

**CBE Competency 1**  
**FS.CO1.LM01-4**  
**Module 4 Summative Assessment**

**Instructions:** *With the financial statements from Yankee Corporation below please calculate the following ratios:*

**RATIO ANALYSIS WORKSHEET**

<b>RATIO</b>	<b>CALCULATIONS</b>	<b>2016</b>
Current Ratio		
Quick Ratio		
Accounts Receivable DOH (Days On Hand)		
Inventory DOH (Days On Hand)		
Accounts Payable DOH (Days on Hand)		
ROA (Return on Assets)		
Debt/Net Worth Ratio (Leverage Ratio)		
Gross Profit Margin (%)		
Net Operating Profit Margin (%)		
Traditional Debt Service Coverage Ratio		

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**Module 4 Summative Assessment**  
**Yankee Corporation**  
**Income Statement**  
**For the year ended December 31, 2016**

**Revenues:** \$30,000

Cost of Good Sold: \$18,000

**Gross Profit** \$12,000

**Operating Expenses:**

Selling \$4,500

General and Administrative \$1,000

Depreciation \$ 500

Amortization \$ 50

Rent Expense \$ 350

**Total Operating Expenses** \$6,400

**Net Operating Profit (EBIT)** \$ 5,600

Interest Expense \$ 600

**Net Profit Before Taxes** \$ 5,000

Taxes \$ 2,000

**Net Income** \$ 3,000

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**Module 4 Summative Assessment**  
**Yankee Corporation**  
**Balance Sheet Statement**  
**As of December 31, 2015 and 2016**

	12/31/2015	12/31/2016
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash	\$ 600	\$ 750
Accounts Receivable	\$ 3,600	\$ 4,300
Inventory	\$ 5,600	\$ 7,900
Prepaid Expenses	<u>\$ 300</u>	<u>\$ 380</u>
Total Current Assets	<b>\$10,100</b>	<b>\$13,330</b>
<b>Fixed Assets:</b>		
Total Fixed Assets –Net	\$ 9,400	\$10,070
<b>Non-Current Assets</b>		
Intangibles	<u>\$ 500</u>	<u>\$ 600</u>
Total Assets	<b>\$20,000</b>	<b>\$24,000</b>
<b>LIABILITIES AND NET WORTH</b>		
<b>Current Liabilities:</b>		
Current Maturities LTD		\$ 800
Notes Payable	\$ 2,000	\$ 3,200
Accounts Payable	\$ 3,500	\$ 3,300
Accrued Expenses	<u>\$ 1,500</u>	<u>\$ 1,900</u>
Total Current Liabilities	<b>\$ 7,000</b>	<b>\$ 9,200</b>
<b>Long Term Liabilities</b>		
Bonds Payable	\$ 2,500	\$ 1,700
Leases Payable	<u>\$ 1,500</u>	<u>\$ 1,100</u>
Total Long-Term Liabilities	<b>\$ 4,000</b>	<b>\$ 2,800</b>
Total Liabilities	<b>\$11,000</b>	<b>\$12,000</b>
<b>TOTAL NET WORTH (EQUITY)</b>		
Preferred Stock	\$ 1,000	\$ 1,000
Common Stock	\$ 2,000	\$ 2,500
Additional Paid in Capital	\$ 1,500	\$ 1,800
Retained Earnings	<u>\$ 4,500</u>	<u>\$ 6,700</u>
Total Equity (Net Worth)	<b>\$ 9,000</b>	<b>\$12,000</b>
Total Liabilities and Net Worth	<b>\$20,000</b>	<b>\$24,000</b>

**Answer Key:****RATIO ANALYSIS WORKSHEET**

<b>RATIO</b>	<b>CALCULATIONS</b>	<b>2016</b>
Current Ratio	$\$12,950/\$9,200$	<b>1.41</b>
Quick Ratio	$\$5,050/\$9,200$	<b>.55</b>
Accounts Receivable DOH (Days On Hand)	$\$4,300/\$30,000 \times 365$	<b>52 Days</b>
Inventory DOH (Days On Hand)	$\$7,900/\$18,000 \times 365$	<b>160 Days</b>
Accounts Payable DOH (Days on Hand)	$\$3,300/\$18,000 \times 365$	<b>67 Days</b>
ROA (Return on Assets)	$\$3,000/\$24,000$	<b>12.5%</b>
Debt/Net Worth Ratio (Leverage Ratio)	$\$12,000/\$12,000$	<b>1.00</b>
Gross Profit Margin (%)	$\$12,000/\$30,000$	<b>40%</b>
Net Operating Profit Margin (%)	$\$5,600/\$30,000$	<b>18.6%</b>
Traditional Debt Service Coverage Ratio	$\$3,000 + \$500 + 50/\$800$	<b>4.43</b>