



Summary Financial Analysis

City Cycle Company

Fiscal Year Ending 2013

Thu, August 21, 2014

Introduction and Report Overview

The balance sheet and income statement for the fiscal year ending 2013 for City Cycle Company (referred to as "City Cycle Company" throughout this report) were provided. Various ratios were developed from these financials and then compared to data for the "NAICS Code 441221: Motorcycle, ATV, and Personal Watercraft Dealers" industry for firms in the \$0-\$1 M Sales range. This industry benchmark information was the most recently available from the Risk Management Association (formerly Robert Morris Associates) Annual Statement Studies Financial Ratio Benchmarks 2013, a widely used reference source. In this report the Risk Management Association will be referred to simply as RMA.

This comparison process provides an indication of where the company is strong and where improvements may need to be made. It is recognized that all firms are unique and have different operating and financial characteristics. Nonetheless, comparing against industry norms can be useful in identifying possible problem areas before they get out of hand. Also, investors and lending institutions are very interested in how a given firm compares to others of similar size in the same industry.

This report contains an analysis of the ratios for City Cycle Company and results that management can consider in their efforts to improve performance. This report can be used as a tool for looking ahead, developing benchmark goals, and for ideas in helping to reach those goals.

In some cases, comparable industry data will be either unavailable or insufficient for a meaningful value. For these situations, the industry data will appear as "n/a"

or "ins. data", respectively. Furthermore, "ins. data" may appear for company figures when insufficient company data was available or supplied. Finally, all ratios are rounded to one decimal place.

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Please note that the industry data used was compiled from a sample not necessarily statistically representative or reliable, and that reliance therefore should be limited accordingly. The data has been obtained from, or is based on, sources believed by RMA to be reliable. However, the data is provided without warranty on the understanding that any person or entity that acts upon it or otherwise changes position in reliance thereon does so entirely at such person's or entity's risk. There were 293 firms comprising the "industry" figures for your size group in this study. In rare cases where statistics are not available on a particular size group for a NAICS classification, the industry-wide statistics will be used.

Therefore, neither the Risk Management Association, Universal Accounting, Inc., the developers of the BizBench® 2013 Financial Analysis Software, nor any other individuals or parties assumes any responsibility for decisions or results arising out of the use of the presented data, calculations, interpretations, or discussion ideas included in this report. Users must employ their own business knowledge and experience in deciding what is best for their enterprise.

Executive Summary

Financial statements for the fiscal year ending 2013 for City Cycle Company (referred to as "City Cycle Company" throughout this report) were provided. This included the balance sheet and income statement for that period. This information has been analyzed, and the results are presented in this report.

Based upon analysis of the financial information provided by City Cycle Company, the following key results were developed:

Areas of Strength

- Gross profit percentage is above average for similar-sized firms in the industry.
- Operating profit percentage is higher than the average.
- Profit before taxes (as a percentage of sales) exceeds the average.
- The company has a higher than average level of net worth relative to assets.
- The debt level of the company relative to assets is low compared to similar-sized firms.
- The company liquidity is good.
- The company is creating an acceptable number of inventory turns.
- The company can successfully meet its interest expense.
- The return on equity for the company exceeds industry norms.
- The company's return on assets is good.
- A relatively high level of sales is being created with the existing asset base.

Observed Areas for Improvement

- Operating expense percentage is higher than the average.
- Sales to fixed assets is at a low level.
- The company needs to trim its days in accounts receivable.

The tables on the following pages provide a summary and analysis of the balance sheet, income statement, and financial ratios for City Cycle Company. The relationships to similar sized firms in the same industry are also shown. The source of the industry data is the Risk Management Association, a respected authority on such information.

The reported net sales for City Cycle Company for the fiscal year 2013 was \$198,354. In this report, it is compared to firms in the "\$0-\$1 M Sales" range.

Balance sheet line items are shown as a percentage of total assets. Income statement items are shown as a percentage of sales. This standard approach shows the relative magnitude of these line items and allows for more direct comparison to different firms. Balance sheet and income statement items are compared to the "industry average", based upon companies submitting data to RMA with the same North American Industry Classification System (NAICS) Code and in your sales range.

For financial ratios, your company's percentiles relative to the entire industry for 441221 are shown. The higher the percentile value, the more favorably your company compares to the set of comparison firms in the industry for that ratio (note that for some ratios, having a lower numerical ratio value for that particular ratio may be better). The "Introduction" section contains information on the limitations and application of results that should be reviewed by the reader. Note that financial ratios involving profitability are "before tax" to make benchmarking results more meaningful.

