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## **Business Insights**

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Business Insights Grain Farm  
December 2022

# Basis of Preparation

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This report is prepared solely for the confidential use of Business Insights Grain Farm. In the preparation of this report Varney & Associates CPAs LLC has relied upon the unaudited financial and non-financial information provided to them. The analysis and report must not be recited or referred to in whole or in part in any other document. The analysis and report must not be made available, copied or recited to any other party without our express written permission. Varney & Associates CPAs LLC neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the report or the analysis contained herein.

# Business Insights Grain Farm Example

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## Overview

Welcome to our Business Insights example report, for the period December 2022. This report uses simplified, fictitious financial information to provide you with a visual representation of how your business's information could look in one of our fully customized reports. By working closely with you, we will tailor a report specifically for your business, empowering you to envision and strategize with confidence.

# Cash Flow Analysis

## FREE CASH FLOW (Q4 22)

**(\$83,000)**



Free cash flow is the cash generated by the business after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term “free cash flow” is used because this cash is free to be paid back to the suppliers of capital.

## OPERATING CASH FLOW (Q4 22)

**\$277,000**



Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company’s product and/or services as well as collecting payment from its customers and making payment to suppliers.

## NET CASH FLOW (Q4 22)

**(\$83,000)**



Net cash flow is the cash flow remaining after operating, investing and financing activities. Financing activities may include cash outflows such as interest payments to lenders or dividend payments to shareholders

Q4 22	Cash Received	Cash Spent	
add: Revenue	\$1,557,000		
less: Cost of Sales		(\$346,000)	
less: Expenses		(\$489,000)	
add: Other Income	\$0		
less: Cash Tax Paid	\$0		
add: Change in Accounts Payable		(\$15,000)	
add: Change in Other Current Liabilities		(\$20,000)	
less: Change in Accounts Receivable		(\$470,000)	
less: Change in Inventory	\$60,000		
less: Change in Work In Progress	\$0		
less: Change in Other Current Assets	\$0		
<b>OPERATING CASH FLOW</b>			<b>\$277,000</b>
less: Change in Fixed Assets (ex. Depn and Amort)		(\$360,000)	
less: Change in Intangible Assets	\$0		
less: Change in Investment or Other Non-Current Assets	\$0		
<b>FREE CASH FLOW</b>			<b>(\$83,000)</b>
less: Net Interest (after tax)	\$0		
add: Change in Other Non-Current Liabilities	\$0		
less: Dividends	\$0		
add: Change in Retained Earnings and Other Equity	\$0		
less: Adjustments	\$0		
<b>NET CASH FLOW</b>			<b>(\$83,000)</b>

Net Cash Flow can also be calculated as:

**Change in Cash on Hand** (\$315,000)

(Open: \$595,008, Close: \$280,008)

**– Change in Debt** (\$232,000)

(Open: \$2,118,600, Close: \$1,886,600)

# Breakeven Analysis

## TOTAL REVENUE (2022)

**\$3,329,730**



A measure of the total amount of money received by the company for goods sold or services provided.

