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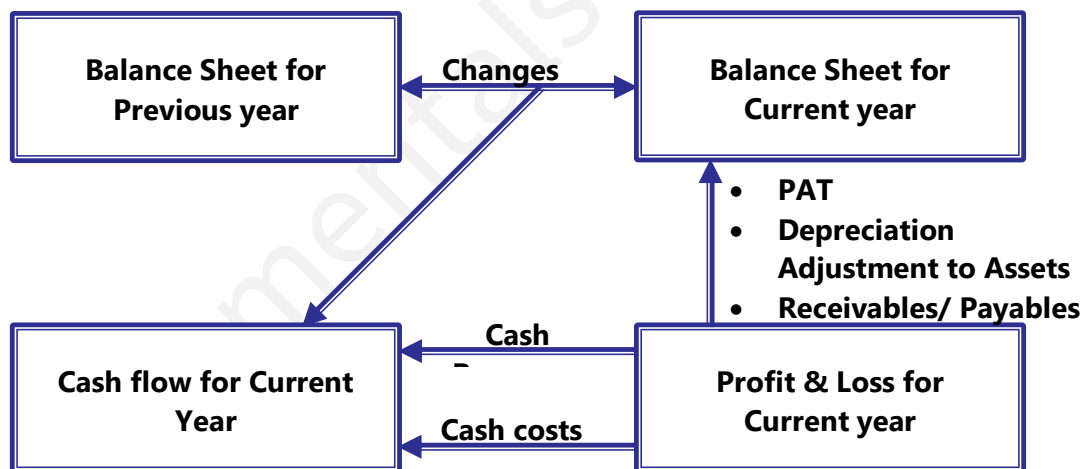
Big Picture



Summary: Big Picture

This lesson helped us combine all three independent statements to create the BIG picture of the financials of a business.

- Each independent statement is incomplete and inaccurate
 - P&L provides a view of Revenues & Expenses but has several notional items;
 - Balance sheet shows us what we OWN & OWE at any given point in time, but does not provide us a sense of what happened during the year;
 - Cash flow provides a lot of information derived from both but is primarily a statement of change and relatively tough to understand.
- The below diagram explains the inter linkage between three statements



Srinivasa Addepalli wrote this Note solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation.

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