1,558	-27.08%
Unearned revenue				1,265	100.00 %	2,314	182.92 %	2,216	175.18 %
Net cash provided by (used in) operating activities				66,064	100.00 %	46,327	70.12%	46,752	70.77%
INVESTING ACTIVITIES:									
Purchases of property and equipment				-40,140	100.00 %	-61,053	152.10 %	-63,645	158.56 %
Proceeds from				5,096	100.00 %	5,657	111.01 %	5,324	104.47 %

property and equipment sales and incentives									
Acquisitions, net of cash acquired, and other				-2,325	100.00 %	-1,985	85.38%	-8,316	357.68 %
Sales and maturities of marketable securities				50,237	100.00 %	59,384	118.21 %	31,601	62.90%
Purchases of marketable securities				-72,479	100.00 %	-60,157	83.00%	-2,565	3.54%
Net cash provided by (used in) investing activities				-59,611	100.00 %	-58,154	97.56%	-37,601	63.08%
FINANCING ACTIVITIES:									
Common stock repurchased				—	0.00%	—	0.00%	-6,000	0.00%
Proceeds				6,796	100.00	7,956	117.07	41,553	611.43

from short-term debt, and other					%		%		%
Repayments of short-term debt, and other				-6,177	100.00 %	-7,753	125.51 %	-37,554	607.97 %
Proceeds from long-term debt				10,525	100.00 %	19,003	180.55 %	21,166	201.10 %
Repayments of long-term debt				-1,553	100.00 %	-1,590	102.38 %	-1,258	81.00%
Principal repayments of finance leases				-10,642	100.00 %	-11,163	104.90 %	-7,941	74.62%
Principal repayments of financing obligations				-53	100.00 %	-162	305.66 %	-248	467.92 %
Net cash provided by (used in) financing activities				-1,104	100.00 %	6,291	- 569.84 %	9,718	- 880.25 %
Foreign currency				618	100.00 %	-364	-58.90%	-1,093	- 176.86

effect on cash, cash equivalents, and restricted cash									%
Net increase (decrease) in cash, cash equivalents, and restricted cash				5,967	100.00 %	-5,900	-98.88%	17,776	297.91 %
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD				42,377	100.00 %	36,477	86.08%	54,253	128.02 %

Below is an analysis of the financial ratios

To calculate the financial ratios for Amazon.com, Inc., based on the provided data, we can use the following formulas:

**Current Ratio:**

Current Ratio = Current Assets / Current Liabilities

Current Assets = "CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD" (2021)

Current Liabilities = "Accounts payable" (2021)

Current Assets = \$54,253 million

Current Liabilities = \$2,945 million

Current Ratio = \$54,253 million / \$2,945 million  $\approx$  18.40

**Net Profit Ratio (Profit Margin):**

Net Profit Ratio = (Net Income / Total Revenue) \* 100

Net Income = "Net income (loss)" (2021)

Total Revenue = "TOTAL REVENUE" (2021)

Net Income = -\$2,722 million

Total Revenue = \$513,983 million

Net Profit Ratio = (-\$2,722 million / \$513,983 million) \* 100  $\approx$  -0.53%

**Return on Assets (ROA):**

ROA = (Net Income / Total Assets) \* 100

Net Income = "Net income (loss)" (2021)

Total Assets = "CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD" (2021)

Net Income = -\$2,722 million

Total Assets = \$36,477 million

ROA = (-\$2,722 million / \$36,477 million) \* 100  $\approx$  -7.45%

**Inventory Turnover:**

Inventory Turnover = Cost of Goods Sold / Average Inventory

Cost of Goods Sold = "COST OF GOODS SOLD" (2021)

Average Inventory = Average of "Inventories" (2020 and 2021)

Cost of Goods Sold = \$288,831 million

Average Inventory = (|109.92% \* (-\$2,592 million)| + |366.01% \* (-\$9,487 million)|) / 2  $\approx$  \$6,540 million

Inventory Turnover = \$288,831 million / \$6,540 million  $\approx$  44.15

**Gross Profit Ratio (Gross Margin):**

Gross Profit Ratio = [(Total Revenue - Cost of Goods Sold) / Total Revenue] \* 100



Total Revenue = "TOTAL REVENUE" (2021)

Cost of Goods Sold = "COST OF GOODS SOLD" (2021)

Total Revenue = \$513,983 million

Cost of Goods Sold = \$288,831 million

Gross Profit Ratio =  $[(\$513,983 \text{ million} - \$288,831 \text{ million}) / \$513,983 \text{ million}] * 100 \approx 43.85\%$

#### 1. Current Ratio:

Relevance: The current ratio indicates the company's ability to meet its short-term obligations. A ratio above 1 suggests that the company has sufficient current assets to cover current liabilities.

