

# **IRS Corporate Ratios**

## Sample Report



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# IRS Corporate Ratios

ValuSource's IRS Corporate Ratios database contains ten years of data from the Internal Revenue Service's *Corporation Source Book of Statistics of Income*. IRS Corporate Ratios uses the data to calculate financial statement percentages and ratios. The data is grouped into industries using the North American Industry Classification System (NAICS).

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## Using IRS

IRS Corporate Ratios allows you to view and print IRS data, export IRS data to Microsoft® Excel, and download IRS data into ValuSource applications. You start from the IRS Corporate Ratios Main Window (see diagram below).

### Selecting the Year

IRS Corporate Ratios comes with ten years of data on the CD. You can select the year's data that you want to use.

### Selecting an Industry

IRS Corporate Ratios defines industries by the North American Industrial Classification System (NAICS). It provides three ways to select an industry. You can:

- Start from an industry group (for example, Goods Production).
- Sort the industries by title.
- Search for text in the industries' titles.

### Slicing the Industry Data

There are four ways to present an industry's data, controlled by two criteria: a single year vs. multiple years, and including or excluding companies that did not report net income. An example of multi-year data appears below.

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## Using IRS Data in ValuSource Applications

You can download IRS data into ValuSource applications, including ValuSource Pro and Express Business Valuation. The downloaded data automatically appears in the correct lines on the appropriate schedules.

### Multi-Year Comparison

The latest versions of ValuSource's valuation applications support downloading multiple years of IRS data, making your analysis of the subject company's financials more robust. IRS Corporate Ratios comes with ten years of data on the CD.

## IRS Corporate Ratios Main Window

**U.S. Total**

**Data From IRS 2000 Returns**

	Total	Zero Assets	1-100	
With and Without Net Income				
Number of Returns	5,045,274	328,906	2,582,358	81
Net Sales (000s)	17,636,551,349	337,016,933	582,472,422	476,811
Total Assets (000s)	47,026,871,874	0	77,930,011	130,411
<b>Assets</b>				
Cash & Equivalents	8.57%		28.86%	2
Trade Receivables (net)	18.30%		7.48%	1
Inventory	2.70%		9.46%	1
All Other Current	6.82%		4.75%	
Total Current	36.39%		50.55%	4
Fixed Assets (net)	9.21%		33.34%	3
Intangibles (net)	4.00%		2.98%	
All Other Non-Current	50.40%		13.13%	1
Total Assets	100.00%		100.00%	10
<b>Liabilities</b>				
Notes Payable-Short Term	8.55%		12.83%	1
Curr. Mat. L/T/D				
Trade Payables	7.99%		13.82%	1
Income Taxes Payable				

### Multi-Year Data (Example)

**NAICS Code 447 Gasoline Stations**  
**SIC Code 5410 Grocery Stores**  
**Data from Column Total of the 2000 to 1996 IRS Returns**

	Min	Max	Mean	Median	Std Dev	R Sqrd	2000	1999
With Net Income Only								
Number of Returns	19,226	27,447	22,630	20,954	4,037.68	.75	19,226	20,162
Net Sales (000s)	67,221,886	289,739,548	163,593,278	97,584,960	136,695,040.88	.67	97,584,960	75,073,252
Total Assets (000s)	15,469,163	86,772,742	44,357,910	18,619,260	47,323,568.30	.72	18,619,260	16,736,896
<b>Assets</b>								
Cash & Equivalents	5.15%	12.70%	9.17%	11.04%	.04	.62	11.04%	11.24%
Trade Receivables (net)	6.89%	9.44%	7.96%	7.57%	.01	.94	9.44%	8.54%
Inventory	10.90%	21.95%	15.29%	11.67%	.07	.74	11.67%	11.56%
All Other Current	2.72%	4.16%	3.66%	3.78%	.01	.01	3.78%	4.03%
Total Current	33.88%	38.15%	36.08%	35.93%	.02	.36	35.93%	35.36%
Fixed Assets (net)	45.06%	51.59%	48.53%	49.99%	.04	.65	49.99%	51.59%
Intangibles (net)	1.52%	3.76%	3.12%	3.37%	.01	.62	3.75%	3.37%
All Other Non-Current	9.69%	15.08%	12.27%	11.61%	.03	.86	10.32%	9.69%
Total Assets	100.00%	100.00%	100.00%	100.00%			100.00%	100.00%
<b>Liabilities</b>								
Notes Payable-Short Term	3.00%	4.53%	3.51%	3.38%	.01	.00	3.38%	3.08%

