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 MH688C Healthcare Economics and Finance

 Discussion Question 4.1

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The comparative balance sheet not only provides an image of assets and liabilities in a distinct financial period. It also shows the magnitude to which investments and receivables have altered during those intervals, (Miao et al., 2016). This report also helps managers and company shareholders find patterns in the numerous outcome measures of the company's performance.

Besides that, the long-term deficit of the Blank Memorial Hospital increased by 24.43 per cent. This implies that the hospital is far too reliant on foreign creditors, resulting in a significant economic burden to the corporation. Consequently, there is substantial growth in the corporation's capital assets. As a result, fixed assets increased by $15,000 or 1.8% from 2003 to 2004. This was due to the huge addition formed by the hospital to the equipment during the reporting period. This increased equipment gives rise to an excellent enhancement in the hospital's output capacity over the year.

The report also indicates that the hospital had a depreciating amount of $13,000, which is due to a decrease in inventory and an increase in expenses from 2003 to 2004. The hospital also experienced an increase in its common stock from $1,594,200 in 2003 to $ 1,694,200 in 2004. An increase in common stocks indicates that the hospital had an increase in its standard ownership, (Pattipeilohy, 2016). This is advantageous as common stocks result in higher return returns in the long run. It can be said the hospital is not bad off as the balance sheet shows an increase in the retained earnings from $420 000 t0 $846 600. Retained earnings are only obtained if the company is making a profit, as the amount is left after shareholders receive their dividends.

References

Miao, B., Teoh, S. H., & Zhu, Z. (2016). Limited attention, statement of cash flow disclosure, and the valuation of accruals. *Review of Accounting Studies*, *21*(2), 473-515.

Pattipeilohy, C. (2016). A comparative analysis of developments in central bank balance sheet composition.