**Analyzing an Income Statement**

# Introduction

and profit.

# Objectives

* Describe an income statement and how it is used
* Identify the parts of an income statement
* Describe Earnings per Share and the Price to Earnings Ratio
* Build an income statement in Excel
* Use formulas to calculate Earnings per Share and the Price to Earnings Ratio
* Identify and resolve formula errors in Excel

# Key Points

* For a public company, a budget is an internal tool whereas an income statement is a public document.
* The earnings before interest and taxes (EBIT) value is a measure of the earning power of a company’s operation.