## Downloading the Data

When you're done selecting the data options, click on the button labeled "Download" in the toolbar at the top of the IRS Corporate Ratios Main Window. IRS will close and you will return to the ValuSource application that you're using. The downloaded data will automatically appear in the correct lines on the appropriate schedules. In the following examples, the blue numbers in the first column were downloaded from IRS.

Common Size Balance Sheets Schedule (Example)								
	IRS	Adjusted 2005	Historic 2005	Historic 2004	Historic 2003	Historic 2002	Historic 2001	Historic 2000
Cash & Equivalents	8.90%	9.22%	9.23%	9.09%	8.79%	8.03%	7.96%	7.53%
Accounts Receivable	17.45%	5.37%	8.44%	8.54%	7.30%	6.68%	7.56%	12.63%
Inventory	2.46%	6.90%	6.60%	5.84%	5.55%	5.96%	7.78%	7.72%
Other Current Assets	7.45%	0.82%	0.82%	0.81%	0.78%	0.78%	0.84%	2.26%
Total Current Assets	36.26%	22.32%	25.09%	24.28%	22.41%	21.44%	24.14%	30.14%
Fixed Assets Net	9.14%	76.29%	73.27%	74.04%	75.98%	76.91%	73.72%	66.31%
Intangibles Net	4.05%	0.24%	0.43%	0.45%	0.48%	0.53%	0.75%	1.43%
Other Non-Current Assets	50.55%	1.14%	1.21%	1.22%	1.13%	1.12%	1.39%	2.12%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Accounts Payable	7.99%	10.53%	10.54%	10.33%	9.98%	9.73%	8.38%	7.54%
Short Term Notes Payable	8.41%	0.00%	0.00%	0.60%	1.19%	1.86%	3.35%	7.54%
Current Maturity LT Debt	0.00%	2.65%	2.65%	2.51%	2.36%	2.38%	3.07%	5.36%
Other Current Liabilities	22.00%	1.53%	1.53%	2.18%	2.12%	2.14%	2.69%	4.53%
Total Current Liabilities	38.40%	14.71%	14.72%	15.63%	15.66%	16.11%	17.49%	24.97%
Long Term Debt	14.91%	41.39%	41.44%	44.81%	50.21%	58.20%	61.48%	58.24%
Other Non-Current Liabilities	10.86%	1.37%	1.37%	1.41%	1.39%	1.43%	1.89%	3.40%
Total Liabilities	64.17%	57.47%	57.53%	61.85%	67.26%	75.74%	80.86%	86.61%
Total Equity	35.84%	42.53%	42.47%	38.15%	32.74%	24.26%	19.14%	13.39%
Total Liabilities & Equity	100.01%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Common Size Income Statements Schedule (Example)							
	IRS	Dec 2005	Dec 2004	Dec 2003	Dec 2002	Dec 2001	Dec 2000
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods	63.08%	41.17%	39.95%	36.99%	37.86%	38.89%	43.42%
Gross Profit	36.92%	58.83%	60.05%	63.01%	62.14%	61.11%	56.58%
Operating Expenses	42.26%	42.91%	44.05%	46.82%	46.52%	43.69%	40.63%
Operating Profit	-5.34%	15.92%	16.00%	16.19%	15.61%	17.42%	15.95%
Other Income/(Expense) Net	8.71%	0.06%	0.12%	0.10%	0.09%	0.08%	0.06%
Pre-Tax Profit	3.37%	15.98%	16.12%	16.29%	15.71%	17.50%	16.01%

