**Financial Statement Analysis**

This Question is based on the 2020 and 2021 published consolidated financial statements of Delegat Group Limited (DGL)[[1]](#footnote-1). DGL is a New Zealand based wine company that specialises in making “super-premium” wines which are sold in the domestic and overseas markets. The company has vineyards in New Zealand and Australia.

The financial statements are included in the company’s annual report which can be obtained by clicking on the following link: https://www.delegat.com/wp-content/uploads/2021/09/DGL-Annual-Report-2021.pdf

You have been asked to prepare some briefing notes for a group of potential individual investors to assist them in deciding whether or not to invest in DGL. The investors are particularly interested in understanding DGL’s recent financial results as well as some information about specific aspects of DGL’s business.

1. Calculate a range of ratios that would assist in the evaluation of the financial performance and position of DGL covering the two (2) years, 2020 and 2021.
   * Return on Ordinary shareholders funds ROSF (otherwise called ROE)
   * Return on Total Assets ROA
   * Return on capital employed ROCE
   * Profit margin and profit margin ratio
   * Gross profit margin and ratio
   * Average inventory turnover period
   * Average utilisation ratio
   * Average settlement period
   * Asset turnover period
   * Current ratio
   * Acid Test ratio
   * Cash flow from operations ratio
   * Financial gearing ratio
   * Interest cover ratio
   * Dividends per share
   * Dividend payout ratio
   * Dividend yield ratio
   * Earnings per share
   * Price earnings ratio
2. Analyse and interpret the results of the ratios in part (a) above of DGL for the two years, 2020 and 2021.

1. [↑](#footnote-ref-1)