Balance Sheet Comparison Summary

For City Cycle Company

	<u>Fiscal Year Ending</u> 2013	<u>%Assets</u>	<u>Industry Average:</u> \$0-\$1 M Sales	<u>% Point Difference</u>
<u>Assets</u>				
Cash & equivalents	8,614	13.9%	8%	5.9%
Trade receivables	6,930	11.2%	3.7%	7.5%
Inventory	36,022	58.2%	59.1%	-0.9%
All other current	2,080	3.4%	1.4%	2%
Total current	53,646	86.7%	72.2%	14.5%
Fixed assets (net)	8,220	13.3%	13.8%	-0.5%
Intangibles (net)	0	0	9.8%	-9.8%
All other non-current(net)	0	0	4.2%	-4.2%
Total assets	61,866	100%	100%	
<u>Liabilities</u>				
Notes payable (short-term)	13,412	21.7%	29.9%	-8.2%
Current maturity LTD	0	0	3.1%	-3.1%
Trade payables	1,119	1.8%	9.9%	-8.1%
Income taxes payable	0	0	0.1%	-0.1%
All other current	6,249	10.1%	11.7%	-1.6%
Total current	20,780	33.6%	54.6%	-21%
Long-term debt	11,324	18.3%	11.4%	6.9%
Deferred taxes	0	0	0.1%	-0.1%
All other non-current	252	0.4%	6.2%	-5.8%
Total liabilities	32,356	52.3%	72.3%	-20%



Total equity	29,510	47.7%	27.7%	20%
Liabilities and equity	61,866	100%	100%	

Source of Industry Data: Current RMA Annual Studies Financial Ratio Benchmarks. NAICS Code is 441221: Motorcycle, ATV, and Personal Watercraft Dealers.

**Income Statement Comparison Summary
For City Cycle Company**

	<u>Fiscal Year Ending</u>		<u>Industry Average:</u>	
	<u>2013</u>	<u>% Sales</u>	<u>\$0-\$1 M Sales</u>	<u>% Point Difference</u>
Net sales	198,354	100%	100.0%	
Gross profit	71,262	35.9%	24.3%	11.6%
Operating expenses	52,551	26.5%	22.2%	4.3%
Operating profit	18,711	9.4%	2.1%	7.3%
Other expense (net)	0	0	0.3%	-0.3%
Profit before taxes	18,711	9.4%	1.8%	7.60%

	<u>Fiscal Year Ending</u>		<u>Industry Average:</u>	
	<u>2013</u>	<u>% Sales</u>	<u>\$0-\$1 M Sales</u>	<u>% Point Difference</u>
Additional Data Provided				
Depreciation & amortization	644	0.3%	0.7%	-0.4%
Interest paid	585	0.3%	n/a	
Owner's compensation	8,550	4.3%	1.2%	3.1%
Sales per FTE	33,059			
Gross profit per FTE	11,877			

Source of Industry Data: Current RMA Annual Studies Financial Ratio Benchmarks. NAICS Code is 441221: Motorcycle, ATV, and Personal Watercraft Dealers.

