

Financial Statement

Didem Bulut Aykurt

Colorado State University Global

RES500: Fundamentals of Quantitative Analysis

Dr.Mohammad Sumadi

June 18, 2022

Financial Report

Human life has a cycle from birth to death; each term has its own needs and different characters, and a business has the same life cycle. Humans want to know what to do to be healthy, which remedies can help them, or any health issue. When people need that information, they visit a doctor or any other department. The doctor should know human anatomy and knowledge of medication to answer all the patient's questions and needs. The business has the same concept to be and grow healthy/wealthy. What is the science of business anatomy to help understand basic information about business health/wealth? The first chapter will answer that accounting is the basic anatomy of business reporting that helps to answer how a business grows and shows any problems if there are. Owners and business leaders need accounting information to decide as accounting techniques are used to measure and report all the financial information. Managers, employees, customers, and vendors require accounting information to improve their work plan careers and see business success.

"Don't ever let your business get ahead of the financial side of your business. Accounting, accounting, accounting. Know your numbers." (Fertitta,2018)

Let's dive deep into basic financial reports. Financial statements have records to guide a company's business activities and financial performance. Three main statements inside the financial statement report: a balance sheet, income statement, and cash flow statement. Suppose we look at what reports are included with each request. A balance sheet helps with overview assessment, liabilities, and stockholders' equity in time. An income statement shows a company's revenues and expenses during a specific period. Also, this statement includes net income, gross margin, and profit.

One of the analyzed medical supplies data at a medical company. The manager wanted to generate a new report that showed the product's sales details—and used an income statement showing each product's total revenue, label, and fixed cost. And calculated profit and growth margin to use the income statement. This report supported to show which product should order next.

The cash flow statement focuses on how the company generates cash to pay its expenses and debt obligations and fund its investments. We would say where its money comes from and how it spends it. This statement has three main parts: operating activities show how much cash is used for running businesses and selling its products and services, including any changes made in currency, wages, income tax payment, interest payment, and rent. Investing activities contain any sources and uses of money from the company's investments, like property, plant, equipment, and assets. The final one, financing activities cash from investors' banks, includes uses to cash paid to shareholders, debt issuance, equity issuance, stock repurchases, loans, dividends paid, and debt repayments. When I analyze financial statements, I always prepare a few different periods to compare the company's results and business goals and look for trends.

Reference

Murphy, C. B. (2023). Cash Flow Statement: What It Is and Examples.

<https://www.investopedia.com/investing/what-is-a-cash-flow-statement/> (Links to an external site.)

Tilman J. Fertitta (2018). A Business Owner's Perspective on Financial Statements.

<https://www.cfoselections.com/perspective/a-business-owners-perspective-on-financial-statements>.