**Management Accounting and Project Analysis, Introductory Module**

September 2019

**Homework 1 - Analysis of Financial Statements**

Please complete the following tasks using information provided in sections 5 and 6 of the book "Business Economics", lectures and the JSC "Grindeks" Annual Report for the year 2013.

In the tasks for which calculations are required, all output data and the full course of the calculation with intermediate results must be presented, preferably in a MS Excel or similar spreadsheet.

Maximum points for the homework - 10 points. The maximum number of points for each task is indicated in brackets for each task.

Please upload your answers to ORTUS by **23:59, 13 September 2019**.

**Tasks:**

*Note*: *The annual report provides data on both the Company and Group performance.* ***Please use Group data****.*

1. (1 point) Calculate the profitability of the assets and the profitability of equity for profit after tax and profit before taxes for 2013.
2. (1 point) Which company solvency ratio can be calculated using the company's assets and equity? Calculate for years 2012 and 2013 and comment on whether the ratio has improved or worsened and what could be the reasons for the changes.
3. (1 point) Calculate the profitability of the turnover for 2012 and 2013 for profit after tax and gross profit. Comment on the changes in both indicators from 2012 to 2013.
4. (1 point) Calculate the working capital of 2012 and 2013. Comment on working capital changes during this period.
5. (1 point) Determine the company's self-financing capacity (ability) in 2012 and 2013? Comment on the changes in self-financing during this period.
6. (2 points) Calculate the receivable days in 2013. Use only “Trade receivables” in the calculation. Assume that the proceeds from the sale of products in the Latvian market are subject to VAT rate of 12%, while the export revenues are subject to a VAT rate of 0%. Breakdown of turnover by country is given in the notes to the annual report.
7. (2 points) Calculate the payable days in 2013. Use only debts to suppliers and contractors in the calculation. Consider only the following items from the cost of goods sold: "Raw materials and packaging" and "Goods purchased for resale" (values ​​are given in the notes to the annual report) as purchasing costs.
8. (1 point) Compare the lengths of the receivable days and payable days calculated in previous calculations and comment on how these indicators affect the company's liquidity.