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➤ TREND ANALYSIS

➤ FINANCIAL STATEMENTS

➤ EXCEL

## **Financial Statements**

Financial statements are a summarized data of a company's assets, liabilities, and equities (on the Balance Sheet) and its revenue and expenses (on the Income Statement). Financial statements provide a snapshot of a company's financial health at a point in time. Analyzing this data can help draw conclusions about the financial condition of the company.

## **Trend Analysis**

Financial Statement Trend Analysis is a technique that helps evaluate the trend in the accounts over time (ex: yearly or quarters depending on the circumstances)

Visualizing your Revenue and Expenses is important.

Graphs are useful tools to understand your data and see patterns.

Changes are typically measured in dollar amount and percentages.

When evaluating a company's performance, it is important to show both the dollar amount of change and the percentage of change (as shown here), because either one alone can be misleading.

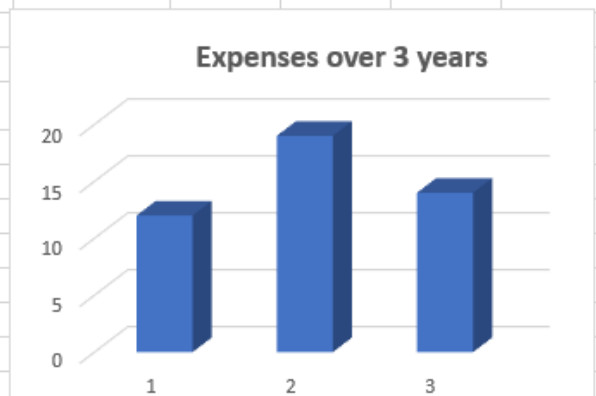
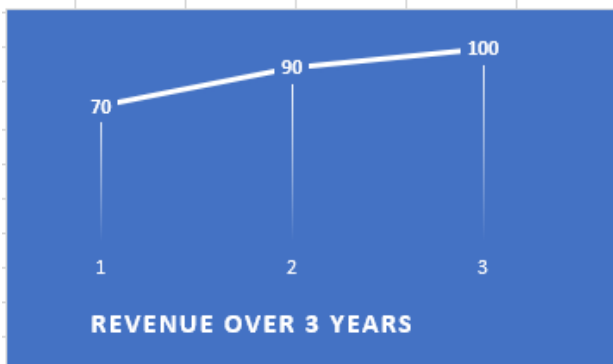
## **Time Changes**

***"Everything changes; the variable is time."***

## Trend Analysis of Income Statements

	A	B	C	D	E	F	G	H
		Year	Year	Year	\$ Change		% Change	
		2016	2015	2014	2016-2015	2015-2014	2016-2015	2015-2014
8	<b>REVENUE (Sales)</b>	100	90	70	=B9-C9	=C9-D9	=(B9-C9)/C9	=(C9-D9)/D9
9	Sales returns and allowances	19	8	5	=B10-C10	=C10-D10	=(B10-C10)/C10	=(C10-D10)/D10
10	<b>Net Sales (=Sales - returns)</b>	=B9-B10	=C9-C10	=D9-D10	=B11-C11	=C11-D11	=(B11-C11)/C11	=(C11-D11)/D11
11								
12								
13	<b>COGS (Cost Of Goods Sold )</b>	42	38	25	=B13-C13	=C13-D13	=(B13-C13)/C13	=(C13-D13)/D13
14	<b>Gross Profit (=Net Sales - COGS)</b>	=B11-B13	=C11-C13	=D11-D13	=B14-C14	=C14-D14	=(B14-C14)/C14	=(C14-D14)/D14
15								
16	<b>EXPENSES (Operations)</b>							
17	- Operating Expenses	10	12	8	=B17-C17	=C17-D17	=(B17-C17)/C17	=(C17-D17)/D17
18	- General Expenses	4	7	4	=B18-C18	=C18-D18	=(B18-C18)/C18	=(C18-D18)/D18
19	<b>Total Expenses (from Operations)</b>	=B17+B18	=C17+C18	=D17+D18	=B19-C19	=C19-D19	=(B19-C19)/C19	=(C19-D19)/D19
20								
21	<b>INCOME</b>							
22	- Operating Income (= Net Sales - COGS - Total Expenses)	=B14-B19	=C14-C19	=D14-D19	=B22-C22	=C22-D22	=(B22-C22)/C22	=(C22-D22)/D22
23	- Nonoperating Income	3	0	1	=B23-C23	=C23-D23	-	=(C23-D23)/D23
24	<b>Total Income (EBIT)</b> (Earnings Before Interest Expenses & Taxes)	=B22+B23	=C22+C23	=D22+D23	=B24-C24	=C24-D24	=(B24-C24)/C24	=(C24-D24)/D24
25	Interest expense (on borrowed money)	2	2	2	=B25-C25	=C25-D25	=(B25-C25)/C25	=(C25-D25)/D25
26	<b>(Total) Income Before Taxes</b>	=B24-B25	=C24-C25	=D24-D25	=B26-C26	=C26-D26	=(B26-C26)/C26	=(C26-D26)/D26
27	Income taxes (40% )	=B26*0.4	=C26*0.4	=D26*0.4	=B27-C27	=C27-D27	=(B27-C27)/C27	=(C27-D27)/D27
28	<b>NET INCOME</b>	=B26-B27	=C26-C27	=D26-D27	=B28-C28	=C28-D28	=(B28-C28)/C28	=(C28-D28)/D28
29								
30								
31	(EPS) Earnings per share (4500 shares)	=B28/4500*1000	=C28/4500*1000	=D28/4500*1000	=B31-C31	=C31-D31	=(B31-C31)/C31	=(C31-D31)/D31
32	<b>Retained Earnings (= Net Income- Dividends)</b>	3.96	3	2	=B32-C32	=C32-D32	=(B32-C32)/C32	=(C32-D32)/D32

