

FINANCIAL STATEMENTS SCHOOL

LEARN TO READ A BALANCE SHEET,
INCOME STATEMENT, AND
CASH FLOW STATEMENT, **VISUALLY**



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Hello and Welcome!

**Thank you for enrolling in
Financial Statements.School!**

**We created this course to help you
to master the basics of reading the
3 main financial statements.**

**This eBook contains seven simple
infographics that will help you
better understand the Balance
Sheet, Income Statement, and Cash
Flow Statement.**

Enjoy!



Brian Feroldi



&



Brian Stoffel



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FINANCIAL STATEMENTS



BEGINNER'S GUIDE

INCOME STATEMENT

Income Statement (Period)

Revenue

- Cost of Goods Sold

Gross Profit

- Operating Expenses

Operating Income

- Non-Operating Income/Expense

Pre-Tax Income

- Income Tax

Net Income

/ Shares Outstanding

Earnings Per Share



PURPOSE
Track Income & Expenses



SIMILAR TO
Your Monthly Budget



TIME
Period of Time



ACCOUNTING

BALANCE SHEET

Balance Sheet (Specific Date)			
Assets		Liabilities	
Cash & Cash Equivalents		Payables & Accrued Expenses	
Marketable Securities		Short-Term Debt	
Accounts Receivable		Other Current Liabilities	
Inventory		Long-Term Debt	
Other Current Assets		Other Long-Term Liabilities	
Long-Term Investments		Preferred Stock	
Long-Term Assets		Common Stock & Additional Paid-In Capital	
Fixed Assets		Retained Earnings	
Goodwill		Treasury Stock	
Other Long-Term Assets			



PURPOSE

Track What it Owns & Owes



SIMILAR TO

Your Net Worth



TIME

Point in Time Snapshot



ACCOUNTING

Accrual Accounting

CASH FLOW STATEMENT

Cash Flow Statement (Period)

Net Income

+ Non-Cash Charges

+ Changes In Working Capital

Operating Cash Flow

- Capital Expenditure for Property, Plant, & Equipment

- Acquisitions

+ Proceeds From Sale of Investments

Net Cash From Investing Activities

+ Borrow / Repay debt

+ Issue / Repurchase Stock

- Pay Dividends

Net Cash From Financing Activities

+ Changes in Cash During Period

Cash Start of Period

Cash End of Period



PURPOSE

Track Cash Movement



SIMILAR TO

Your Checking Account



TIME

Period of Time



ACCOUNTING

BALANCE SHEET OVERVIEW



Balance Sheet (Specific Date)					
Assets			Liabilities		
Current Assets (<1 Year)	Cash & Cash Equivalents	Cash / T-bills / CDs <3 Month Maturity	Current Liabilities (<1 Year)	Payables & Accrued Expenses	Interest / Wages / Dividends / Taxes / Accrued Liabilities
	Marketable Securities	Liquid Equity / Bonds Expected To Be Used In <1 Year		Short-Term Debt	Interest & Principal On Debt Due <1 Year
	Accounts Receivable	Money That Is Owed By Customers		Other Current Liabilities	Catch-All Category Of Liabilities Due <1 Year
	Inventory	Raw Materials & Finished Goods Available For Sale	Long-Term Liabilities (>1 Year)	Long-Term Debt	Interest & Principal On Debt Due >1 Year
	Other Current Assets	Catch-All Category Of Assets Expected To Last <1 Year		Other Long-Term Liabilities	Catch-All Category Of Liabilities Due >1 Year
Long-Term Assets (>1 Year)	Long-Term Investments	Investments The Company Intends To Hold For >1 Year	Shareholder Equity	Preferred Stock	Equity That Can Claim Income From Earnings
	Fixed Assets	Land / Machinery / Equipment / Buildings / Durable Assets		Common Stock & Additional Paid-In Capital	Money Shareholders Have Invested In The Company
	Goodwill	Premiums Paid To Acquire Other Businesses		Retained Earnings	Accumulated Profits The Business Keeps
	Other Long-Term Assets	Catch-All Category Of Assets Expected To Last >1 Year		Treasury Stock*	Stock The Company Has Repurchased ("Not Always Reported")

PURPOSE Track What It Owns & Owes	TIME Point in Time Snapshot
SIMILAR TO Your Net Worth	ACCOUNTING Accrual Accounting