## EXPENSE-TO-REVENUE RA... (2022)

**82.84%**



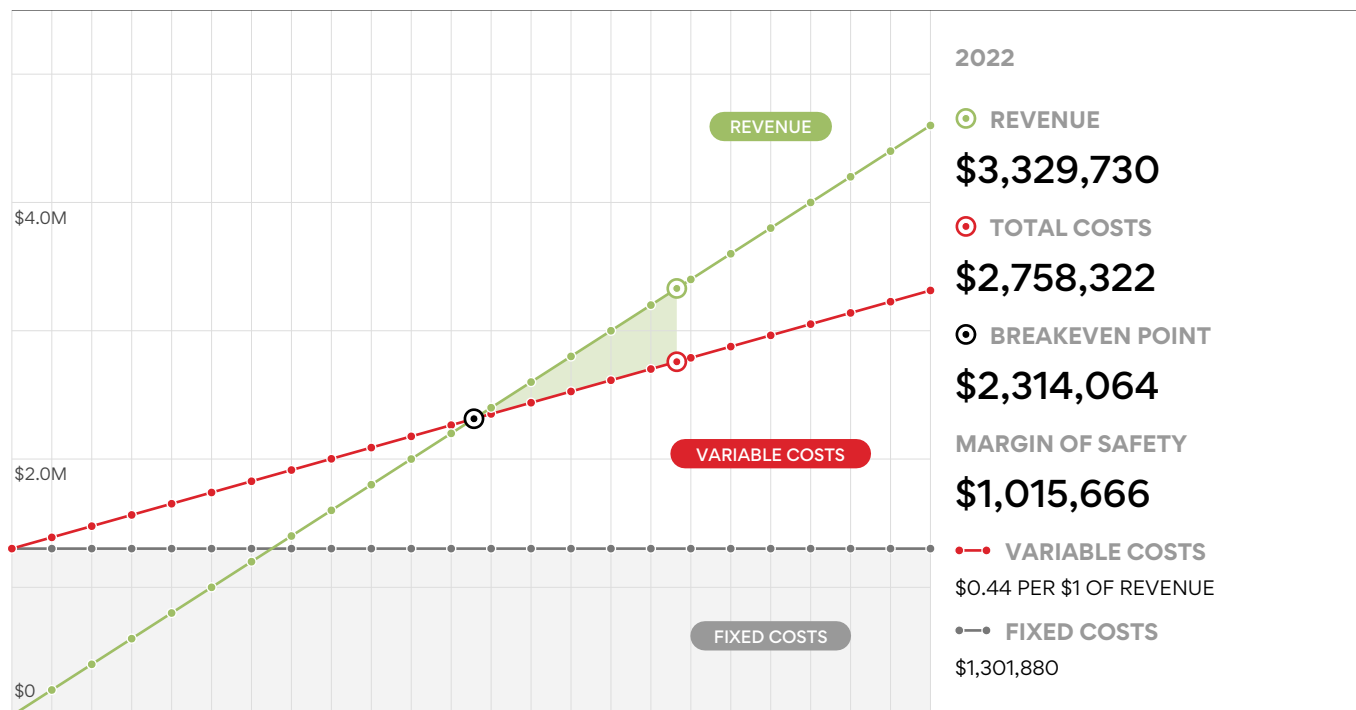
A measure of how efficiently the business is conducting its operations.

## BREAKEVEN MARGIN OF SA... (2022)

**\$1,015,666**

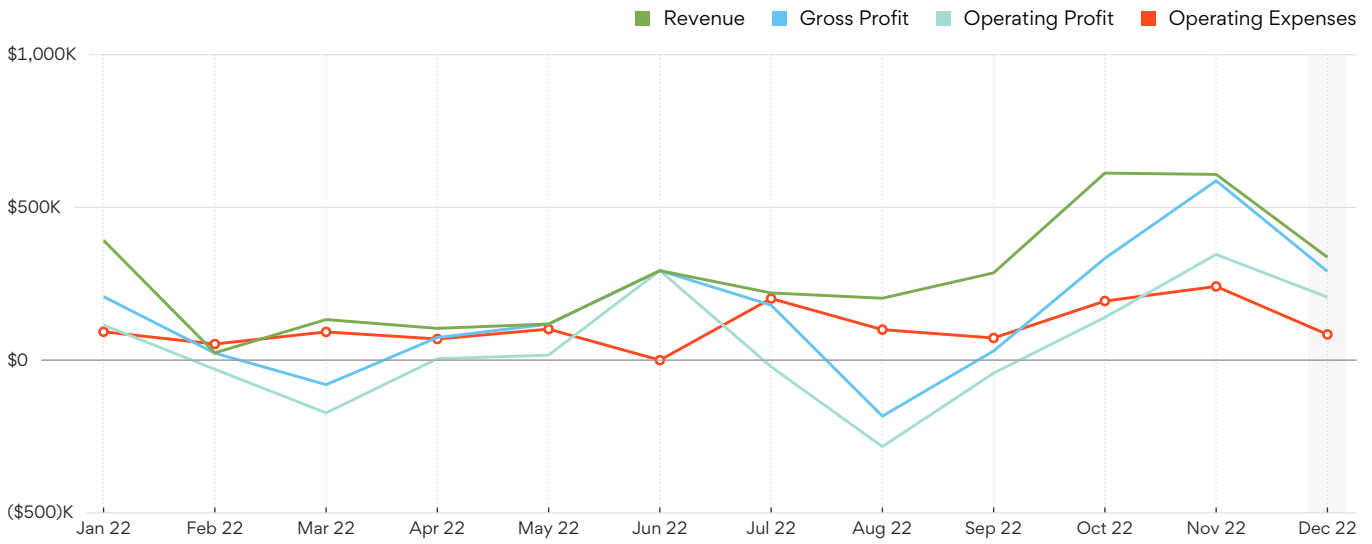


The breakeven safety margin represents the gap between the actual revenue level and the breakeven point. In other words, the amount by which revenue can drop before losses begin to be incurred.



