LURSOFT

Financial analysis

Financial analysis is a service that allows evaluating company's liquidity, activity, capital structure and profitability indicators on the basis of information in the annual reports register. Financial analysis report shows the company's financial performance evaluation, compared with those of the reference companies.

COMPANY

Registration number	40100200300
Year	2014
Currency	EUR

NACE	Activity code (NACE)
01.11, 2.0 red	Growing of cereals (except rice), leguminous crops and oil seeds

Rate	2014	In the country (2014)	NACE=01.11 (2014)
Liquidity analysis **Liquidity ratios are designed to measure a company's ability to cover its short-term obligations.**			
Current Ratio = Current Assets / Current Liabilities	1.4538	Average: 83.5632 Median: 2.1630 Place: 36317-36317 (90557)	Average: 12.5286 Median: 1.1835 Place: 391 (908)
Liquidity - if the ratio is above one, the company should not have problems with their short-term liabilities. If the ratio falls below one, appears risk that company could fase problems with short-term obligation payments. Financier believes that this ratio should be between one and three. Excessive levels of the liquidity factor is indicative of irrational use of working capital. Evaluating the ideal level, should not ignore the specificity and the variable dynamics of the company.			
Acid Test or Quick Ratio = (Current Assets - Inventory) / Current Liabilities	1.4160	Average: 77.3172 Median: 1.6168 Place: 30394-30394 (90557)	Average: 12.4152 Median: 1.1162 Place: 380 (908)
More stringent test of short-term liquidity is made with this coefficient as it excludes some of the liquid assets (stocks), which may not always be easily converted to cash. Stocks are the most illiquid working capital items. A low ratio shows that too much money is invested in stocks.			
Working Capital = Current Assets - Current Liabilities	230536.0000	Average: 12474.1518 Median: 1032.0000	Average: 22178.7925 Median: 695.0000

		Place: 4049 (101127)	Place: 27 (1007)

Must take in account that free working capital is usually in proportion to sales. If it is planned to increase sales, larger free working capital to fund marketing costs will be also needed. This indicator should be balanced, because negative effect may result from excessive free working capital as well as lack of them. Too few free working capital shows company's inability to keep short-term obligations, but too big - inefficient use of resources.

Activity analysis **These ratios show the effectiveness of resource usage in a company.**

Debtors' turnover = Net turnover/ Debtors	10.1092	Average: 335.7719 Median: 6.9505 Place: 33855 (83496)	Average: 136.1461 Median: 7.4947 Place: 356 (865)

Buyers and customers debit turnover ratio shows how many times per year receivables are converted to cash. It is not possible to determine the optimal size of this index, as it depends on the sector in which the company operates quite much. In order to find insights into what this indicator should be, Lursoft financial analysis system makes it possible to compare these figures with the national average (third column), as well as the average of the field (fourth column), particular attention should be paid to the average of the sector.

Average collection period (days) = 365 / Debtors' Turnover	36.1057	Average: 1207.3484 Median: 31.6208 Place: 37060 (79524)	Average: 2883.3991 Median: 35.4562 Place: 419 (855)

This figure shows time what takes to receive payment for goods or services made from the time of sale. It will determine whether the company has sufficiently well-developed procedures for collecting, as well as do customers delay payments. This number is highly dependent on the sector in which the company operates.

Movement of current assets = Net turnover / Current assets	3.0712	Average: 161.3607 Median: 4.6466 Place: 41938 (97746)	Average: 13.7304 Median: 3.0694 Place: 490 (982)

The high ratio indicates that the company has sufficient working capital amount, while the low ratio may indicate inefficient use of working capital.

Total asset turnover = Net turnover / Total assets	2.2291	Average: 151.5316 Median: 2.7184 Place: 37754 (98806)	Average: 10.6133 Median: 2.1519 Place: 481 (986)

Too low ratio shows that investments in company were too high and removal of fixed assets and stocks is needed, making it possible to improve the liquidity of the company. Very high asset turnover rate may also indicate that company has to invest additional funds in assets in order to withstand competition. It is important to pay attention to the dynamics, although volume changes of assets can significantly affect value of the ratio. Should pay special attention to