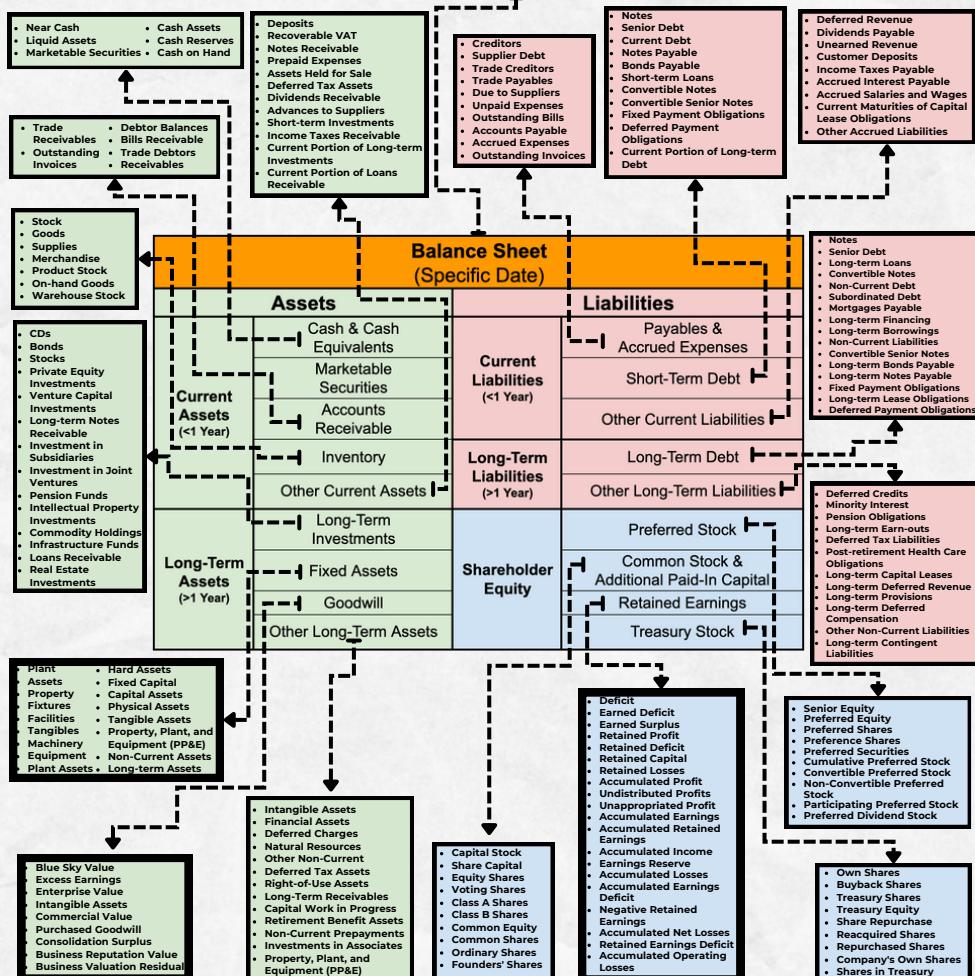
ADDITIONAL DETAILS

- Assets must always equal Liabilities + Shareholder's Equity.
- Cash Balance comes from the ending balance on the Cash Flow Statement.
- Retained Earnings = last period's Balance Sheet + Net Income - Dividends
- Management teams have discretion of the categories & terms they use.