Financial Ratio Comparison Summary For City Cycle Company

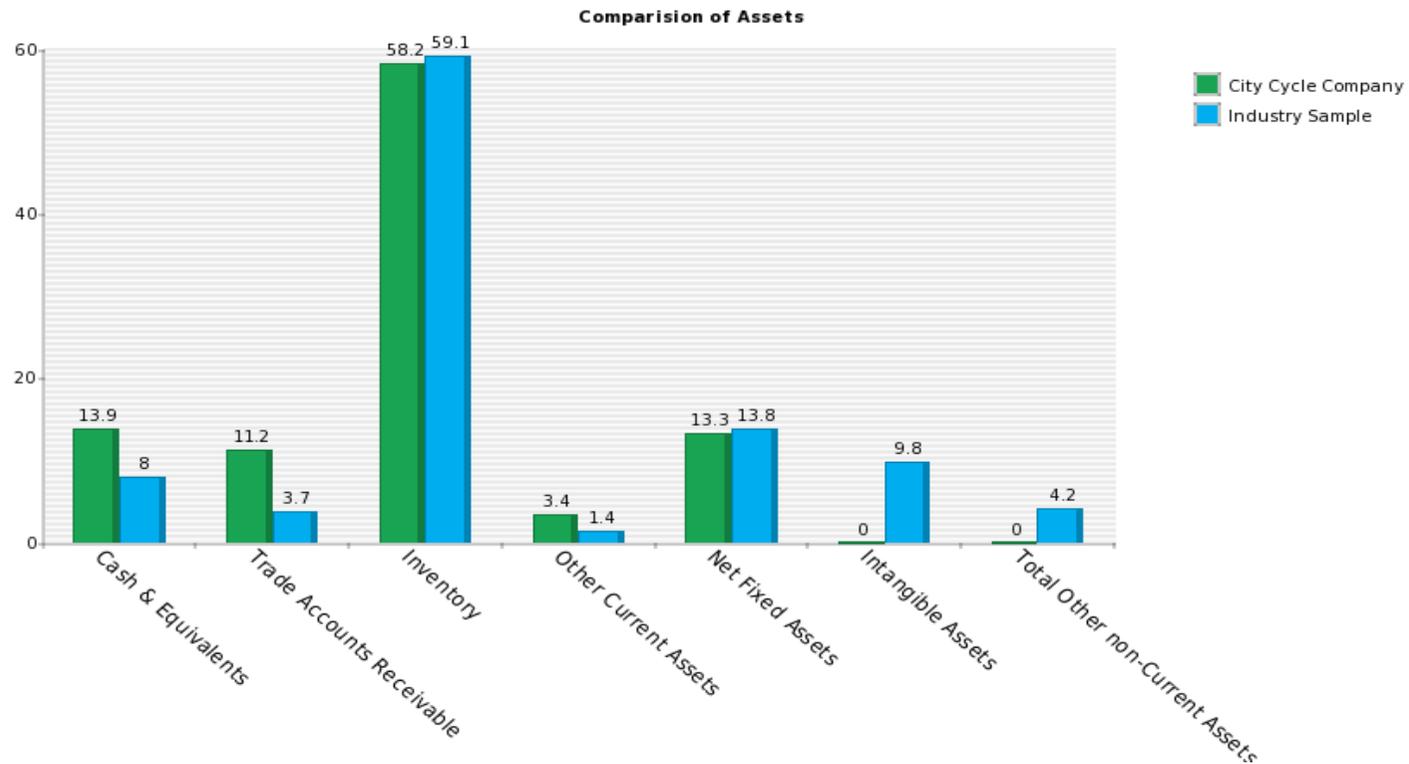
	<u>Fiscal Year Ending 2013</u>	<u>Estimated Percentile in Industry</u> <u>\$0-\$1 M Sales</u>
Liquidity Ratios		
Current ratio	2.6	99
Quick ratio	0.8	99
Working capital to sales (%)	16.6	86
Efficiency Ratios		
Days in accounts receivable	12.8	1.0
Days in accounts payable	3.2	77.0
Days in inventory	103.5	56.0
Operating cycle	116.2	n/a
Operating Ratios		
Asset turnover	3.2	80.0
Sales to fixed assets	24.1	36.0
Sales to working capital	6.0	86
Financing Ratios		
Debt to equity	1.1	95.0
Cash flow to current LT debt	0.0	ins. data
Times interest earned	33.0	99.0
Net fixed assets to equity	0.3	49.0
Financial leverage	2.1	n/a

Trade AP to inventory	0.0	n/a
Profitability Ratios		
Return on sales (%)	9.4	n/a
Return on equity (%)	63.4	93.0
Return on assets (%)	30.2	99.0

Percentiles are on a 1 to 99 basis, with higher values being better. A percentile value of 50 is (by definition) the median value, with half of the companies below that ratio and half above. The percentiles are color-coded (with color printers) as follows: green represents the upper quartile (good), blue represents the middle half, and red represents the lower quartile.

Source of Industry Data: Current RMA Annual Studies Financial Ratio Benchmarks. NAICS Code is '441221: Motorcycle, ATV, and Personal Watercraft Dealers'.

