

Financial Statements for an Organisation With Examples

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By: Abhishek Arrawatia(16ume002)

Akshay Jangid(16ucc103)

Dheeraj Agarwal(16ucs059)

Mansi Vijay(16ucs101)

Muskan Kalra(16uec065)

Udish Nagpal(16ucs202)

Ujjawal Agarwal(16ucs203)

What is Financial Performance?

- Subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.
- Analysts and investors use financial performance to compare similar firms and different sectors.

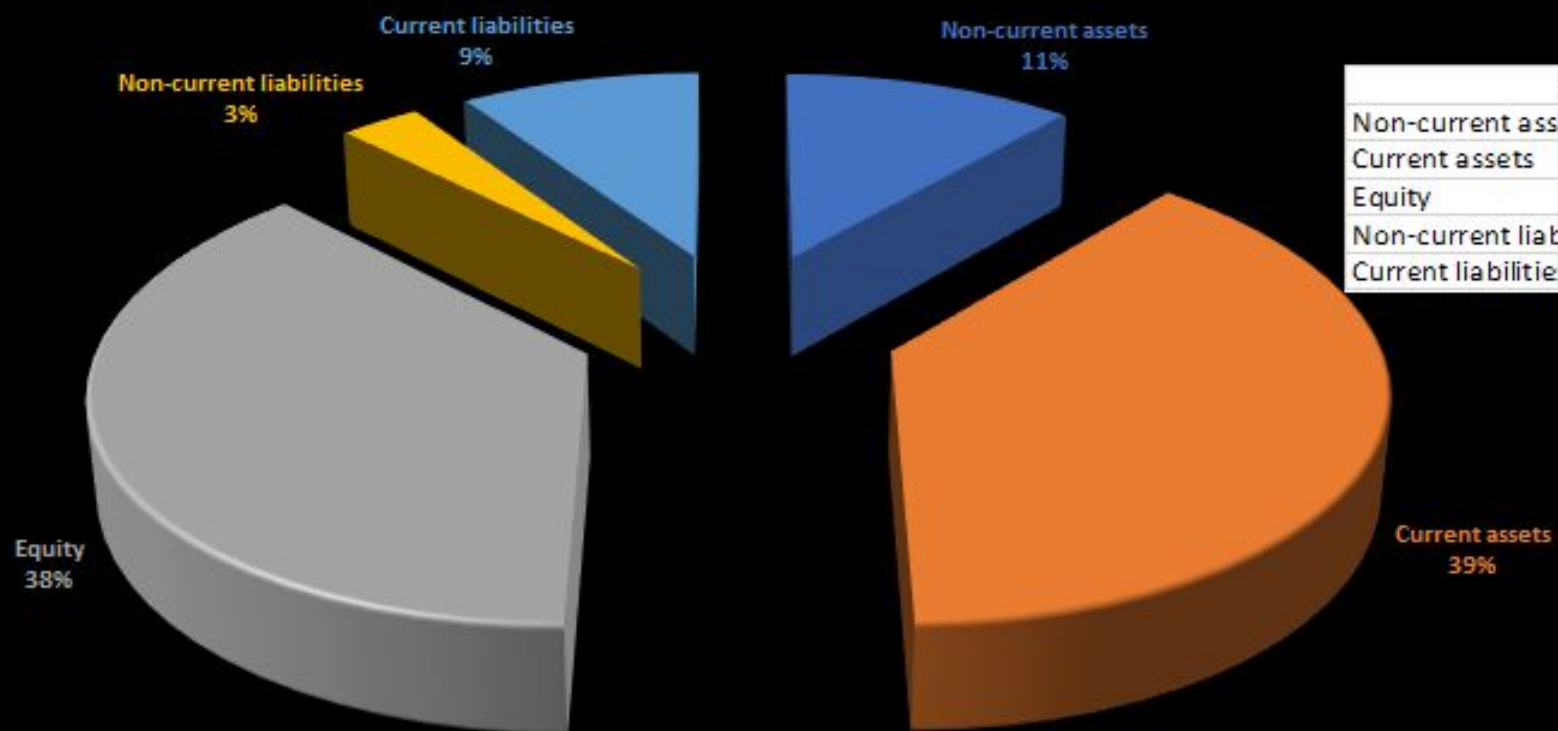
Annual Report

- 10K represents the most comprehensive source of information on financial performance
- Released for every quarter by the organisation. (April-March)
- Q2FY20
- Included in the 10K are three financial statements
 - The Balance Sheet
 - The Income Statement
 - The Cash Flow statement