BALANCE SHEET SYNONYMS

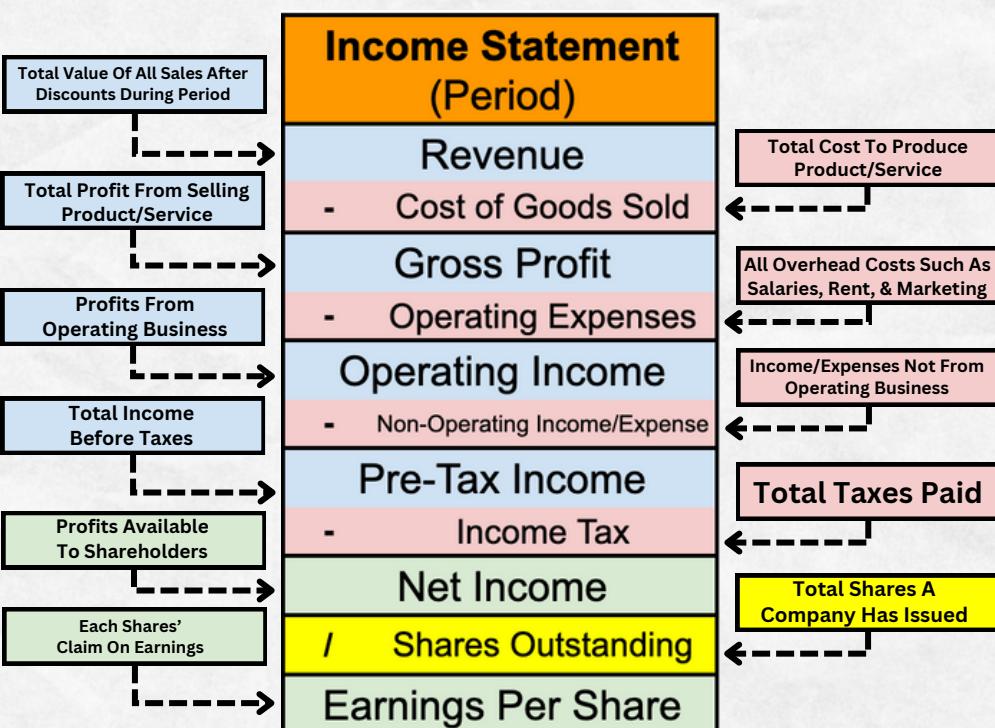


• NET WORTH STATEMENT **• FINANCIAL STATUS REPORT** **• STATEMENT OF FINANCIAL POSITION** **• STATEMENT OF FINANCIAL CONDITION**





INCOME STATEMENT EXPLAINED SIMPLY

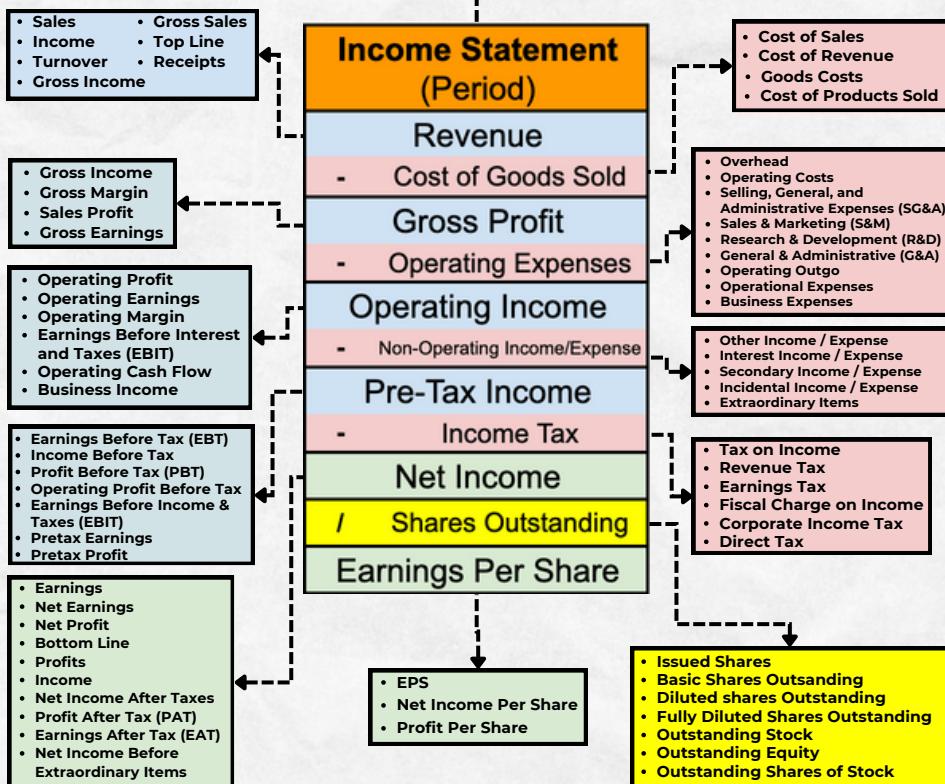


PURPOSE: Track Income & Expenses		TIME: Period of Time	
SIMILAR TO: Your Monthly Budget		ACCOUNTING: Accrual Accounting	
 ADDITIONAL DETAILS		<ul style="list-style-type: none"> Also called a “Profit & Loss” statement or “P&L”. Has a start and end date. Net Income is added to Retained Earnings on the Balance Sheet. 	