Comparison of Asset Components for City Cycle Company

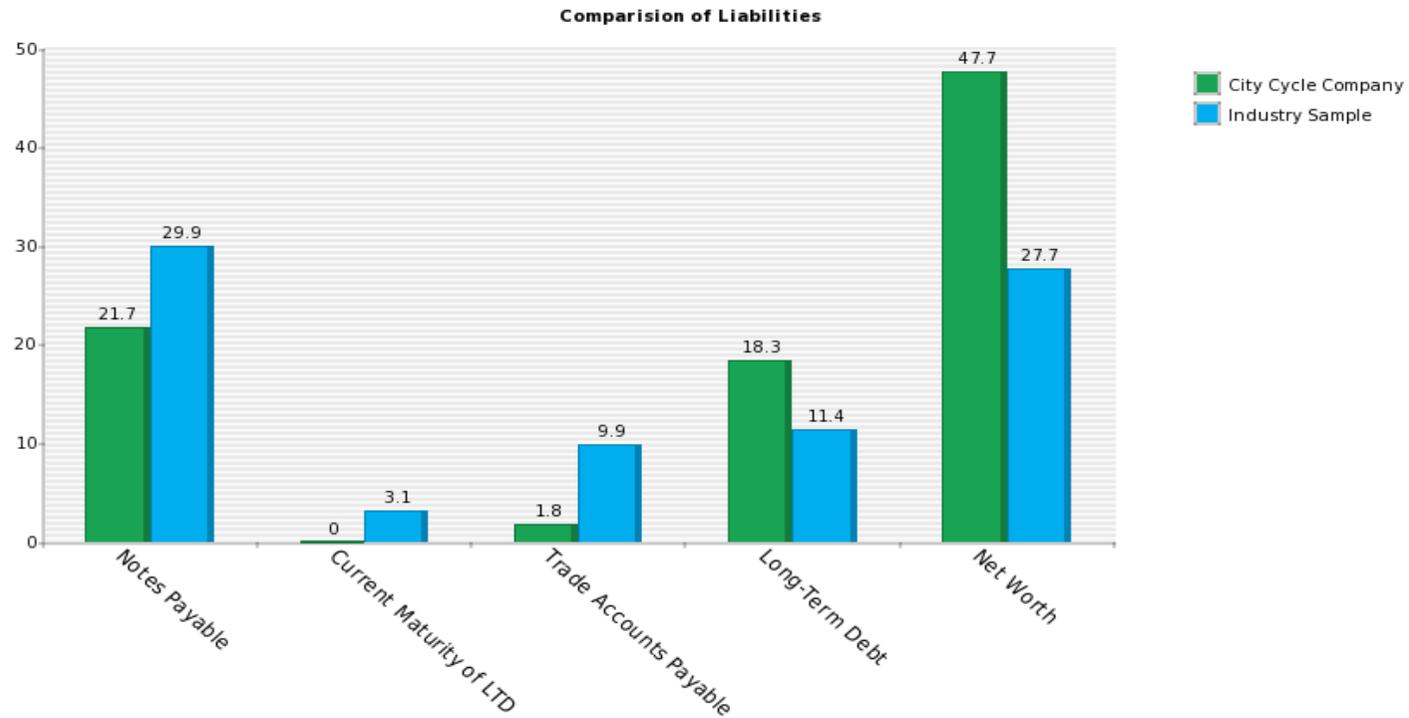


Y Axis = % of Total Assets

Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Liabilities & Net Worth Components for City Cycle Company (% of Total Assets)