Balance Sheet

A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure

BALANCE SHEET



	Balance sheet
Non-current ass	28874
Current assets	98488
Equity	95559
Non-current liab	7936
Current liabilitie	23840

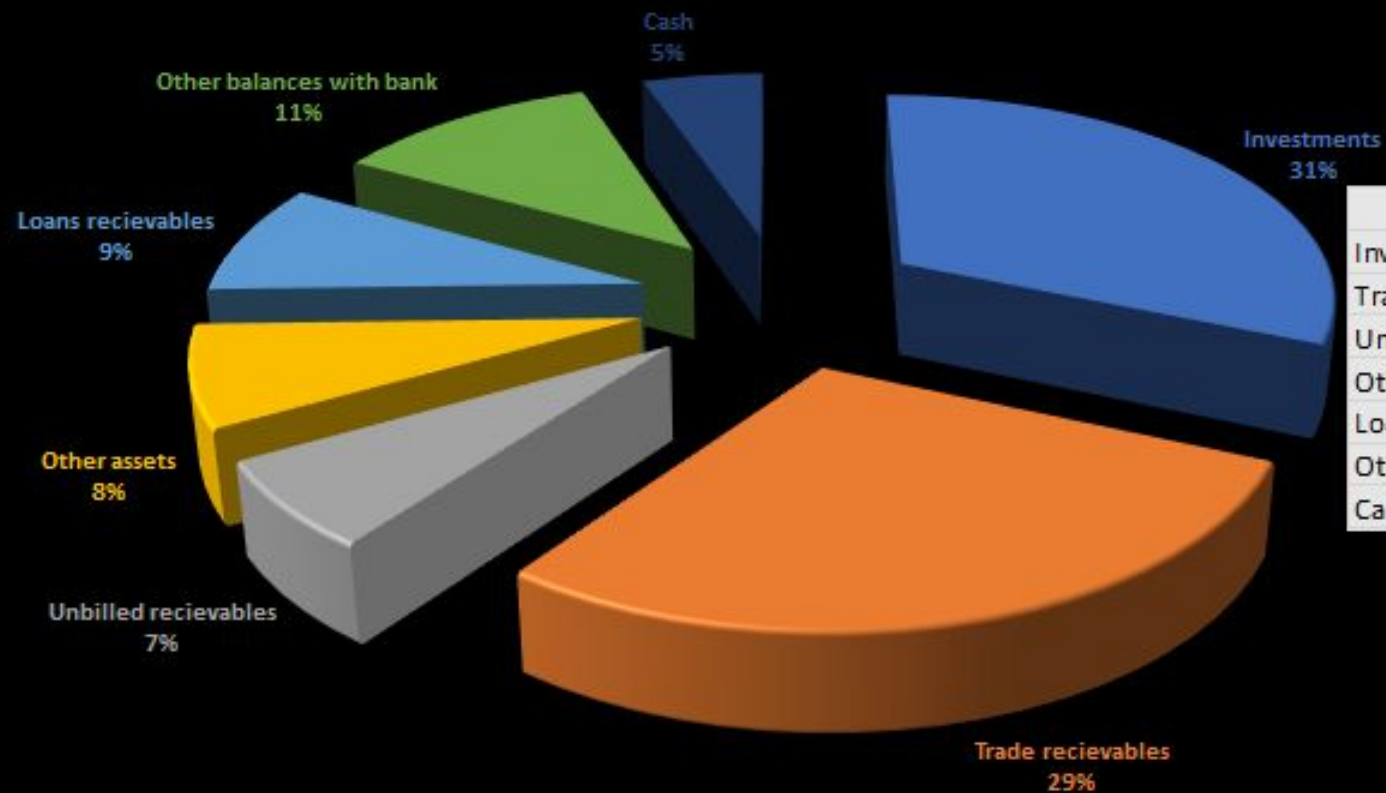
Current Assets

Items listed on a company's balance sheet that are expected to be converted into cash within one fiscal year.