Financial Ratio Comparison Schedule (Example)								
	IRS	Adjusted 2005	Historic 2005	Historic 2004	Historic 2003	Historic 2002	Historic 2001	Historic 2000
<b>LIQUIDITY RATIOS:</b>								
Current Ratio	0.9	1.52	1.70	1.55	1.43	1.33	1.38	1.21
Quick (Acid-Test) Ratio	0.7	0.99	1.20	1.13	1.03	0.91	0.89	0.81
Revenue/Accounts Receivable	2.0	23.45	14.96	13.28	13.80	14.66	13.40	10.03
Average Collection Period	179	16	24	27	26	25	27	36
Inventory Turnover	9.1	7.52	7.87	7.76	6.71	6.22	5.07	7.13
Days Inventory	40	49	46	47	54	59	72	51
COGS/Payable	2.8	4.93	4.93	4.39	3.73	3.81	4.70	7.30
Days Payable	130	74	74	83	98	96	78	50
Revenue/Working Capital	(16.7)	16.55	12.17	13.12	14.90	18.36	15.24	24.49
<b>COVERAGE RATIOS:</b>								
Times Interest Earned	1.7	5.61	5.87	5.26	4.27	3.73	3.46	3.93
NI+Non-Cash Expenditures / Current LTD	-	6.50	6.76	6.61	6.50	6.21	5.19	3.92
<b>LEVERAGE RATIOS:</b>								
Fixed Assets/Tangible Worth	0.3	1.80	1.74	1.96	2.35	3.24	4.01	5.55
Debt/Tangible Net Worth	2.0	1.36	1.37	1.64	2.08	3.19	4.40	7.24
Debt/Equity	0.7	1.35	1.35	1.62	2.05	3.12	4.22	6.47
<b>OPERATING RATIOS:</b>								
EBT/Tangible Worth	5.18%	45.11%	47.97%	48.51%	50.84%	64.78%	96.40%	169.65%
EBT/Total Assets	1.65%	19.07%	20.17%	18.29%	16.40%	15.38%	17.73%	20.29%
Fixed Asset Turnover	3.9	1.65	1.72	1.53	1.33	1.27	1.37	1.91
Total Asset Turnover	0.4	1.26	1.26	1.13	1.01	0.98	1.01	1.27
<b>EXPENSE TO REVENUE RATIOS:</b>								
% Deprtn., Depltn., Amort./Revenue	4.40%	3.66%	3.66%	4.02%	4.47%	4.76%	4.18%	6.01%
% Officers' &/or Owners' Compensation/Revenue	2.19%	9.44%	9.20%	9.05%	9.47%	9.47%	8.27%	5.95%

## Exporting IRS Data to Excel

You can export IRS data to an Excel workbook. There are two different modes for exporting data:

- You can create a worksheet that contains the data from the current data view.
- You can create a workbook that compares a company's financials to multi-year data.

### Exporting the Current Data View

You can start Excel with data from the current view, or you can save the data directly to an Excel file for later use. An example of an exported worksheet follows.

### Exporting Multi-Year Analysis

You can create a workbook that uses multi-year data to analyze a company's financial statements. Examples of the workbook's sheets and graphs follow. The schedules and charts produced by the workbook include:

#### Schedules

- Common Size Balance Sheets Year to Year
- Common Size Balance Sheets Industry Trend
- Common Size Balance Sheets Subject Company Trend
- Common Size Income Statement Year to Year
- Common Size Income Statement Industry Trend
- Common Size Income Statement Subject Company Trend
- Liquidity Ratios
- Coverage, Leverage, Operating and Expense Ratios

## Charts

- Industry Working Capital
- Subject Company Working Capital
- Industry Common Size Income Statement
- Subject Company Common Size Income Statement
- Current Ratio
- Quick Ratio
- Net Sales to Receivables
- Average Collection Period (Days)
- Cost of Sales to Inventory
- Days Inventory
- Cost of Sales to Payables
- Days Payables
- Sales to Working Capital
- EBIT to Interest
- Net Profit + Depr., Depletion, Amort./Current LTD
- Fixed to Tangible Net
- Debt to Tangible Net Worth
- Gross Profit Margin
- EBT to Tangible Worth
- EBT to Total Assets
- Sales to Net Fixed Assets
- Sales to Total Assets
- % Depreciation Depletion Amortization to Sales
- % Compensation to Revenue