# Profitability Tracking

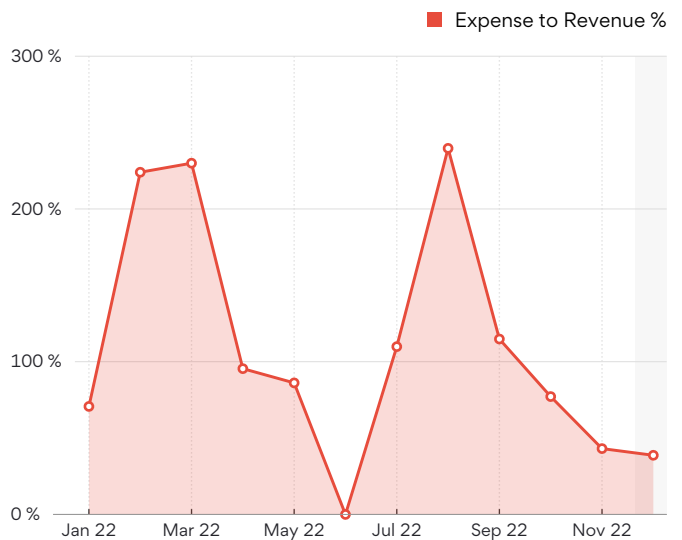
## Profitability Trend



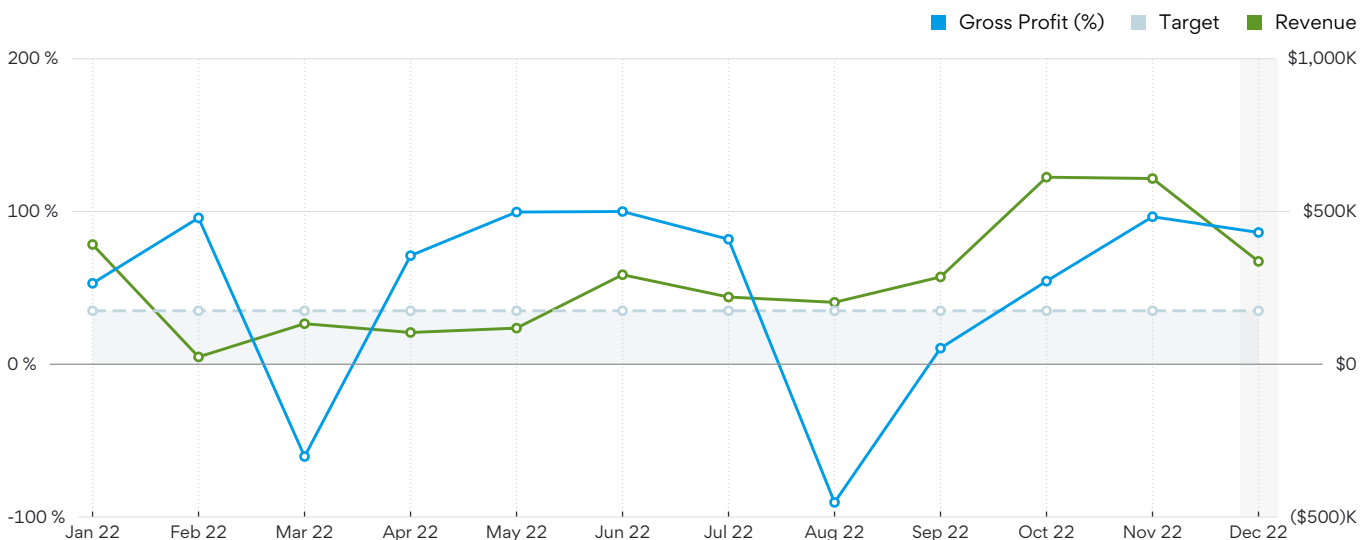
## Top Expenses

Lease cost - equipment	\$19,000
Rent Expense	\$13,000
Payroll Expenses	\$11,000
Depreciation Expense	\$10,000
Other Farm Expense - Other	\$10,000
Fuel - Other	\$7,000
Repairs and Maint, Equipment - Other	\$5,000
Custom Hire and Contract Labor - Other	\$4,000
Insurance Expense - Other	\$4,000
Utilities - Other	\$1,200

## Expense-to-Revenue (%)



## Gross Profit (%) vs Target



# Debt Service Coverage

## CURRENT RATIO

**0.48:1**

▼ -0.04:1 from last month



A measure of liquidity. This measure compares the totals of the current assets and current liabilities.