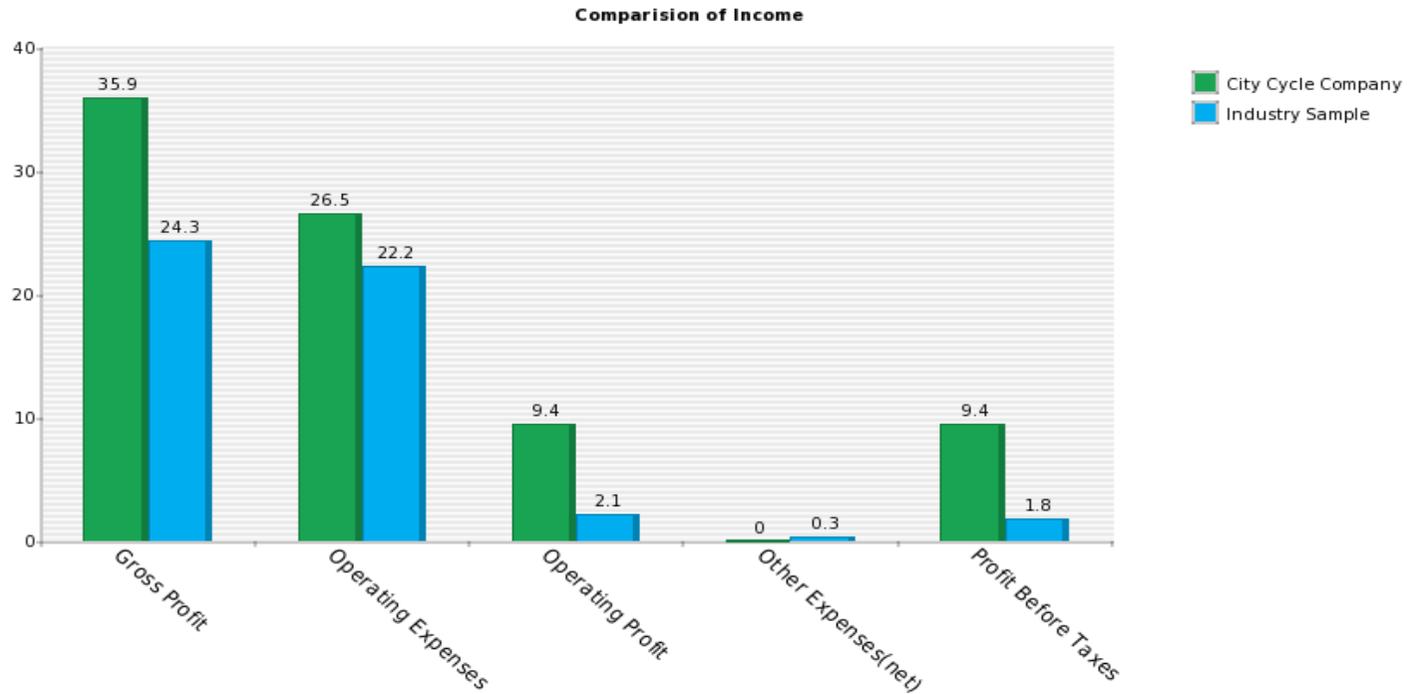


Y Axis = % of Total Assets

Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Net Income Components for City Cycle Company (% of Net Sales)

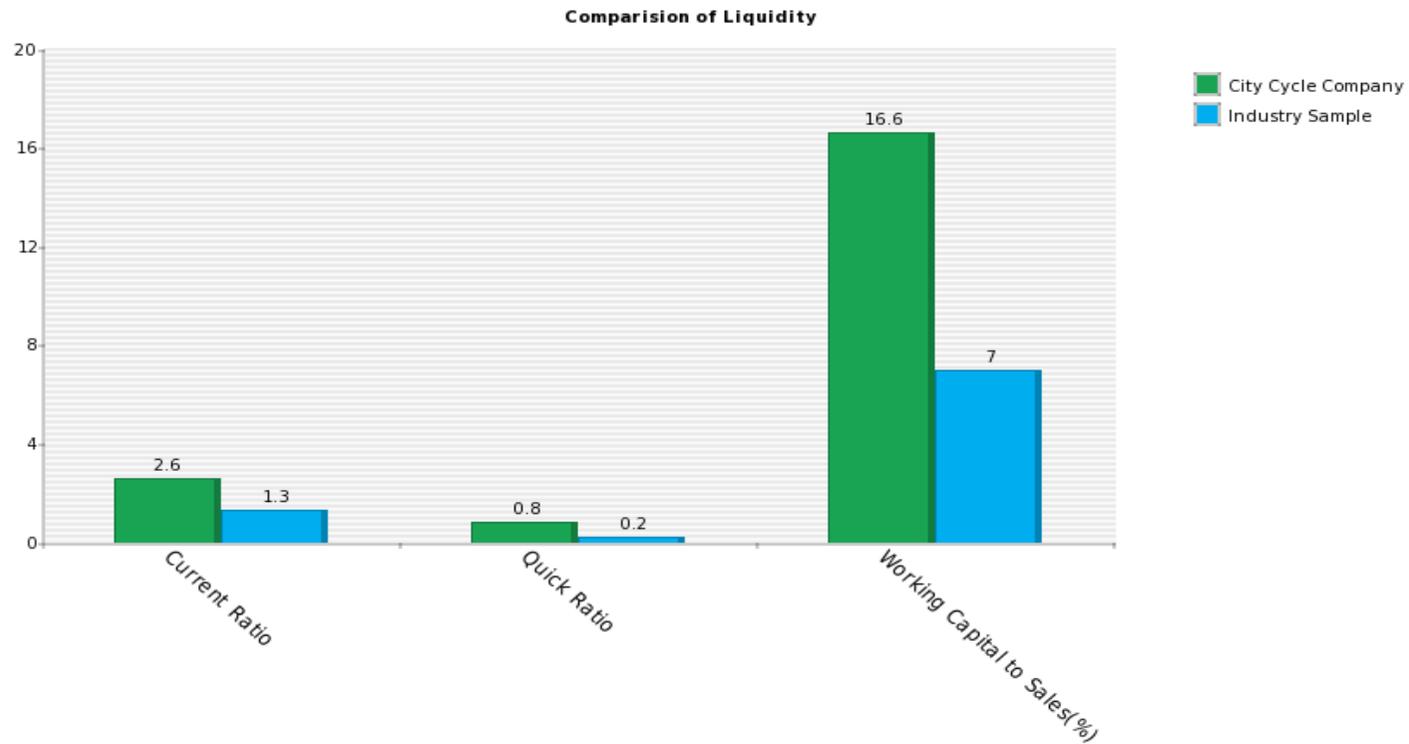


Y Axis = % of Net Sale

Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Liquidity Ratios for City Cycle Company