Non Current Assets

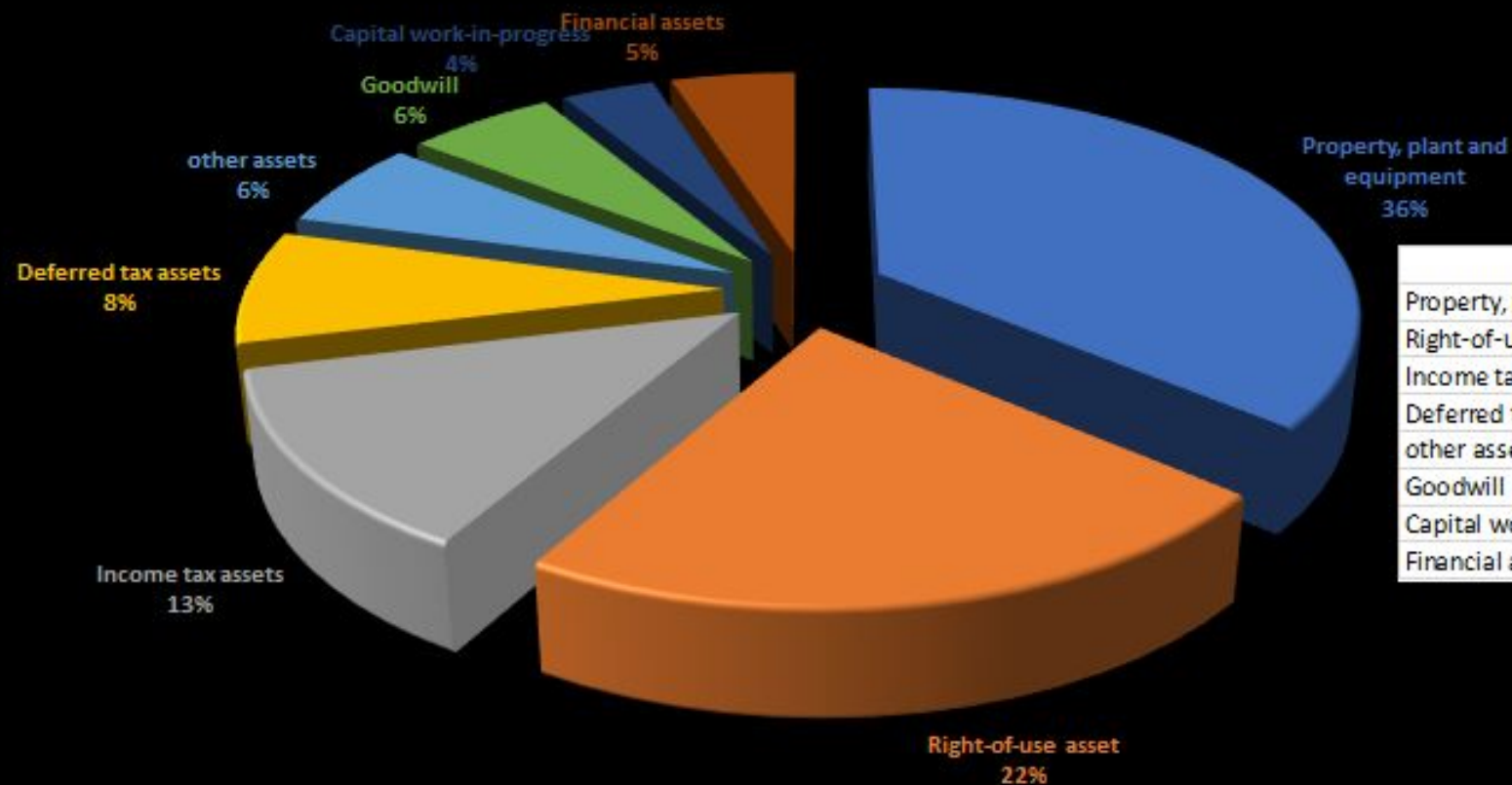
Long-term **assets** that a company expects to hold over one fiscal year and cannot readily be converted into cash.

