

## Module 1

# The Language and Tools of Financial Analysis

## Welcome and Introduction (It all begins with accounting)

Presenter: Paul Kofman





## Introductions and features

- The language and tools of financial analysis
- First course of four in the specialization  
Essentials of Corporate Financial Analysis and  
Decision-Making
- Each course is 'self-contained,' yet integrated  
and connected within the specialization
- Four modules per course
- Quizzes and reflective assessment
- Corporate 'check-ins' and capstone

## Motivation

- Our starting point is to understand corporate  
financial accounts and reports – essentials  
only
- A representative corporation – its business  
operations and financial decision-making
- Financial analysis informs sound business  
decision-making
- Who's interested: owners and managers

## Core business of our corporation

Breakfast cereal to  
kickstart the day...



## Investors, managers and financial analysts

- Annual reporting to the owners at the Annual General Meeting
- Balance sheet, Profit and loss statement
- Narrative
- Regular (quarterly) or extraordinary communications



## Annual general meeting

Reporting to the owners



## Balance Sheet

### Kellogg's 2014 (\$USD millions)

Assets	15,153	Liabilities	12,302
		Equity	2,851
	15,153		15,153



## The profit and loss statement

### Consolidated Statement of Income

(\$USD millions)	2014	2013
Net Sales	14,580	14,792
Cost of goods sold	9,517	8,689
Selling, general and administrative expense	4,039	3,266
<b>Operating profit</b>	<b>1,024</b>	<b>2,837</b>
Interest expense	209	235
Other Income (expense), net	10	4
<b>Income before income taxes</b>	<b>825</b>	<b>2,606</b>
Income taxes	186	792
Earnings (loss) from joint ventures	(6)	(6)
<b>Net income</b>	<b>633</b>	<b>1,808</b>
Net income (loss) attributable to noncontrolling interests	1	1
<b>Net income attributable to Kellogg Company</b>	<b>632</b>	<b>1,807</b>

## The objective of this course and specialization

What the specialization aims to achieve:

- An understanding of financial analysis and corporate decision-making, and the skills to apply this knowledge in practice

What this course contributes:

- Foundations of accounting principles and financial analysis



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