Part 1 – Financial Analysis

The condensed financial statements of Soule Company for the years 2013 and 2014 are presented below.

Soule Company
Balance Sheets
December 31

	2014	2013
Current assets		
Cash and cash equivalents	£ 330	£ 360
Accounts receivable (net)	470	433
Inventory	430	390
Prepaid expenses	120	160
Total current assets	1,350	1,343
Property, plant, and equipment	420	380
Investments	10	10
Intangibles and other assets	530	510
Total assets	£2,310	£2,243
Current liabilities	£ 900	£ 810
Long-term liabilities	390	393
Stockholders' equity—common	1,020	1,040
Total liabilities and stockholders' equity	£2,310	£2,243

Soule Company
Income Statements
For the Years Ended December 31

	2014	2013
Sales revenue	£4,000	£3,600
Costs and expenses		
Cost of goods sold	984	895
Selling and administrative expenses	2,400	2,330
Interest expense	10	20
Total costs and expenses	3,394	3,245
Income before income taxes	606	355
Income tax expense	242	142
Net income	£ 364	£ 213

Compute the following ratios for 2014 and 2013.

(a) Current ratio.
(b) Inventory turnover. (Inventory on 12/31/12 was £326.)
(c) Profit margin ratio.
(d) Return on assets. (Assets on 12/31/12 were £2,100.)
(e) Return on common stockholders' equity. (Stockholders' equity on 12/31/12 was £960.)
(f) Debt to total assets ratio.
(g) Times interest earned.

Critically evaluate your ratio calculations and conclude on the current state of the company.

Word count 500 (+/- 10%)

Part 2 – Performance Evaluation

Evaluate the financial performance of a company of your choosing using the knowledge and technical skills that you have gained during the course so far. Provide a theoretical explanation of any ratio analysis. No need to recalculate ratios, often the financial reports provides these.

Attach the company financial statements as an appendix to your statement as reference to your work.

Present your findings in a Management Business Report wordage should be 1500 +/- 10%.