CURRENT ASSETS



	in crore
Investments	30420
Trade receivat	27653
Unbilled reciev	6434
Other assets	7529
Loans recieval	8350
Other balance	11154
Cash	5074

NON-CURRENT ASSETS



	in crore
Property, plant and equipment	10,338
Right-of-use asset	6352
Income tax assets	3674
Deferred tax assets	2300
other assets	1795
Goodwill	1677
Capital work-in-progress	1057
Financial assets	1415

Equity

The amount of the funds contributed by the owners or shareholders plus the retained earnings (or losses)

Non Current Liabilities

Liabilities that are due after a year or more

Liabilities	In crore
Lease Liabilities	5650
Deferred tax liabilities	908
Unearned and deferred revenue	682
Other	696

Current Liabilities

Liabilities that are due and payable within one year

Liabilities	In Crore
Trade Payables	6734
Other Financial	4524
Lease	1134
Unearned and deferred revenue	2355
Income Tax	3077
Employee benefit obligation	2724
Other	3292

Income Statement

- It shows their profit and loss.
- It shows company's ability to generate sales, manage expenses and create profit over a period of time.
- In this table we are looking at the income statement of TCS in September 30, 2019. (All figures are in crore).

S.No		September 30, 2019
1	Revenue	38,977 (96%)
2	Other income	1,361 (04%)
3	TOTAL INCOME(1+2)	40,338
4	EXPENSES	
	a) Employee benefit expenses	21,470 (72%)
	b) Fees to external consultants	3,279 (11%)
	c) Other operating expenses	3,538 (11%)
	d) Others	1,329 (6%)
	TOTAL EXPENSES	29,616
5	PROFIT BEFORE FINANCE COST AND TAX (3-4)	10,722
6	Finance costs	193
7	PROFIT BEFORE TAX (5-6)	10,529

8	TOTAL TAX EXPENSES (CURRENT+DEFERRED)	2,471
9	NET PROFIT FOR THE PERIOD (7-8)	8,058
	Attributed to :	
	a) Shareholder of the company	8,042 (99.8%)
	b) Non controlling interest	16 (0.2%)
10	OTHER COMPREHENSIVE INCOME / (LOSES)	
	a) Items that will not be reclassified subsequently to profit or loss (with consideration of income tax)	(111)
	b) Items that will be reclassified subsequently to profit or loss (with consideration of income tax)	47
11	TOTAL COMPREHENSIVE INCOME (9+10)	7,994
	Attributed to :	
	a) Shareholders of the company	7,969 (99.6%)
	b) Non controlling assets	25 (0.4%)

12	Paid up equity share capital (face value 1 rupee)	375
13	Basic and diluted earnings per share	21.43
14	Dividend per share	
	a) Interim dividend on equity shares	45.00
	b) Total dividend on equity share	45.00
	c) Total equity dividend percentage	4,500

Cash Flows Statement

- Provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources
- Also includes all cash outflows that organisation pays for business activities and investments during a given period
- Includes 3 major parts:

S. No		Sept 2019
1	Cash Flow from Operating Activities	
	Cash Generated from Operations	17,911
	Taxes Paid	(2302)
	Net cash generated from operating activities	15,609
2	Cash Flow from investing activities	
	Net cash generated from/used in investing activities	(6284)
3	Cash Flows from Financing Activities	
	Net Cash used in financing activities	(11,523)

S. No		Sept 2019
1	Cash from Operating Activities	15,609
2	Net cash used in investing activities	-6,284
3	Net cash used in financing activities	-11,523
	Net change in cash and cash equivalents	-2198
	Cash and Cash Equivalents at the beginning of the period	7,224
	Exchange Difference on translation of foreign currency cash/equivalents	48
	Cash and Cash Equivalents at the end of the period	5,074

Who is performing better financially?

The Infosys logo is displayed in white text on a solid blue rectangular background. The word "Infosys" is written in a sans-serif font, with a registered trademark symbol (®) to the upper right of the "s".