### Trends in Revenue and Expenses on the Income Statements in units of \$1000



## Trend Analysis Of Balance Sheet

	A	B	C	D	E	F	G	H
		Year	Year	Year	S Change		% Change	
		2016	2015	2014	2016-2015	2015-2014	2016-2015	2015-2014
7	<b>ASSETS:</b>							
8	<b>Current Assets (that can sell within a year):</b>							
10	Cash & Cash Equivalents	30	17	10	=B10-C10	=C10-D10	=(B10-C10)/C10	=(C10-D10)/D10
11	Accounts receivable	20	5	2	=B11-C11	=C11-D11	=(B11-C11)/C11	=(C11-D11)/D11
12	Marketable securities	20	5	1	=B12-C12	=C12-D12	=(B12-C12)/C12	=(C12-D12)/D12
13	Inventory	50	2	1	=B13-C13	=C13-D13	=(B13-C13)/C13	=(C13-D13)/D13
14	<b>Total Current Assets</b>	=SUM(B10:D13)	=SUM(C10:D13)	=SUM(D10:D13)	=SUM(E10:E13)	=SUM(F10:F13)	=SUM(G10:G13)	=SUM(H10:H13)
15	Plant assets (machinery)	50	40	16.8	=B15-C15	=C15-D15	=(B15-C15)/C15	=(C15-D15)/D15
16	<b>TOTAL ASSETS</b>	=SUM(B14:D15)	=SUM(C14:D15)	=SUM(D14:D15)	=B16-C16	=C16-D16	=(B16-C16)/C16	=(C16-D16)/D16
17								
18	<b>LIABILITIES</b>							
19	<b>Current liabilities</b>	55.4	30	10	=B19-C19	=C19-D19	=(B19-C19)/C19	=(C19-D19)/D19
20	<b>Long-term liabilities</b>	78	2	1	=B20-C20	=C20-D20	=(B20-C20)/C20	=(C20-D20)/D20
21	<b>TOTAL LIABILITIES</b>	=SUM(B19:D20)	=SUM(C19:D20)	=SUM(D19:D20)	=B21-C21	=C21-D21	=(B21-C21)/C21	=(C21-D21)/D21
22								
23	<b>STOCKHOLDERS EQUITY</b>							
24	Common stock (Shareholders capital)							
25	\$10 par value, 450 shares (=10*4500)	33	34	5	=B24-C24	=C24-D24	=(B24-C24)/C24	=(C24-D24)/D24
26	Retained earnings	3.6	3	1.8	=B25-C25	=C25-D25	=(B25-C25)/C25	=(C25-D25)/D25
27	<b>TOTAL STOCKHOLDERS EQUITY</b>	=SUM(B24:D25)	=SUM(C24:D25)	=SUM(D24:D25)	=SUM(E24:E25)	=SUM(F24:F25)	=(B26-C26)/C26	=(C26-D26)/D26
28	<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	=B21+B26	=C21+C26	=D21+D26	=B28-C28	=C28-D28	=(B28-C28)/C28	=(C28-D28)/D28

**Trends in Assets, Liabilities and Equities on the Balance Sheet**  
in units of \$1000