this turn before drawing conclusions about the company's performance improvement or degradation.			
Inventory turnover = Cost of goods sold/ Inventory	97.5244	Average: 695.1917 Median: 6.0632 Place: 6561 (44169)	Average: 558.2092 Median: 19.3517 Place: 60 (245)
The stock turnover shows how many times there has been movement in money invested in stocks. The low stock turnover shows that the money invested in stocks doesn`t yield profits and creates additional costs for storage. Reasons in Latvia tend to be the stock pledge. Pledgees often want pledgors to maintain a certain level of stocks in warehouses as a guarantee. If the stock turnover is too high, it may mean that at some point there may be problems with materials, what can lead to production interruptions as well as there may not be items in stock in order to fully meet customer needs.			
Period of inventory turnover (days) = 365 / Inventory turnover	3.7427	Average: 1666.9579 Median: 0.5379 Place: 31237 (71251)	Average: 72.4180 Median: 0.0000 Place: 154 (745)
This ratio refers to time it takes to sell stocks. High ratio may indicate that the company has slow stock movement.			
Leverage analysis **Leverage Ratios which show the extent that debt is used in a company's capital structure.**			
Total assets to equity ratio = Total assets/ Equity capital (Total)	2.0197	Average: -2.9020 Median: 4.1972 Place: 27734-27734 (100463)	Average: 3.8478 Median: 1.1171 Place: 260 (1004)
Financial equilibrium ratio shows the proportion of owners invested money in assets of the company. The higher is equity share, the more stable is the company's financial structure, respectively creditors would prefer to credit the company and gains access to cheaper and more financial resources. Too high score indicates that the company has to reduce debt volume. Low coefficient indicates that company needs additional resources to improve their profitability.			
Debt to equity ratio = Creditors/Equity capital (Total)	1.0197	Average: -4.0055 Median: 0.0450 Place: 27340-27340 (100463)	Average: 2.9090 Median: 0.1091 Place: 253 (1004)
Debt to equity ratio characterizes the extent to which company is dependent on borrowed capital. A high value means that company uses a lot of borrowed capital, that brings additional costs as interest payments. To evaluate current index, industry average must be taken in account, as well as dynamics. If the indicator has a tendency to rise, it shows increasing significance of the company's dependence on borrowed capital. Interest payable on borrowed capital is constant, regardless of sales volume, change in sales may significantly affect the stability of the company. Too low ratio may indicate that the company needs to raise additional financial resources to improve their profitability.			
Fixed assets to Equity ratio = Fixed assets (Total) /	0.5538	Average:	Average:

Equity capital (Total)		-3.9472 Median: 0.0000 Place: 24839-24839 (100463)	1.0292 Median: 0.0000 Place: 187 (1004)

The three so-called golden rules of balance expresses funding rules in the company`s contribution. The first law requires that fixed assets must be financed by equity. Since the equity is held by the company for an unlimited period, long-term investment should be financed with it. If equity is less than the amount of long-term investment, this means that private equity does not cover all long-term investment. This represents a rational use of equity. In case if equity is used for financing working capital, it is considered as irrational use. The second law states that the long-term investments must be financed by equity and long-term commitment. Since the long-term commitment has to be erased after one year or longer, they can be used to finance long-term investment. If long-term disposable capital is well above the long-term investments, company has opportunities to cover a large share of current assets with capital raised for long-term use. Although it would be more appropriate to increase the long-term investment. The third law relates to working capital financing.

Profitability ratios **Profitability ratios analyze efectivness of administration effectiveness in achievement of financial tasks.**

Gross Profit Margin = Gross Profit / Turnover * 100 %	17.5347	Average: -27.6140 Median: 14.7044 Place: 36727 (79524)	Average: -69.1763 Median: 22.4236 Place: 473 (855)

Gross profit margin (return on sales) shows the company's operational effectiveness, how appropriate price for product or service is to market conditions, as well as whether production costs are at appropriate level for the industry. Gross profit margin figures make it possible to calculate extent to which net turnover changes affect gross profit amount. Gross profit ratio shows the sales volume and cost of court, how much profit each Lat obtained by output of the exercise brings after covering turnover costs.

Capital return (ROE)=Profit or loss for the financial year after taxes/ Equity capital * 100 %	39.0748	Average: 18.6781 Median: -2.6638 Place: 17968 (100463)	Average: -149.5861 Median: -3.9746 Place: 268 (1004)

Return on capital (capital return) shows how efficiently capital invested by company's owners is used. This is one of the most important figures from investor`s point of view, because it shows how much potential investor will earn from each Lat invested. This figure is often compared to bank deposit profitability.

Return on assets (ROA) = Profit or loss for the financial year after taxes / Balance * 100 %	19.3465	Average: -3271.6032 Median: 0.0000 Place: 18660 (98806)	Average: -36.3677 Median: 0.0313 Place: 294 (986)

Return on assets is one of the most important indicators that show the company's competitiveness. This figure varies considerably depending on the industry, so it is important to compare it with average ratios. If the ratio is higher than the industry average, it may be evidence for strong competitiveness of the company.

Return on fixed assets = Profit or loss for the financial	70.5581	Average:	Average:

year after taxes / Fixed assets * 100 %		-147.2946 Median: 0.3943 Place: 14154 (64837)	711.5917 Median: 7.5830 Place: 190 (589)
Long-term investment return shows return depending on company's investment in long-term assets. If company invests little in the development, it can lead to loss of competitiveness in the future. It is important to pay attention to dynamics and compare it with averages to determine the optimum parameters.			

Data processing price: 1.99 EUR

© Lursoft, Lursoft IT 1997-2015 Lursoft is the re-user of information from the Enterprise Register of Latvia. The user is obliged to observe the Law on the protection of physical personal data and Copyright law. The user is forbidden to use any automatic systems or equipment (robots) in order to access the system without a written approval from Lursoft. The database is of a cognitive nature and it has no legal power. Lursoft does not bear any responsibility for actions or decisions that are based on the service provided.