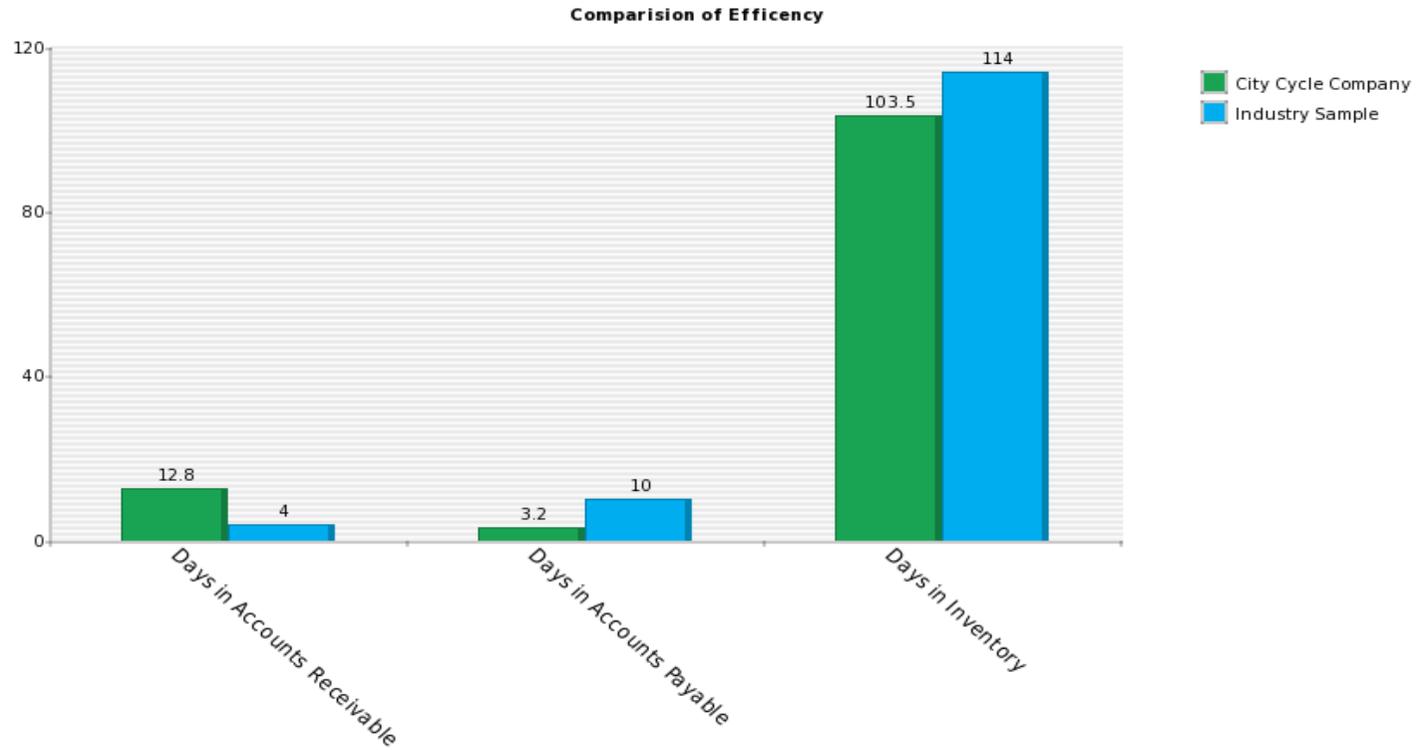


Y Axis = % of Total Ratio Values

Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Efficiency Ratios for City Cycle Company