## QUICK RATIO

**0.46:1**

▼ -0.01:1 from last month



The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation.

## DEBT TO TOTAL ASSETS

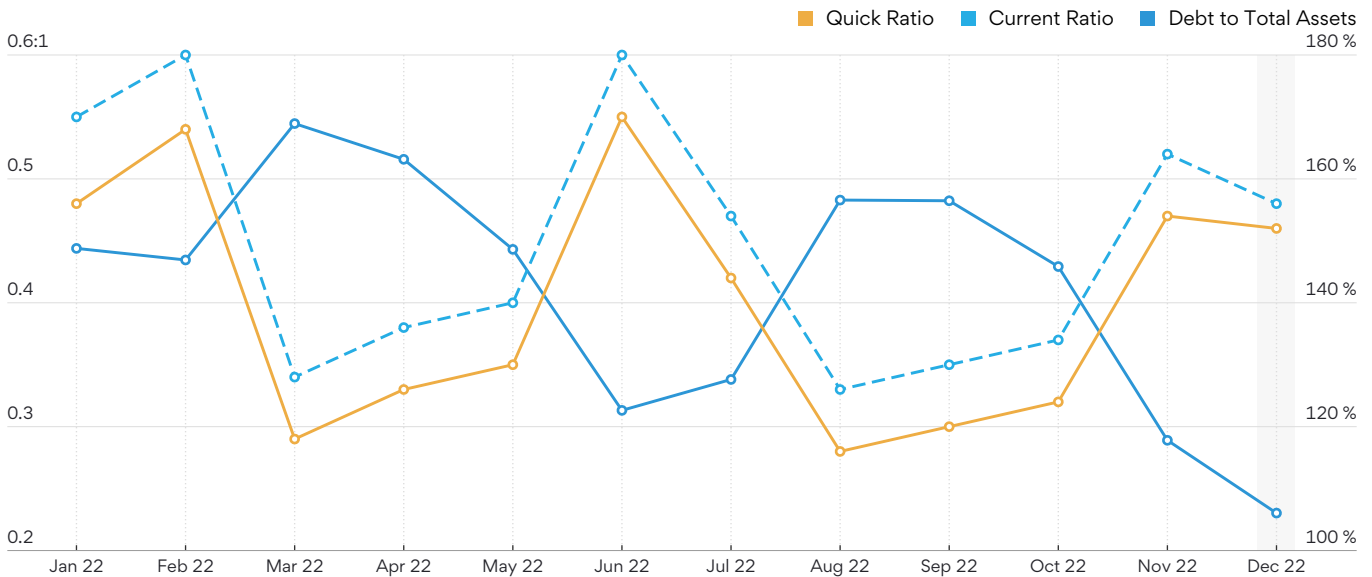
**106.05%**

▼ -11.75% from last month

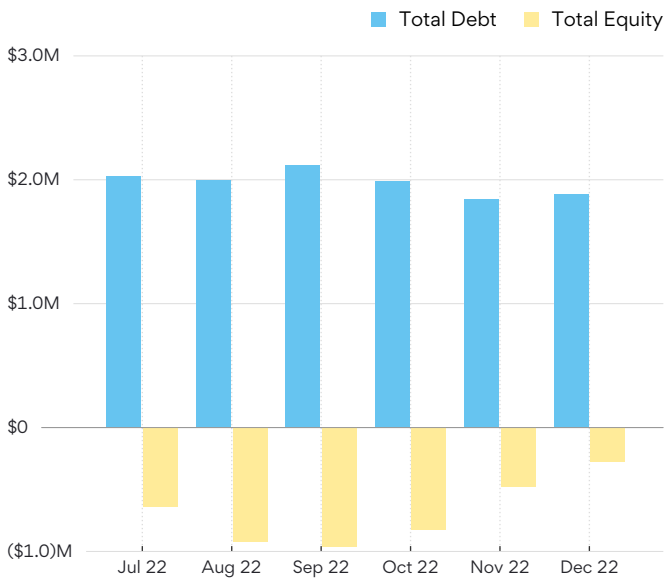


A measure of the proportion of the business's assets that are financed through debt.

## Liquidity Trend



## Debt to Equity



## Total Liabilities & Equity

