**Power Green Industries**

**Student Instructions**

1. Prepare the following financial exhibits for 2013 through 2016:

* Ratio table
* Vertical analysis of income statements and balance sheets
* Horizontal analysis (index numbers) of income statements and balance sheets
* Cash flow statements
* 5-way analysis of ROE

1. Assuming the role of William Wyler, CPA, prepare a 2-page memorandum that analyzes the financial condition of PGI and makes recommendations relating to the company’s financial performance and proposed new product introduction. The memo should be divided into sections describing liquidity, asset management, long-term debt paying ability, profitability, and recommendations. The memo should be single-spaced and use the 12-point Calibri font with 0.7-inch margins.

**Submit one Word file through the Moodle site using the drop box provided. No Excel spreadsheet should be submitted, but you should build one to calculate the ratios. Exhibits should be included at the end of the memorandum.**

**Ratio Tables**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **Industry Average** |
| Liquidity |  |  |  |  |  |
| Current ratio |  |  |  |  |  |
| Cash ratio |  |  |  |  |  |
| Asset Management |  |  |  |  |  |
| Parts inventory turnover in days |  |  |  |  |  |
| Work-in-progress turnover in days |  |  |  |  |  |
| Finished goods turnover in days |  |  |  |  |  |
| Accounts receivable turnover in days |  |  |  |  |  |
| Accounts payable turnover in days |  |  |  |  |  |
| Cash conversion cycle |  |  |  |  |  |
| Fixed assets turnover |  |  |  |  |  |
| Total asset turnover |  |  |  |  |  |
| Long-term Debt Paying Ability |  |  |  |  |  |
| Debt ratio |  |  |  |  |  |
| Long-term debt to total capitalization |  |  |  |  |  |
| Times interest earned |  |  |  |  |  |
| Cash flow coverage |  |  |  |  |  |
| Profitability |  |  |  |  |  |
| Gross margin |  |  |  |  |  |
| Operating profit margin |  |  |  |  |  |
| Net profit margin |  |  |  |  |  |
| ROA |  |  |  |  |  |
| ROE |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Analysis of ROE – 5-Part** | | | | | | |
|  | **EBIT/Sales** | **EBT/EBIT** | **NI/EBT** | **Total Asset Turnover** | **Debt Ratio** | **ROE** |
| **2013** |  |  |  |  |  |  |
| **2014** |  |  |  |  |  |  |
| **2015** |  |  |  |  |  |  |
| **2016** |  |  |  |  |  |  |

**Evaluation Form**

**Total: \_\_\_\_\_\_\_\_\_ / 100**

**Letter Grade: \_\_\_\_\_\_\_\_\_**

**Accuracy of Financial Data: 25%**

|  |  |
| --- | --- |
| Ratio table | /10 |
| Vertical/horizontal analysis | /5 |
| Cash flow statements | /5 |
| 5-part analysis of ROE | /5 |

# Thoroughness of Analysis: 50%

|  |  |
| --- | --- |
| Liquidity | /8 |
| Asset management | /14 |
| Long-term debt paying ability | /6 |
| Profitability | /12 |
| Recommendation | /10 |

# Layout and Writing Quality: 25%

|  |  |
| --- | --- |
| Memo layout | /5 |
| Grammatical and spelling errors | /10 |
| Writing style | /10 |

# Comments

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