INCOME STATEMENT SYNONYMS

- | | |
|--|---|
| <ul style="list-style-type: none">Earnings StatementOperating StatementStatement of Operations | <ul style="list-style-type: none">Statement of EarningsProfit and Loss Statement (P&L)Revenue Statement |
|--|---|



CASH FLOW STATEMENT EXPLAINED SIMPLY

Cash Flow Statement (Period)		Start & End Date
Operating Activities	Net Income	From Income Statement
	+ Non-Cash Charges	Depreciation, Amortization, Stock-based Compensation
Investing Activities	+ Changes In Working Capital	Receivables, Payables, & Inventory
	Operating Cash Flow	
	- Capital Expenditure for Property, Plant, & Equipment	Total Cash Generated From Operations
Financing Activities	- Acquisitions	Cash Spent on Buildings & Equipment
	+ Proceeds From Sale of Investments	Cash Paid to Acquire Other Businesses
	Net Cash From Investing Activities	
Financing Activities	+ Borrow / Repay debt	Cash Proceeds From Asset Sales
	+ Issue / Repurchase Stock	Total Cash Generated From Investments
	- Pay Dividends	Cash Proceeds / Outlays From Debt
Net Cash From Financing Activities		Cash Proceeds / Outlays From Stock
+ Changes in Cash During Period		Cash Payments To Shareholders
Cash Start of Period		Total Cash Generated From Financing
Cash End of Period		Total Change In Cash During Period
Cash Start of Period		Starting Cash Level
Cash End of Period		Ending Cash Level Sent To Balance Sheet

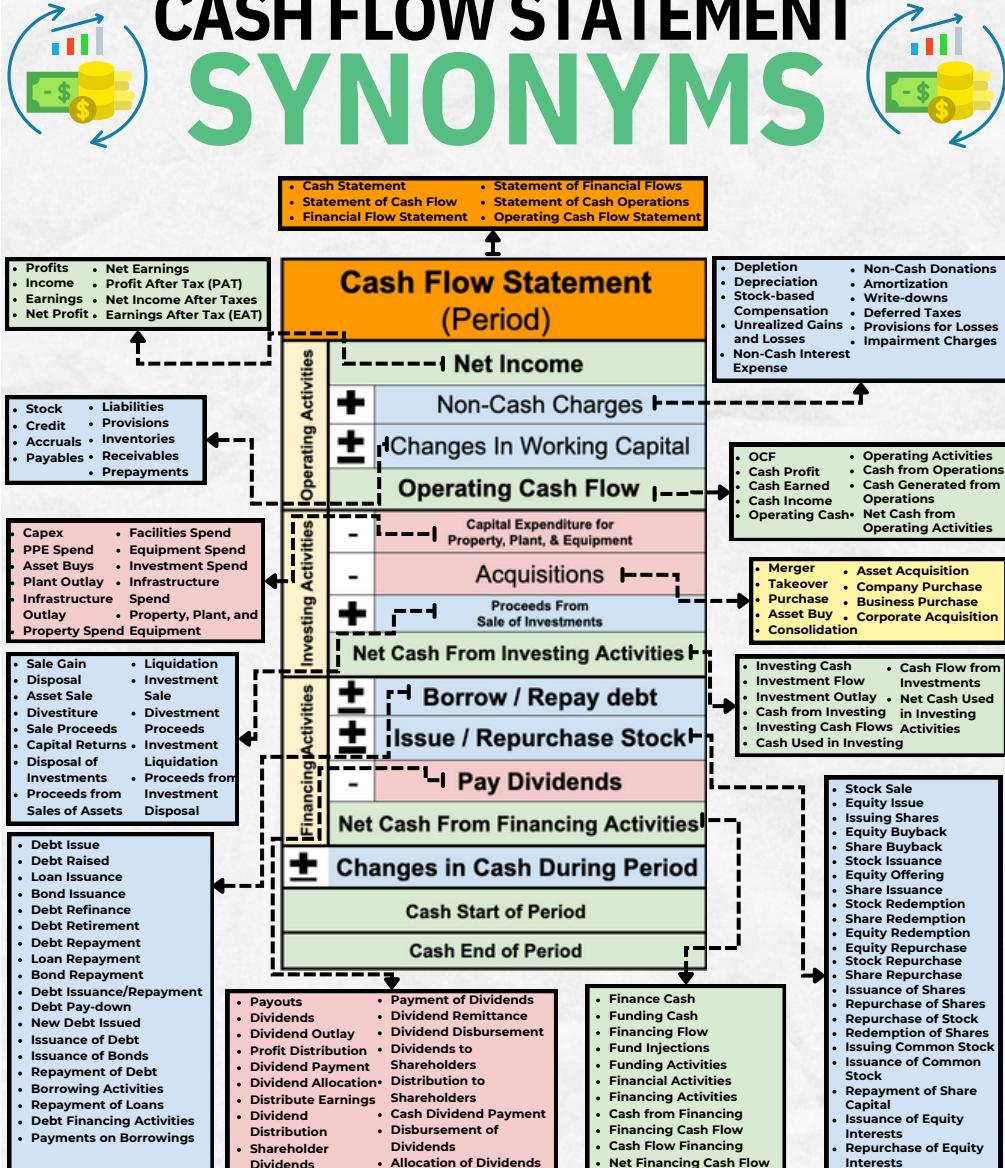
PURPOSE	Track Cash Movement	TIME
SIMILAR TO	Your Checking Account	Period of Time

