

Financial Analysis Report

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Analysis Results

Financial Analysis Report for Sample Company

1. Income Statement Analysis: - Total revenue: \$9,625 (Service: \$2,750, Product: \$6,875) - Cost of Goods Sold (Product): \$4,125 - Gross Profit: \$5,500 (57.14% gross margin) - Operating expenses: \$1,360 - Operating Income: \$1,390 (14.44% operating margin) - Net Income: \$945 (9.82% net profit margin)

2. Balance Sheet Analysis: - Total Assets: \$13,060 - Current Assets: \$2,360 (18.07% of total assets) - Non-current Assets (Equipment): \$10,700 (81.93% of total assets) - Total Liabilities: \$8,895 (68.11% of total assets) - Total Equity: \$4,165 (31.89% of total assets)

3. Financial Ratios: - Current Ratio: 2.64 - Debt-to-Equity Ratio: 2.14 - Return on Equity (ROE): 22.69% - Return on Assets (ROA): 7.24%

4. Cash Flow and Dividends: - Net income: \$945 - Dividends declared: \$500 (52.91% payout ratio) - Retained earnings increase: \$445

Key Insights: 1. Diversified revenue stream with service and product sales 2. Healthy gross margin of 57.14% 3. Profitable with 9.82% net profit margin 4. High proportion of non-current assets (81.93%) 5. Good short-term liquidity (Current ratio: 2.64) 6. Leveraged capital structure (Debt-to-Equity: 2.14) 7. Strong ROE of 22.69% 8. Balanced approach to dividends and retained earnings

Recommendations: 1. Monitor and manage debt levels to reduce financial risk 2. Consider strategies to improve asset utilization (ROA) 3. Evaluate opportunities for growth in both service and product segments 4. Maintain strong working capital management 5. Continue balanced approach to shareholder returns and reinvestment