

## Financial Analysis – Homework (KEY)

### Restaurant Balance Sheet

As of: August 30

Assets	2020	2021	2022		2020	2021	2022
<b>Current Assets</b>							
Cash	\$10,000	\$28,000	\$25,000	<b>Current Ratio</b>	1.6	1.9	1.7
Food & Drink Inventory	\$75,000	\$68,000	\$70,000	(Current Assets/Current Liabilities)			
Supplies	\$25,000	\$23,000	\$26,000	<b>Debt/Asset Ratio</b>	42%	34%	27%
Accounts Receivable	\$15,000	\$14,000	\$12,000	(Total Liabilities/Total Assets)			
Total Current Assets	\$125,000	\$133,000	\$133,000				
<b>Non-Current Assets</b>							
Building & facilities	\$750,000	\$750,000	\$750,000				
Equipment	\$325,000	\$320,000	\$315,000				
Total Non-Current Assets	\$1,075,000	\$1,070,000	\$1,065,000				
<b>Total Assets</b>	<b>\$1,200,000</b>	<b>\$1,203,000</b>	<b>\$1,198,000</b>				
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Operating Loan	\$60,000	\$50,000	\$55,000				
Wages Payable	\$12,000	\$14,000	\$15,000				
Accrued Interest	\$7,500	\$5,200	\$6,300				
Total Current Liabilities	\$79,500	\$69,200	\$76,300				
<b>Non-Current Liabilities</b>							
Mortgage Remaining	\$350,000	\$294,000	\$225,000				
Equipment Loans Remaining	\$75,000	\$48,000	\$22,000				
Total Non-Current Liabilities	\$425,000	\$342,000	\$247,000				
<b>Total Liabilities</b>	<b>\$504,500</b>	<b>\$411,200</b>	<b>\$323,300</b>				
<b>Net Worth (Owners Equity)</b>	<b>\$695,500</b>	<b>\$791,800</b>	<b>\$874,700</b>				
(Total Assets - Total Liabilities)							
<b>Total Liabilities &amp; Net Worth</b>	<b>\$1,200,000</b>	<b>\$1,203,000</b>	<b>\$1,198,000</b>				

## Income Statement Restaurant

For the Years Ending December 31

	2020	2021	2022
Revenues			
Food Sales	\$450,000	\$550,000	\$575,000
Beverage Sales	\$240,000	\$270,000	\$265,000
Total Revenues	\$690,000	\$820,000	\$840,000
Cost of Goods Sold:	\$425,000	\$435,000	\$440,000
Gross Margin	\$265,000	\$385,000	\$400,000
Overhead Expenses:			
Administrative	\$25,000	\$35,000	\$35,000
Labor (wages)	\$80,000	\$82,500	\$85,000
Rent	\$40,000	\$45,000	\$45,000
Interest	\$22,000	\$20,000	\$18,000
Depreciation	\$15,000	\$15,000	\$15,000
Other	\$10,000	\$12,000	\$9,000
Total Overhead Expenses	\$192,000	\$209,500	\$207,000
Total Expenses	\$617,000	\$644,500	\$647,000
Net Income	\$73,000	\$175,500	\$193,000

	2020	2021	2022
Rate of Return on	7.9%	16.3%	17.6%
(Net Income + Interest Expense)/Total Assets			
Operating Expens	84%	74%	73%
(Total Expenses - Interest - Depreciation)/Total Revenues			

## Restaurant Business

### Overall Financial Analysis

	2020		2021		2022	
	Ratio	Rating	Ratio	Rating	Ratio	Rating
<b>Liquidity</b>	1.57	Good	1.92	Very Good	1.74	Good
<b>Solvency</b>	42%	A little high	34%	Good	27%	Very Good
<b>Profitability</b>	7.9%	Good	16.3%	Excellent	17.6%	Excellent
<b>Financial Efficiency</b>	84%	Too high	74%	Average/Good	73%	Good