Infosys®

The Tata Consultancy Services logo is displayed in white on a solid blue rectangular background. It features the Tata symbol (a stylized 'T' inside a circle) at the top, followed by the word "TATA" in a bold, sans-serif font, and "TATA CONSULTANCY SERVICES" in a smaller, all-caps, sans-serif font below it.


TATA
TATA CONSULTANCY SERVICES

Balance Sheet Data (INFOSYS vs TCS)

	INFOSYS	TCS	INFOSYS/TCS
Current Assets (Rs mil)	528,780	921,310	57.4%
Current Liabilities (Rs mil)	186,380	220,840	84.4%
Net Fixed Assets (Rs mil)	170,980	132,530	129.0%
Net Worth (Rs mil)	649,480	894,460	72.6%
Total Assets (Rs mil)	847,380	1,149,430	73.7%

Income Data (INFOSYS vs TCS)

	INFOSYS	TCS	INFOSYS/TCS
Net Sales (Rs mil)	826,750	1,464,630	56.4%
Total Revenues (Rs mil)	855,570	1,507,740	56.7%
Gross Profit (Rs mil)	201,700	395,060	51.1%

Income Data (Infosys vs Amazon)

	INFOSYS	AMAZON
Net Income (\$ billion)	0.56	2.10
Total Revenues (\$ billion)	3.14	70.00
Gross Profit (\$ billion)	1.07	2.10

Cash Flow (INFOSYS vs TCS)

	INFOSYS	TCS	INFOSYS/TCS
From Operations (Rs mil)	148,410	285,930	51.9%
From Investments (Rs mil)	-5,750	15,960	-36.0%
From Financial Activity (Rs mil)	-145,120	-278,970	52.0%
Net Cash Flow (Rs mil)	-3,030	23,410	-12.9%

Who is performing better financially?



Balance Sheet Data (Amazon v/s Infosys)

	INFOSYS	Amazon
Current Assets (mil \$)	6892/12021	79054/199099
Current Liabilities(mil \$)	2711/3432	72136/142591
Total Equity (mil \$)	3432	56508

Balance Sheet

Amazon (Mil \$)

Total Current Assets ▾	79054	76790	69431	75101
Cash and Short Term Investments	43401	41463	37020	41250
Cash	-	-	-	-
Cash & Equivalents	23255	22616	23115	31750
Short Term Investments	20146	18847	13905	9500
Total Receivables, Net	16630	16329	15620	16677
Accounts Receivables - Trade, Net	16630	16329	15620	16677
Total Inventory	18766	18580	16432	17174
Prepaid Expenses	-	-	-	-
Other Current Assets, Total	257	418	359	-
Total Assets ▾	199099	191351	178102	162648
Property/Plant/Equipment, Total - Net	90776	86372	81180	61797
Property/Plant/Equipment, Total - Gross	-	71949	66632	-
Accumulated Depreciation, Total	-	-25400	-23000	-
Goodwill, Net	14734	14727	14708	14548
Intangibles, Net	-	-	-	-
Long Term Investments	587	733	713	518
Note Receivable - Long Term	-	-	-	-
Other Long Term Assets, Total	13948	12729	12070	10684
Other Assets, Total	-	-	-	-

Infosys (Mil Rs)

Total Current Assets ▾	488490	497840	528780	517620
Cash and Short Term Investments	196160	206320	258370	259160
Cash	-	-	-	-
Cash & Equivalents	113790	115470	138390	105860
Short Term Investments	82370	90850	119980	153300
Total Receivables, Net	257290	254210	232620	224000
Accounts Receivables - Trade, Net	233240	224580	202010	196600
Total Inventory	680	890	1090	700
Prepaid Expenses	26560	25630	26940	23370
Other Current Assets, Total	7800	10790	9760	10390
Total Assets ▾	852110	857020	847380	828490
Property/Plant/Equipment, Total - Net	172300	168660	133560	126800
Property/Plant/Equipment, Total - Gross	294850	286940	247680	239430
Accumulated Depreciation, Total	-122550	-118280	-114120	-112630
Goodwill, Net	40800	40630	35400	35860
Intangibles, Net	13560	14260	6910	7560
Long Term Investments	39430	37790	46340	45350
Note Receivable - Long Term	73490	73190	73200	75880
Other Long Term Assets, Total	24040	24650	23190	19420
Other Assets, Total	-	-	-	-

