

final examination cheatsheet

• HKUST ACCT 2010

content

Current assets include current contra-assets.

Profitability Ratios

1. Return on equity ratio (ROE): $\frac{\text{net income}}{\text{average total stockholders' equity}}$
2. Return on assets ratio (ROA): $\frac{\text{net income}}{\text{average total assets}}$
3. Gross profit margin ratio: $\frac{\text{gross profit}}{\text{net sales revenue}}$
4. Net profit margin ratio: $\frac{\text{net income}}{\text{net sales revenue}}$
5. Earnings per share ratio (EPS): $\frac{\text{net income} - \text{preferred dividends}}{\text{time-weighted number of common shares outstanding}}$
6. Quality of income ratio: $\frac{\text{cash flows from operating activities}}{\text{net income}}$

Asset Turnover Ratios

7. Total asset turnover ratio: $\frac{\text{net sales revenue}}{\text{average total assets}}$
8. Fixed asset turnover ratio: $\frac{\text{net sales revenue}}{\text{average net fixed assets}}$
9. Receivables turnover ratio: $\frac{\text{net (credit) sales}}{\text{average net (trade) receivables}}$
10. Inventory turnover ratio: $\frac{\text{cost of goods sold}}{\text{average inventory at cost}}$

Liquidity Ratios

11. Current ratio: $\frac{\text{current assets}}{\text{current liabilities}}$
12. Quick ratio: $\frac{\text{cash \& cash equivalents} + \text{net accounts receivable} + \text{marketable securities}}{\text{current liabilities}}$
13. Cash ratio: $\frac{\text{cash \& cash equivalents}}{\text{current liabilities}}$

Solvency Ratios

14. Times interest earned ratio: $\frac{\text{net income} + \text{interest expense} + \text{income tax expense}}{\text{interest expense}}$
15. Cash coverage ratio: $\frac{\text{cash flows from operating activities}}{\text{interest paid}}$
16. Debt-to-equity ratio: $\frac{\text{total liabilities}}{\text{total stockholders' equity}}$

Market Ratios

17. Price/Earnings (P/E) ratio: $\frac{\text{market price per share}}{\text{earnings per share}}$
18. Dividend yield ratio: $\frac{\text{dividends per common share}}{\text{market price per share}}$

Others

- average collection period ::@:: $\frac{365}{\text{receivables turnover}}$
- average days to pay payables ::@:: $\frac{365}{\text{accounts payable turnover}}$
- average days to sell inventory ::@:: $\frac{365}{\text{inventory turnover}}$
- capital acquisitions ratio ::@:: $\frac{\text{cash flows from operating activities}}{\text{cash paid for PPE}}$
- free cash flow ::@:: cash flows from operating activities – dividends – capital expenditures
- net sales ::@:: gross sales – (customer discounts, returns, allowances)
- accounts payable turnover ::@:: $\frac{\text{total supplier purchases}}{\text{average accounts payable}}$
- working capital ::@:: current assets – current liabilities

Formats

CHIPOTLE MEXICAN GRILL, INC.
Consolidated Statement of Income*
For the Year ended December 31, 2019
(in millions of dollars, except per share data)

Restaurant sales revenue	\$5,586
Restaurant operating expenses:	
Supplies expense	1,848
Wages expense	1,472
Rent expense	363
Insurance expense	201
Utilities expense	102
Repairs expense	73
Other operating expenses	384
General and administrative expenses:	
Training expense	321
Advertising expense	142
Depreciation expense	213
Loss on disposal of assets	23
Total operating expenses	5,142
Income from operations	444
Other items:	
Interest revenue	17
Interest expense	(3)
Income before income taxes	458
Income tax expense	108
Net income	\$ 350
Earnings per share	\$12.62

*The information has been adapted from actual statements and simplified for this chapter.

PAPA JOHN'S INTERNATIONAL, INC., AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity
Month Ended January 31, 2009
(dollars in thousands)

	Contributed Capital	Retained Earnings	Total Stockholders' Equity
Beginning balance, December 31, 2008	\$7,000	\$123,000	\$130,000
Additional stock issuances	2,000	7,590	2,000
Net income		(3,000)	7,590
Dividends declared			(3,000)
Ending balance, January 31, 2009	\$9,000	\$127,590	\$136,590

CHIPOTLE MEXICAN GRILL, INC.
Consolidated Balance Sheet*
December 31, 2019
(in millions of dollars, except per share data)

ASSETS	
Current Assets:	
Cash	\$ 481
Short-term investments	400
Accounts receivable	81
Supplies	26
Prepaid expenses	85
Total current assets	1,073
Property and Equipment:	
Land	13
Buildings	1,811
Equipment	836
Total cost	2,660
Accumulated depreciation	(1,201)
Net property and equipment	1,459
Operating lease right-of-use assets	2,505
Intangible assets	69
Total assets	\$5,106
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Accounts payable	\$ 116
Unearned revenue	95
Accrued expenses payable:	
Wages payable	127
Utilities payable	156
Current lease liabilities	173
Total current liabilities	667
Notes payable	77
Long-term lease liabilities	2,678
Total liabilities	3,422
Stockholders' Equity:	
Common stock (\$0.01 par value)	1
Additional paid-in capital	1,466
Treasury stock	(2,699)
Retained earnings	2,916
Total stockholders' equity	1,684
Total liabilities and stockholders' equity	\$5,106

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NATIONAL BEVERAGE CORP.
Consolidated Statement of Cash Flows
Year Ended April 30, 2009

Cash flows from operating activities:	
Net income	\$ 24,742
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	8,891
Changes in assets and liabilities:	
Accounts receivable	(4,549)
Inventory	(858)
Prepaid expense	6,457
Accounts payable	(1,798)
Accrued expenses	2,604
Net cash provided by operating activities	35,489
Cash flows for investing activities:	
Purchases of property, plant and equipment	(6,658)
Proceeds from disposal of property, plant & equipment	167
Purchase of short-term investments	(109,450)
Proceeds from short-term investments	12,450
Net cash used by investing activities	(3,491)
Cash flows from financing activities:	
Purchase of treasury stock	(305)
Proceeds from issuance of stock	950
Net cash used in financing activities	645
Net increase (decrease) in cash & cash equivalents	32,643
Cash & cash equivalents at beginning of period	51,497
Cash & cash equivalents at end of period	\$ 84,140