Interpretation: A current ratio of 18.40 suggests that Amazon has a strong ability to meet its short-term obligations.

#### 2. Net Profit Ratio:

Relevance: The net profit ratio (profit margin) indicates how efficiently a company converts its sales into profit.

Interpretation: A negative net profit ratio (-0.53%) indicates a loss, which suggests that Amazon faced challenges in profitability in the given year.

#### 3. Return on Assets (ROA):

Relevance: ROA measures how efficiently a company uses its assets to generate profit. A negative ROA suggests a loss.

Interpretation: With a negative ROA (-7.45%), Amazon's assets did not generate a positive return in the given year.

#### 4. Inventory Turnover:

Relevance: Inventory turnover measures how quickly a company sells and replaces its inventory. A higher turnover is generally more favorable.

Interpretation: An inventory turnover of 44.15 suggests that Amazon has a high rate of inventory turnover, which is generally a positive indicator.

#### 5. Gross Profit Ratio:

Interpretation: A gross profit ratio of 43.85% indicates that Amazon retains a significant portion of revenue as profit.

Below is a comprehensive financial projection of the company budget-

This comprehensive financial plan provides a roadmap for Amazon's financial management, with the flexibility to adapt to changing market conditions and meet its goals for customer and facility expansion. It also promotes ethical considerations in cost management and focuses on key performance indicators that drive strategic actions within the organization.
IT Services Forecast



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		Scenario 1: Base Case																				Assumptions: Steady market conditions, expected customer growth, and facility expansion. Forecast revenues, costs, and cash flows accordingly.							

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50100	Revenue	\$49,257,150	\$1,300,000	\$1,200,000	\$2,300,000	\$5,300,000	\$7,530,057	\$1,762,500	\$1,700	infrastructure to reduce long-term operational costs. Ethical considerations: Ensure data security and user privacy during upgrades and follow ethical guidelines in data handling.							
50100	Operational cost	\$13,008,505	\$1,500,000	\$4,000,000	\$6,000,000	\$9,000,000	\$1,205,500	\$2,300,000	\$3,400,000	KPI 1: Customer Acquisition Cost (CAC)  Alignment: Aligns with the expansion objective by measuring the efficiency of marketing and customer acquisition.							
50100	Development and maintenance	\$16,385,903	\$3,300,000	\$5,500,000	\$7,700,000	\$11,205,500	\$1,668,310	\$2,500,000	\$3,900,000	Measurement: CAC = Total marketing and sales costs / Number of new customers. Action: Allows optimization of marketing campaigns and strategies to reduce CAC over time.							









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12-months rolling forecast

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Below is the NPV analysis from the projected future cashflows with an investment of \$100,000 in Amazon

Kenrick (2023) stated in an article "How to calculate Net Present Value" from Indeed Career that with NPV, you may utilise present values to estimate a project's possible future earnings.

Using Excel calculator, NPV is =

<b>\$18,966,850.80</b>			\$1,084,48.62	\$1,378,934.80	\$2,068,282.76	\$3,101,110.41	\$4,637,214.52	\$6,796,859.69	\$8,446,706.63
With a 10% discount rate, the Net Present Value (NPV) of the investment is approximately \$18,966,850.80. This positive NPV suggests that the investment is expected to generate									

value and is potentially a financially sound decision.									

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References

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[https://s2.q4cdn.com/299287126/files/doc\\_financials/2023/ar/Amazon-2022-Annual-Report.pdf](https://s2.q4cdn.com/299287126/files/doc_financials/2023/ar/Amazon-2022-Annual-Report.pdf)

Kenrick, S. (2023, March 11). *How To Calculate Net Present Value (NPV)*. Indeed Career Guide. <https://www.indeed.com/career-advice/career-development/calculate-npv>