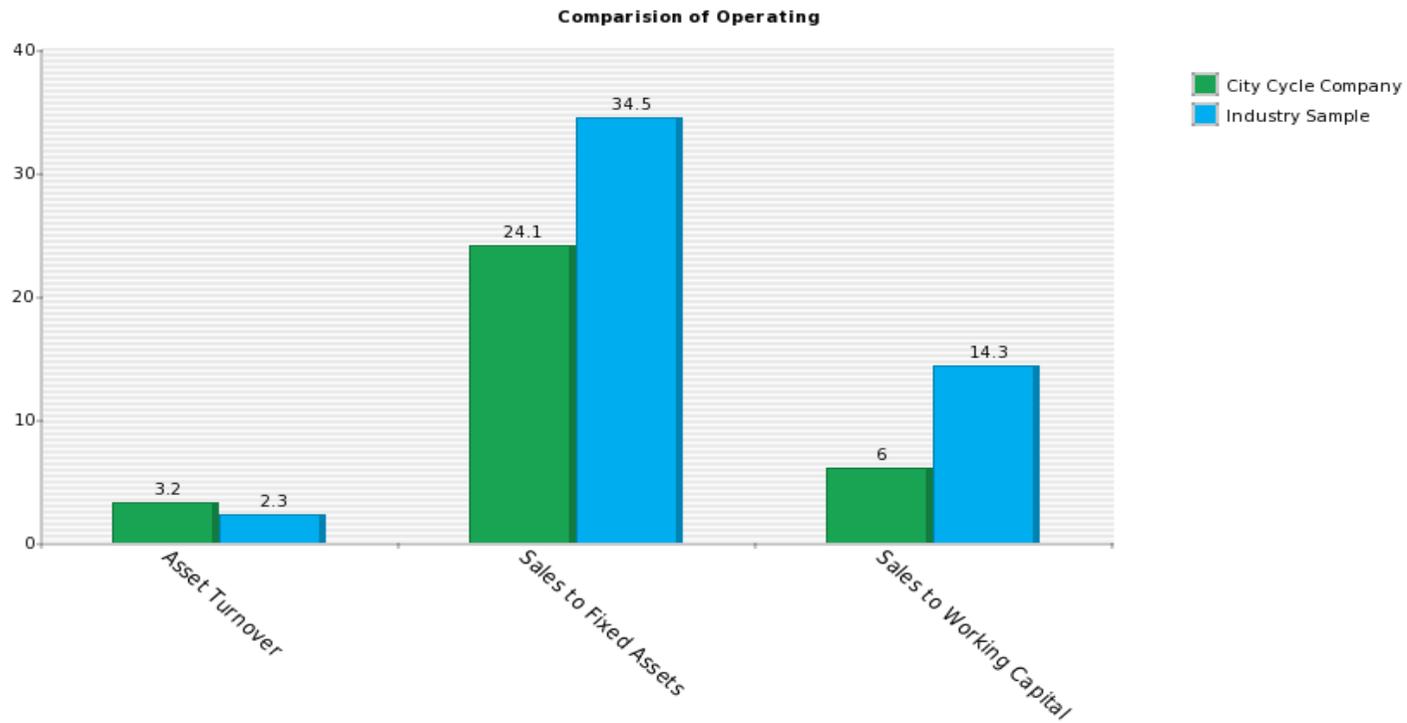


Y Axis = % of Ratio Values

Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Operating Ratios for City Cycle Company

