[Name of the Writer]

[Name of Instructor]

[Subject]

[Date]

Financial Statement Analysis

Question 1

The liquidity position for both the organizations has remained consistent across the two years. Interestingly, as both these companies belong to the same sector, the numbers quite match together. Despite this fact, it can be seen that for both the General and Ford Motors, as per the quick ratio, there has been improvement in their liquidity position as they have increased from 0.9 to 1.34 and 1.5 for both the General and Ford Motors respectively. The greater reliance on the equity might be one of the reasons for improved liquidity for both the businesses in the given time period.

Question 2

For both the organization to be solvent in a sense that they have more than enough capacity to make sure that they are in the position to pay their long-term debt. The main reasons that the long-term prospects of both the organizations are on the safer side are due to the fact that they are the companies that have found good prospect across the board at the given point of time. Not only that, the improved fixed assets at their disposal mean that they are not solvent for a considerable time period for now.

Question 3

One of the key things that sets both the organizations apart is their asset base. The total assets at the disposal of Ford Motors are on the much higher side as compared to the one that are witnessed in the General Motors at the given point of time. Not only that, the other major point of difference when it comes to both the organizations is that how the revenue compares for both the businesses. Looking at the hardcore revenue figures, the Ford Motors comes across as a much vaster organization ass compared the General Motors whose revenue is about 147 million.

Question 4

There are many ways through which change in revenue is likely to take place for both the organizations. Looking at the financial news and the revenue figures of General Motors, it can be seen that the major reason for their apparent increase in the revenue is due to the fact that they have been able to sell much more units. On the other hand, Ford Motors even though has also sold the increased number of units, in their case, it is the change in the pricing structure that has brought them the incremental revenue at the given point of time.

Question 5

When the organization is working such a broader level, when there are multiple segments that are brought into the contention. What happens most of the times is that each of the respective segment and business unit tends to operate on its own at the given point of time. And then the respective revenues from each of the location are then combined at the group level to create a group level financial statements and financial reporting protocols. The cost allocation also happens during the course of the given stage.

Question 6

Looking closely at the operations of both the companies, one of the key things that tends to stand out is that how both these businesses compare when it comes to the way their product range are concerned. Ford has much diversified portfolio as compared to General Motors. At the same, the other reasons that there is considerable difference in both the companies is that how they have fared in terms of the overall size of the operations and asset allocation strategy, General Motors have relied more on their equity whereas Ford Motors has been much more expansive in their usage of debt financing at the broader level.