Balance Sheets (Amazon(M \$) V/S Infosys (M Inr))

Total Current Liabilities ▾	72136	69678	63695	68391
Accounts Payable	35794	36063	31809	38192
Payable/Accrued	-	-	-	-
Accrued Expenses	27590	24504	22980	14161
Notes Payable/Short Term Debt	-	-	-	-
Current Port. of LT Debt/Capital Leases	1371	1636	1608	9502
Other Current liabilities, Total	7381	7475	7298	6536
Total Liabilities ▾	142591	138290	129692	119099
Total Long Term Debt	38468	38679	38206	39787
Long Term Debt	22472	23329	23322	23495
Capital Lease Obligations	15996	15350	14884	16292
Total Debt	39839	40315	39814	49289
Deferred Income Tax	-	-	-	1490
Minority Interest	-	-	-	-
Other Liabilities, Total	31987	29933	27791	9431
Total Equity ▾	56508	53061	48410	43549
Redeemable Preferred Stock, Total	-	-	-	-
Preferred Stock - Non Redeemable, Net	-	-	-	-
Common Stock, Total	5	5	5	5
Additional Paid-In Capital	31817	30035	28059	26791
Retained Earnings (Accumulated Deficit)	27952	25818	23193	19625
Treasury Stock - Common	-1837	-1837	-1837	-1837
ESOP Debt Guarantee	-	-	-	-
Unrealized Gain (Loss)	-	-	-	-
Other Equity, Total	-1429	-960	-1010	-1035

Total Current Liabilities ▾	192110	238940	186380	167950
Accounts Payable	21340	21850	16550	15250
Payable/Accrued	-	-	-	-
Accrued Expenses	86320	86850	75120	73040
Notes Payable/Short Term Debt	-	-	-	-
Current Port. of LT Debt/Capital Leases	5150	4940	-	-
Other Current liabilities, Total	79300	125300	94710	79660
Total Liabilities ▾	246900	292220	197900	178660
Total Long Term Debt	35620	33380	-	-
Long Term Debt	-	-	-	-
Capital Lease Obligations	35620	33380	-	-
Total Debt	40770	38320	-	-
Deferred Income Tax	7070	7740	6720	5330
Minority Interest	3600	3760	580	540
Other Liabilities, Total	8500	8400	4220	4840
Total Equity ▾	605210	564800	649480	649830
Redeemable Preferred Stock, Total	-	-	-	-
Preferred Stock - Non Redeemable, Net	-	-	-	-
Common Stock, Total	21210	21370	21700	21760
Additional Paid-In Capital	5200	4600	3960	3330
Retained Earnings (Accumulated Deficit)	570120	529800	614790	615090
Treasury Stock - Common	-	-	-	-
ESOP Debt Guarantee	-	-	-	-

Key observations:

- Amazon long term debt: 22472 infosys: 0
- Prepaid expenses : amazon 0 , infosys :26560
- Total assets : long term investments almost equal to other long term assets , in infosys whereas very less as compared to amazon
- Liabilities : Income tax infosys :7070

- Amazon an optimal capital structure for the business
- Amazon operating cash to total debt ratio of 62%
- equity is smaller than total debt levels

Key Takeaways

- Financial statements are issued by the company every three months.
- Financial performance of the company is analysed using three statements.
 - Balance Sheet
 - Income Statement
 - Cash Flow Statement

On the basis of analysis of these three statements ,
conclusion is :

- TCS is performing better than infosys financially.
- Amazon is performing better than Infosys financially.

Sites to visit

- <https://www.infosys.com/investors/reports-filings/quarterly-results/2019-2020/q2/Documents/IFRS-USD-Earnings-release.pdf>
- <https://in.investing.com/equities/amazon-com-inc-balance-sheet>
- <https://www.equitymaster.com/stock-research/compare/INFY-TCS/Compare-INFOSYS-TCS>

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Thank You!