ACCOUNTING	Cash Accounting
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ADDITIONAL DETAILS

- Has a start and end date.
- Begins with Net Income from Income Statement
- Cash Flow From Operation - Capital Expenditures = Free Cash Flow.
- Ending Cash Balance goes on the Balance Sheet.

CASH FLOW STATEMENT SYNONYMS



- Cash Statement
- Statement of Cash Flow
- Financial Flow Statement
- Statement of Financial Flows
- Statement of Cash Operations
- Operating Cash Flow Statement

- Profits
- Net Earnings
- Income
- Profit After Tax (PAT)
- Earnings
- Net Income After Taxes
- Net Profit
- Earnings After Tax (EAT)

- Stock
- Liabilities
- Credit
- Provisions
- Accruals
- Inventories
- Payables
- Receivables
- Prepayments

- Capex
- Facilities Spend
- PPE Spend
- Equipment Spend
- Asset Buys
- Investment Spend
- Plant Outlay
- Infrastructure
- Infrastructure Outlay
- Property, Plant, and Equipment Spend
- Property Spend Equipment

- Sale Gain
- Liquidation
- Disposal
- Investment
- Asset Sale
- Sale
- Divestiture
- Divestment
- Sale Proceeds
- Proceeds
- Capital Returns
- Investment
- Disposal of Investments
- Liquidation
- Proceeds from Sales of Assets
- Proceeds from Investment
- Sales of Assets
- Disposal

- Debt Issue
- Debt Raised
- Loan Issuance
- Bond Issuance
- Debt Refinance
- Debt Retirement
- Debt Repayment
- Loan Repayment
- Bond Repayment
- Debt Issuance/Repayment
- Debt Pay-down
- New Debt Issued
- Issuance of Debt
- Issuance of Bonds
- Repayment of Debt
- Borrowing Activities
- Repayment of Loans
- Debt Financing Activities
- Payments on Borrowings

- Depletion
- Depreciation
- Stock-based Compensation
- Unrealized Gains and Losses
- Non-Cash Interest Expense
- Amortization
- Write-downs
- Deferred Taxes
- Provisions for Losses and Impairment Charges

- OCF
- Cash Profit
- Cash Earned
- Cash Income
- Operating Cash
- Operating Activities
- Cash from Operations
- Cash Generated from Operations
- Net Cash from Operating Activities

- Merger
- Takeover
- Purchase
- Asset Buy
- Consolidation
- Asset Acquisition
- Company Purchase
- Business Purchase
- Corporate Acquisition

- Investing Cash
- Investment Flow
- Investment Outlay
- Cash from Investing
- Investing Cash Flows
- Cash Used in Investing
- Cash Flow from Investments
- Investment Outlays
- Net Cash Used in Investing
- Cash Flows from Investments

- Stock Sale
- Equity Issue
- Issuing Shares
- Equity Buyback
- Share Buyback
- Stock Issuance
- Equity Offering
- Share Issuance
- Stock Redemption
- Share Redemption
- Equity Redemption
- Equity Repurchase
- Stock Repurchase
- Share Repurchase
- Issuance of Shares
- Repurchase of Shares
- Repurchase of Stock
- Redemption of Shares
- Issuing Common Stock
- Issuance of Common Stock
- Repayment of Share Capital
- Issuance of Equity Interests
- Repurchase of Equity Interests

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