**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 |  |  |

**CBE Competency 1**

**FS.CO1.LM01-4**

**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**

**CBE Competency 1**

**FS.CO1.LM01-4**

**Module 4 Summative Assessment**

**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 X 365** | **52 Days** |
| Inventory DOH  (Days On Hand) | **$7,900/$18,000 X 365** | **160 Days** |
| Accounts Payable DOH  (Days on Hand) | **$3,300/$18,000 X 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** |