

Financial Analysis – In-Class Exercise (KEY)

Floral Business Balance Sheet

As of: August 30

Assets			Liabilities		
	2022	2023		2022	2023
Current Assets			Current Liabilities		
<u>Cut Flowers</u>	<u>\$800</u>	<u>\$1,200</u>	<u>Operating Loan</u>	<u>\$20,000</u>	<u>\$25,000</u>
<u>Cash</u>	<u>\$3,000</u>	<u>\$5,000</u>	<u>Wages Payable</u>	<u>\$5,000</u>	<u>\$7,500</u>
<u>Seed & Fertilizer inventory</u>	<u>\$25,000</u>	<u>\$23,000</u>	<u>Accrued Interest</u>	<u>\$4,500</u>	<u>\$5,200</u>
<u>Accounts Receivable</u>	<u>\$35,000</u>	<u>\$40,000</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Current Assets	<u>\$63,800</u>	<u>\$69,200</u>	Total Current Liabilities	<u>\$29,500</u>	<u>\$37,700</u>
Non-Current Assets			Non-Current Liabilities		
<u>Greenhouse, Land, Bldings</u>	<u>\$265,000</u>	<u>\$265,000</u>	<u>Mortgage Remainin</u>	<u>\$200,000</u>	<u>\$193,000</u>
<u>Equipment</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>Equipment Loans Re</u>	<u>\$45,000</u>	<u>\$38,000</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Non-Current Assets	<u>\$340,000</u>	<u>\$340,000</u>	Total Non-Current Liab	<u>\$245,000</u>	<u>\$231,000</u>
			Total Liabilities	<u>\$274,500</u>	<u>\$268,700</u>
			Net Worth (Owners Eq	<u>\$129,300</u>	<u>\$140,500</u>
			(Total Assets - Total Liabilities)		
Total Assets	<u>\$403,800</u>	<u>\$409,200</u>	Total Liabilities & Net W	<u>\$403,800</u>	<u>\$409,200</u>
	2022	2023			
Current Ratio	<u>2.2</u>	<u>1.8</u>			
(Current Assets/Current Liabilities)					
Debt/Asset Ratio	<u>68%</u>	<u>66%</u>			
(Total Liabilities/Total Assets)					

Income Statement Floral Business

For the Years Ending December 31

	2022	2023
Revenues		
Cut Flowers	\$30,000	\$40,000
Arrangements	\$70,000	\$95,000
Total Revenues	\$100,000	\$135,000
Cost of Goods Sold:	\$25,000	\$40,000
Gross Margin	\$75,000	\$95,000
Overhead Expenses:		
Administrative	\$10,000	\$10,000
Labor (wages)	\$30,000	\$35,000
Rent	\$12,000	\$12,000
Interest	\$8,000	\$7,000
Depreciation	\$5,000	\$5,000
Other	\$4,000	\$6,000
Total Overhead Expenses	\$69,000	\$75,000
Total Expenses	\$94,000	\$115,000
Net Income	\$6,000	\$20,000

	2022	2023
Rate of Return on Assets (ROI)	3.5%	6.6%
(Net Income + Interest Expense)/Total Assets		
Operating Expense/Receipt	81.0%	76.3%
(Total Expenses - Interest - Depreciation)/Total Revenues		