

Initial Comments

- Co. is up to date in CoS
- accounts are made up to date less than 1 year ago
- Reputable auditors.
- clean audit report.
- Has made a profit, has positive cash balances and 1.7m of reserves.
- annual loan commitments excluding related party payments are €265K per annum. So require substantial profits to meet these commitments.

Solvency Ratios:

Current / Acid Test Ratio:-

2011	2010
$\frac{2458K}{3374K} = .72$	$\frac{3288K}{4042K} = .81$

Level is 1. Slight deterioration in this ratio.

Included in CL are loans of 329K (2010 - same). There are 6 1/2 years to run of these loans, see Note 13

$$\frac{1391}{329} = 4.2 \text{ years.}$$

Unlikely that these loans are financing the "warehouse & offices" figure of €3.8m (see Note 9) but with loans of €1.7m unlikely to be in negative equity.

Gearing Ratio: $\frac{\text{Debt}}{\text{Debt} + \text{Equity}}$

2011	2010
$\frac{1068K}{1068K + 1707K} \times 100 = 38\%$	$\frac{1331}{1331 + 1716} \times 100 = 44\%$

Gearing level is medium.

High Gearing would be 60%+.

Company could be exposed to interest rate increases.

Activity

Debtors Days $\frac{\text{Trade Debtors}}{\text{Sales}} \times 365$

2011	2010
$\frac{1748}{17586} \times 365 = 36 \text{ days}$	$\frac{2050}{19510} \times 365 = 38 \text{ days}$

- consistent
- considered on line with industry norms?

Creditors Days $\frac{\text{Trade Creditors}}{\text{CoS}} \times 365$

2011	2010
$\frac{1874}{15524} \times 365 = 44 \text{ days}$	$\frac{2416}{17350} \times 365 = 50 \text{ days}$

Would expect 45 days in a "30 days" credit scenario. Mix of creditors may impact on this e.g. element that is C&F deferral facility.

Profitability

Gross Margin $\frac{\text{G.P.}}{\text{Sales}} \times 100$

2011	2010
$\frac{2063}{17586} \times 100 = 12\%$	$\frac{2160}{19510} \times 100 = 11\%$

Margin is tight but consistent.

Overheads per month (incl interest)

2011	170K
2010	180K

There has been cost savings, though not significant

REQUIRED ANNUAL T/O:

(based on 2011 amounts)

- Admin Costs	1930 K
- Interest	117 K
- loss deprec.	< 113 > K

Requiring Cash 7H 1934 K

Capital Commitments on loans & leases:

- loans	329 K
- leases	6 K

REQUIRED GROSS PROFIT 2269 K

Gross Margin = 12

Required Sales €18,908,300

Sales 2011	€17,586,000
2010	€19,510,200

Company appears to be achieving sales to cover costs & capital commitments.