

Financial statement analysis

Third year---- 7—9—2025

$$1- \text{Day sale in inventory} = \frac{\text{Average or Ending inventory}}{\text{cost of goods sold}} \times 360$$

$$2354000 / 350.000 / 360 \text{ day} \quad (7)$$

it indicates how many days the company need to sell its inventory,
according to the information, it needs 2421.88 days to sell its inventory (7)

$$1- \text{Cost of goods sold} = \frac{2354000}{350.000 / 360 \text{ days}} = 2421.88 \quad (7)$$

the company needs 2421.26 days to sell its inventories (7)

$$2- \text{Inventory turn-over} = \frac{\text{Cost of goods sold}}{\text{Average inventory}} = \quad (7)$$

$$2- \text{Or ending inventory} = \frac{350.000}{550.000} = 0.636 \quad (7)$$

$$3- \text{Working Capital} = \text{Current Assets} - \text{current liabilities} \quad (7)$$

$$(3) 5.500.000 - 3500.000 = 2.000.000 \quad (7)$$

This ratio gives an indication that how much of current assets are
financed by creditors. That's mean management should be aware of how
much it has to extinguish of its debt each period. (7)

$$4- \text{Current ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} \quad (7)$$

$$(4) 5.500.000 \div 3.500.000 = 2,000,000 \quad (5)$$

This ratio indicate the percentage of current assets financed by creditors (5)

$$5- \text{Sales Working Capital Ratio} = \frac{\text{Sales}}{\text{Average Working capital}} \quad (5)$$

$$(5) 35000 \div 2.000.000 = 1.75 \text{ times} \quad (5)$$

This ration indicates the percentage of working capital participate in sale

$$6- \text{Acid , test Ratio} = \frac{\text{cash} + \text{marketable security} + \text{net receivable}}{\text{Current liabilities}} \quad (5)$$

$$(6) = \frac{\text{cash} + \text{marketable security} + \text{net receivabl}}{\text{Current liabilities}} \quad (5)$$

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