

# FINANCIAL ANALYST TEAM (150)

## REGIONAL – 2017

*TOTAL POINTS* \_\_\_\_\_ (150)

**Failure to adhere to any of the following rules will result in disqualification:**

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

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*Workplace Skills Assessment Program* competition.

## Description

The team will use strategic planning and problem-solving skills to provide solutions to the business case study provided. At State and National levels, teams will be presented with an additional element to the scenario that requires revision of their final presentation.

## Initial Case Study Topic

PBA Coffee owns a chain of coffee shops across the nation. On December 31, 2016, the firm's general ledger contained the accounts and balances below. All account balances are normal, and in the income tax rate is 30%.

PBA Coffee wants to expand its operations by opening a new store in Columbus, Ohio. PBA Coffee has hired you to prepare their financials and make a presentation to PBA Coffee's management with your recommendation. Your presentation should include, but is not limited to:

1. Preparation of a classified income statement and balance sheet for PBA Coffee for the year ended December 31, 2016.
2. In-depth analysis of the financial statements, including but not limited to key ratios (such as current ratio, debit ratio, profit margin, and gross profit percentage), trend analysis, and industry analysis.
3. A discussion of the benefits of debt vs. equity financing. Assume there are 11,500,000 shares of common stock outstanding (there is no preferred stock) and the stock is currently trading at \$60 per share.
4. A recommendation as to how PBA Coffee should proceed.

PBA Coffee					
Trial Balance					
(in thousands)					
	2012	2013	2014	2015	2016
Cash	23,612	24,887	27,660	26,559	32,389
Accounts Receivable	7,511	8,493	9,002	9,409	10,068
Inventory	14,539	15,101	15,979	16,587	16,329
Prepaid Expenses	3,424	3,733	4,232	3,984	4,891
Supplies	2,869	2,987	3,326	3,678	3,960
Long-term Investments	3,113	3,248	3,289	3,300	4,397
Equipment	40,998	42,548	43,647	45,896	46,486
Accumulated Depreciation—Equipment	4,250	4,400	4,800	5,500	6,000
Accounts Payable	15,023	15,567	16,590	18,879	20,187
Wages Payable	20,437	21,539	22,619	23,789	25,432
Unearned Revenue	2,033	2,239	2,479	2,398	2,548
Notes Payable (due in 2020)	28,000	28,750	30,000	32,000	29,000
Common Stock	8,000	8,000	10,000	10,000	10,000
Retained Earnings	4,344	18,323	20,502	20,647	16,847
Dividends	0	12,398	15,640	20,199	9,939
Sales	93,074	103,994	118,175	132,781	147,534
Cost of Goods Sold	35,927	41,494	47,624	54,307	60,489
Operating Expenses	27,829	30,366	34,271	38,108	41,310
Administrative Expenses	6,701	8,112	9,726	11,618	14,016
Selling Expenses	2,327	2,808	3,309	4,249	4,426
Depreciation Expense—Equipment	125	150	400	700	500
Interest Expense	195	239	295	372	443

**A team will be DISQUALIFIED for violations of the Copyright and Fair Use Guidelines.**

**Teams who do not submit an entry that follows this topic will be disqualified.**