

The Other 20 % Checklist - Balance Sheet

Source

	Location	Examine	Red Flag	Company Values	Target	Notes	
Financial Statements	Income Statement	Sales Growth				Used to measure Accounts Receivable & Inventory <u>Calculation:</u> (current sales - year-ago sales) / year-ago sales X 100	
	Balance Sheet	Accounts Receivable Growth Rate (YOY)			less than or equal to Growth Rate of Sales (YOY)	<u>Calculation:</u> (current A/R - Year-ago A/R) / Year-ago A/R X 100	
		Inventory Growth Rate (YOY)			less than or equal to Growth Rate of Sales (YOY)	<u>Calculation:</u> (current Inv. - Year-ago Inv.) / Year-ago Inv. X 100	
		Current Ratio			2:1 or higher	<u>Calculation:</u> current assets / current liabilities <u>Note:</u> Check Peers or Industry Averages	
		Quick Ratio (Acid Test)			1:1 or higher	<u>Calculation:</u> (current assets - inventory) / current liabilities <u>Note:</u> Check Peers or Industry Averages	