**I-BERHAD**

1. **CURRENT RATIO (CR)**

Current ratio is normally calculated by dividing current assets by current liabilities:

**Current Ratio = Current Assets**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Current Assets** | 186, 018, 405 | 736, 872, 647 |
| **Current Liabilities** | 105, 235, 170 | 140, 553, 534 |
| **Current Ratio**  **(Times, *x*)** | 1.76 | 5.24 |

Based on the table, the current ratio for 2013 is 1.76*x* and increase to 5.24*x* at 2014. This is good because the company have a stabil conditions in financial status

**2.0 QUICK OR ACID TEST RATIO (QR)**

Quick or acid test ratio is calculated by deducting inventories from current assets and then dividing the remainder by current liabilities.

**Quick Ratio = Current Assets - Inventory**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Current Assets** | 186, 018, 405 | 736, 872, 647 |
| **Inventory** | 54, 471, 527 | 55, 122, 126 |
| **Current Liabilities** | 105, 235, 170 | 140, 553, 534 |
| **Quick Ratio (Times, *x*)** | 1.25 | 4.85 |

Quick ratio for year 2013 is 1.25. In 2014, it increase to 4.85.

**3.0 INVENTORY TURNOVER RATIO**

Inventory turnover is define as sales divided by inventories.

**Inventory = Sales**

**Turnover Ratio Inventories**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Sales** | 152, 147, 839 | 261, 114, 262 |
| **Inventory** | 54, 471, 527 | 55, 122, 126 |
| **Inventory Turnover Ratio (Times, *x*)** | 2.79 | 4.73 |

The inventory turnover in 2013 is 2.79. In 2014, it increase to 4.73.

**4.0 DAYS SALES OUTSTANDING (DSO)**

Days sales outstanding also called “ average collection period ” (ACP), is used to appraise accounts receivable, and is calculated by dividing receivables by the average sales per day.

**Days = Receivables**

**Sales Outstanding Annual Sales / 365**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Receivables** | 61, 894, 757 | 106, 831, 328 |
| **Sales** | 152, 147, 839 | 261, 114, 262 |
| **Days Sales Outstanding**  **(days)** | 148 | 149 |

Day sales outstanding for year 2013 is 148 days. Meanwhile in 2014, it is 149 days.

**5.0 FIXED ASSETS TURNOVER RATIO**

Fixed assets turnover ratio measures how ffectively the firm uses its plant and equipment. It is calculated by dividing sales by net fixed assets.

**Fixed Assets = Sales**

**Turnover Ratio Net Fixed Assets**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Sales** | 152, 147, 839 | 261, 114, 262 |
| **Net Fixed Assets** | 138, 966, 525 | 373, 974, 577 |
| **Fixed Assets Turnover Ratio (Times, *x*)** | 1.09 | 0.69 |

The fixed asset turnover for 2013 is 1.09 and decrease to 0.69 in 2014.

**6.0 TOTAL ASSETS TURNOVER RATIO (TA TO)**

Total assets turnover ratio is the total calculation of sales dividing by total assets.

**Total Assets = Sales**

**Turnover Ratio Total Assets**

**Current Liabilities**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Sales** | 152, 147, 839 | 261, 114, 262 |
| **Total Assets** | 324, 984, 930 | 1, 110, 847, 224 |
| **Total Assets Turnover Ratio (Times, *x*)** | 0.47 | 0.23 |

The total asset turnover ratio for 2013 is 0.47 and gradually decrease to 0.23.

**7.0 TOTAL DEBTS TO TOTAL ASSETS RATIO**

Debt ratio is calculated by dividing total liabilites to the total assets.

**Debt Ratio = Total Liabilities**

**Total Assets**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Total Liabilities** | 108, 104, 160 | 347, 858, 488 |
| **Total Assets** | 324, 984, 930 | 1, 110, 847, 224 |
| **Debt Ratio (%)** | 33.26 | 31.31 |

Debt ratio in 2013 is 33.26% and decrease to 31.31% in 2014.

**8.0 TIMES-INTEREST-EARNED RATIO (TIE)**

Times-interest-earned ratio also called the interest coverage ratio,is calculated by dividing EBIT (Earning Before Interest and Tax) by the interest expenses.

**Times-Interest-Earned = EBIT**

**(TIE) Interest Expenses**

|  |  |  |
| --- | --- | --- |
| Year | 2013  (RM) | 2014  (RM) |
| EBIT | 52, 982, 755 | 69, 443, 358 |
| Interest Expenses | 9, 013, 732 | 16, 005, 003 |
| Times-Interest-Earned (Times, *x*) | 5.88 | 4.34 |

The times-of-interest in 2013 is 5.88 and decrease to 4.34 in 2014.

**9.0 PROFIT MARGIN ON SALES RATIO**

Profit margin on sales ratio also called as net profit margin, is calculated by dividing net income by sales.

**Profit Margin = Net Income**

**(PM) Sales**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Net Income** | 44, 090, 241 | 53, 508, 321 |
| **Sales** | 152, 147, 839 | 261, 114, 262 |
| **Profit Margin on Sales Ratio**  **(%)** | 28.98 | 20.49 |

The profit margin for I-Berhad in 2013 is 28.98%. However, in 2014, the percentage decreases to 20.49%.

**10.0 BASIC EARNING POWER (BEP)**

Basic Earning Power is calculated by dividing earning before interest and taxes (EBIT) by total asset.

**Basic Earning Power = EBIT**

**(BEP) Total Aset**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **EBIT** | 52, 982, 755 | 69, 443, 358 |
| **Total Asset** | 324, 984, 930 | 1, 110, 847, 224 |
| **Basic Earning Power (%)** | 16.30 | 6.25 |

The basic earning power in 2013 is 16.3%. The percentage decreases in 2014 to 6.25%.

**11.0 RETURN ON TOTAL ASSETS (ROA)**

Ratio on totaal asset is calculated by dividing net income to total assets.

**Return On Total Assets = Net Income**

**(ROA) Total Aset**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Net Income** | 44, 090, 241 | 53, 508, 321 |
| **Total Asset** | 324, 984, 930 | 1, 110, 847, 224 |
| **Basic Earning Power (%)** | 13.57 | 6.25 |

Return on total assets on 2013 is 13.57% and decrease to 6.25% in 2014.

**12.0 RETURN ON COMMON EQUITY (ROE)**

Return on common equity (ROE) is calculated by dividing net income to common equity.

**Return On Common Equity = Net Income**

**(ROE) Common Equity**

|  |  |  |
| --- | --- | --- |
| **Year** | **2013**  **(RM)** | **2014**  **(RM)** |
| **Net Income** | 44, 090, 241 | 53, 508, 321 |
| **Common Equity** | 216, 880, 770 | 762, 988, 736 |
| **Return on Common Equity (%)** | 20.33 | 7.01 |

Return on common equity on 2013 is 20.33% and decrease to 7.01% during 2014.