### Export of Current Data View

	A	B	C	D	E	F	G	H
1	<b>Homes Centers; Paint and Wallpaper Stores</b>							
2	<b>NAICS Code 444115</b>							
3	<b>Data From IRS 2000 Returns</b>							
4		<b>Total</b>	<b>Zero Assets</b>	<b>1-100</b>	<b>100-250</b>	<b>250-500</b>	<b>500-1,000</b>	<b>1,000-5,000</b>
5	With and Without Net Income							
6	Number of Returns	4,850	0	0	628	694	231	441
7	Net Sales (000s)	80,357,837	0	0	515,005	581,772	408,556	1,882,637
8	Total Assets (000s)	72,201,466	0	0	104,541	246,241	167,185	833,286
9								
10	<b>Assets</b>							
11	Cash & Equivalents	2.45%			5.51%	9.94%	2.53%	15.17%
12	Trade Receivables (net)	3.16%			27.02%	8.32%	23.21%	20.06%
13	Inventory	16.91%			50.38%	35.50%	52.33%	31.69%
14	All Other Current	1.00%			0.01%	0.31%	5.72%	9.54%
15	Total Current	23.53%			82.92%	54.07%	83.80%	76.47%
16	Fixed Assets (net)	26.33%			16.84%	38.21%	13.49%	16.06%
17	Intangibles (net)	0.29%			0.00%	0.95%	0.00%	1.23%
18	All Other Non-Current	49.85%			0.24%	6.77%	2.71%	6.24%
19	Total Assets	100.00%			100.00%	100.00%	100.00%	100.00%
20								
21	<b>Liabilities</b>							
22	Notes Payable-Short Term	0.91%			6.88%	1.20%	19.63%	7.30%
23	Curr. Mat. L/T/D							
24	Trade Payables	7.31%			19.80%	20.33%	25.29%	24.53%

### Multi-Year Analysis – Setup Worksheet

	A	B	C	D	E	F	G	H	I
1									
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25									

**Subject Data**

Analysis for:

Subject Company Name     Sample Accounts & Associates

NAICS/SIC                     541215

Performed by:

Appraiser Name             Mr. Valuation Professional

Appraiser Firm              Professional Valuators

As of:

Analysis Date                5/20/2005

Setup / BS / IS / Common Size BS Yr to Yr / Common Size BS Ind

### Multi-Year Analysis – Common Size Balance Sheets Worksheet

	A	B	C	D	E	F	G	H	I	J	K	L	M
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**Common Size Balance Sheets Year to Year**

	Subject 2005	Subject 2005	IRS 2001	Subject 2004
<b>ASSETS</b>				
Cash & equivalents	11,599	7.6%	31.0%	20,940
Trade receivables - (net)	71,425	46.8%	18.5%	73,875
Inventory	8,699	5.7%	3.5%	9,381
All other current assets	12,362	8.1%	2.5%	11,056
<b>Total current assets</b>	<b>104,085</b>	<b>68.3%</b>	<b>55.5%</b>	<b>115,252</b>
Fixed assets (net)	25,792	16.9%	8.2%	29,818
Intangibles (net)	5,342	3.5%	14.2%	5,361
All other non-current assets	17,246	11.3%	22.1%	17,087
<b>Total assets</b>	<b>152,465</b>	<b>100.0%</b>	<b>100.0%</b>	<b>167,518</b>
<b>LIABILITIES &amp; NET WORTH</b>				
Notes payable-short term	17,398	11.4%	14.7%	26,133
Cur.mat. - L/T/D	6,410	4.2%	0.0%	7,203
Trade payables	5,189	3.4%	12.7%	7,706
Income taxes payable	1,221	0.8%	0.0%	1,508
All other current liabilities	15,109	9.9%	25.5%	22,950

Setup / BS / IS / Common Size BS Yr to Yr / Common Size BS Ind

Multi-Year Analysis – Industry Working Capital Graph

