



**Financial Management
FIN212**

Name: _____
Year and Section: _____

Score: _____

General Instruction: Read each problem carefully. Use a separate paper in answering your exam. All answers should be HANDWRITTEN.

Problem I. Forecasting Financial Statement

Vertical Analysis – Income Statement

1. Pro forma income statement, EURO DESIGNS, INC. expects sales during 2013 to rise from the 2012 level of P390,000. Because of a scheduled large loan payment, the interest expense in 2013 is expected to drop to P32,500. The firm plans to increase its cash dividend payments during 2013 to P32,000. The company's year-end 2012 income statement is as follow.

Use the percentage-of-sales to prepare a 2013 pro forma income statement.

	For the year ended Dec. 31	
	2012	2013
Sales	350,000.00	390,000.00
Less: Cost of Goods Sold	192,500.00	
Gross Profit	157,500.00	
Less: Operating Expenses	42,000.00	
Operating Profit	115,500.00	
Less: Interest Expense	40,000.00	
Net Profit before Taxes	75,500.00	
Less: Taxes	30,200.00	
Net Profit after Taxes	45,300.00	
Less: Cash dividends	25,000.00	
Total Retained Earnings	20,300.00	

Requirement: Project the income statement for 2013.

Problem II. Financial Statement Analysis

Following are selected financial and operating data taken from the comparative financial statement of BUKO PIE Corporation:

BUKO PIE CORPORATION		
Statement of Financial Postion		
December 31		
	For the year ended Dec. 31	
	2018	2017
Assets		
Cash	363.00	288.00
Marketable Securities	68.00	51.00
Accounts Receivable	503.00	365.00
Inventories	289.00	300.00
Total Current Assets	1,223.00	1,004.00
Land and Buildings	2,072.00	1,903.00
Machinery and Equipment	1,866.00	1,693.00
Furniture and Fixtures	358.00	316.00
Vehicles	275.00	314.00
Others (including financial leases)	98.00	96.00
Total Gross fixed Assets (at cost)	4,669.00	4,322.00
Less: Accumulated Depreciation	2,295.00	2,056.00
Net Fixed Assets	2,374.00	2,266.00
Total Assets	3,597.00	3,270.00
Accounts Payable	382.00	270.00
Notes Payable	79.00	99.00
Accruals	159.00	114.00
Total Current Liabilities	620.00	483.00
Long-term debts	1,023.00	967.00
Total Liabilities	1,643.00	1,450.00
Preferred Stock	200.00	200.00
Common Shares (number of shares outstanding 76, 262 shares, market price at 32.25)	191.00	190.00
Paid in Capital - Common Shares	428.00	418.00
Retained Earnings	1,135.00	1,012.00
Total Shareholders' Equity	1,954.00	1,820.00
Total Liabilities and Equity	3,597.00	3,270.00
	For the year ended Dec. 31	
	2018	2017
Sales	3,074.00	2,567.00
Less: Cost of Goods Sold	2,088.00	1,711.00
Gross Profit	986.00	856.00
Less: Operating Expenses		
Selling Expense	100.00	108.00
General and Administrative Expense	194.00	187.00
Lease Expense	35.00	35.00
Depreciation Expense	239.00	223.00
Total Operating Expense	568.00	553.00
Operating Profit	418.00	303.00
Less: Interest Expense	93.00	91.00
Net Profit before Taxes	325.00	212.00
Less: Taxes	94.00	64.00
Net Profit after Taxes	231.00	148.00
Less: Preferred stock dividends	10.00	10.00
Earnings available for common shareholders	221.00	138.00
Earnings per share (EPS)	2.90	1.81
Dividend per share (DPS)	1.29	0.75

Compute the following ratios and interpret each result of financial ratios to analyze the company's performance:

- 2. Current ratio
- 3. Quick rate
- 4. Accounts Receivable turnover
- 5. Inventory turnover
- 6. Accounts Payable turnover
- 7. Gross Profit Margin
- 8. Operating Profit Margin
- 9. Debt to Equity Ratio
- 10. Average Age of Inventories
- 11. Return on Assets

Problem III.

Nike Corporation		
December 2014 &2015		
	AMOUNT	
Account Titles	2014	2015
Administrative Expenses	166	189
Cash & Cash Equivalent	151	169
Cost of Good sold	1,931	2,201
Distribution Costs	425	511
Income Tax	57	24
Interest Expense	21	17
Inventory	543	510
Notes Payable- current	71	60
Notes Payable- non-current	455	400
Ordinary Shares, P1 par	1,236	1,236
Premium on Ordinary Shares	341	341
Prepaid Expenses	521	513
Property, Plant & Equipment	1,451	1,457
Retained Earnings	750	885
Sales	2,701	3,002
Trade & Other Payables	300	320
Trade & Other Receivables	536	586
Trading Securities	78	92
Unearned Revenues	127	85

Given the data above:

- 12. Prepare the income statement of Nike Corporation
- 13. Prepare the Balance Sheet of Nike Corporation

14. Based on the income statement of Nike Corporation, analyze the financial statement using Horizontal Analysis.
15. Based on the Statement of Financial Position of Nike Corporation, analyze the financial statement using Horizontal Analysis.

Based on the financial statement of NIKE Corporation, compute the following ratios.

	Formula	Amount	Results	Interpretations
16. Current ratio	_____			
17. Quick ratio	_____			
18. Accounts Receivable turnover	_____			
19. Inventory turnover	_____			
20. Accounts Payable turnover	_____			
21. Gross Profit Margin	_____			
22. Operating Profit Margin	_____			
23. Debt to Equity Ratio	_____			
24. Average Age of Inventories	_____			
25. Return on Assets	_____			
26. Number of Times Interest Earned	_____			
27. Debt Ratio	_____			
28. Number of Days in Inventory	_____			
29. Fixed Asset Turnover	_____			
30. Total Asset Turnover	_____			

-END-

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