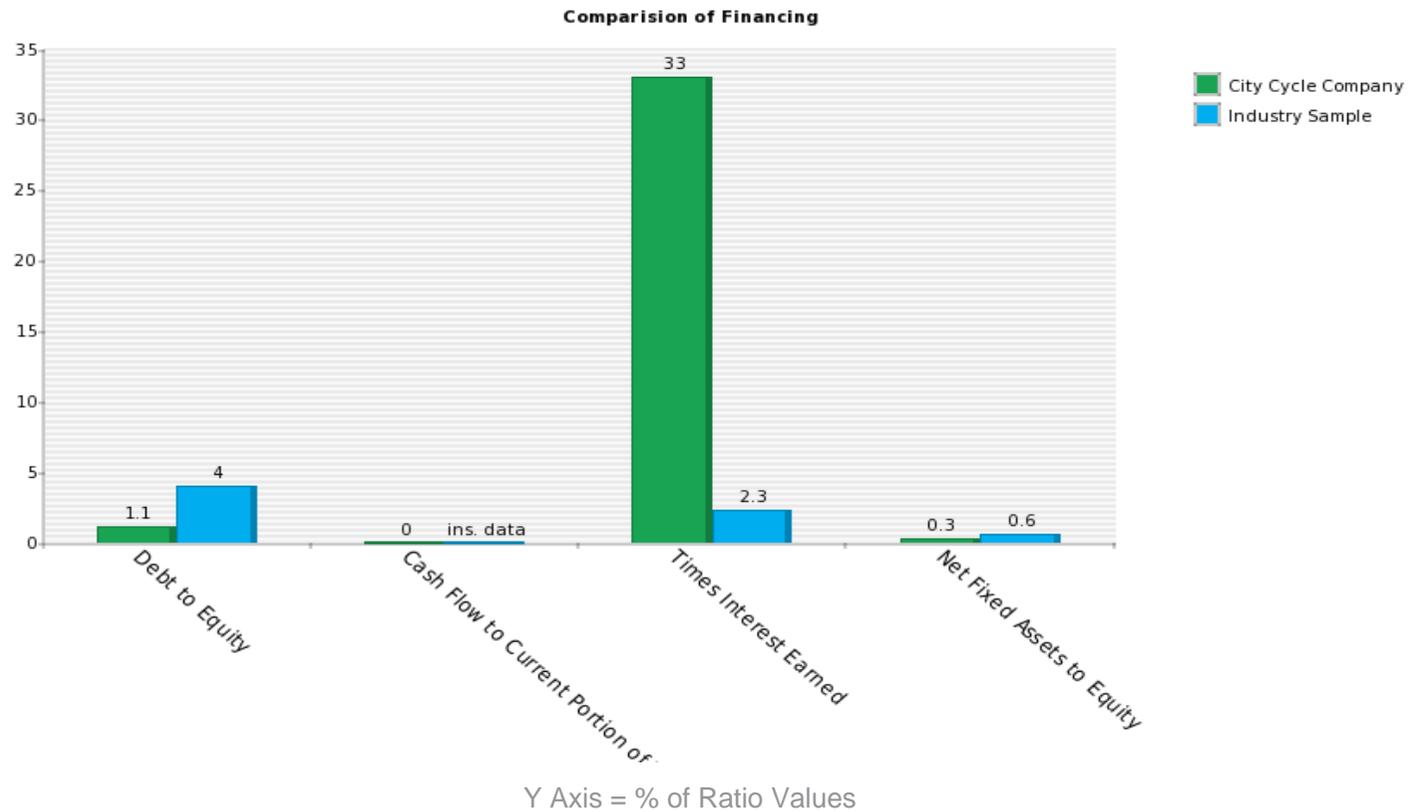


Y Axis = % of Ratio Values

Note: Above industry figures are averages for the entire industry.

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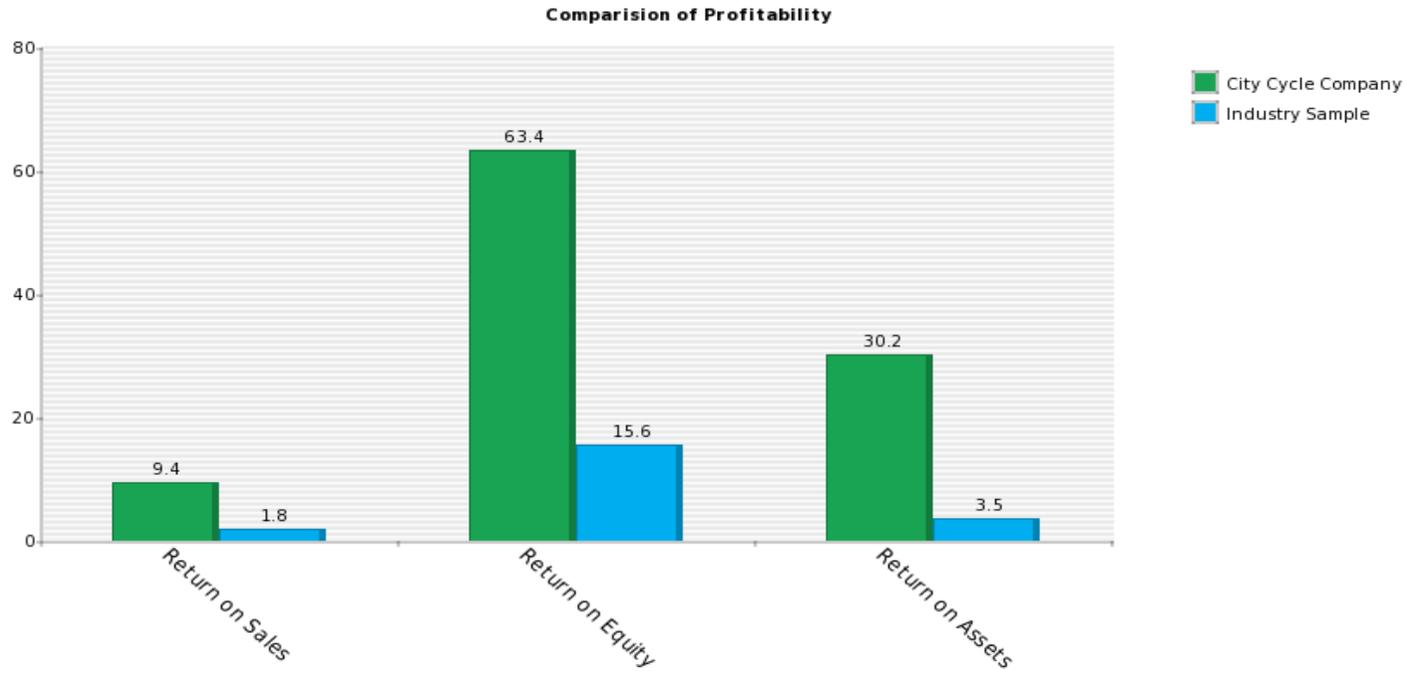
Comparison of Financing Ratios for City Cycle Company



Note: Above industry figures are averages for the entire industry.

If no bar appears, there is insufficient data available for representation in the graph.

Comparison of Profitability Ratios for City Cycle Company



Y Axis = % of Ratio Values

Note: Above industry figures are averages for the entire industry.

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