

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

RATIO	Calculations	2016
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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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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Yankee Corporation
Balance Sheet Statement
As of December 31, 2015 and 2016

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

Answer Key:**RATIO ANALYSIS WORKSHEET**

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