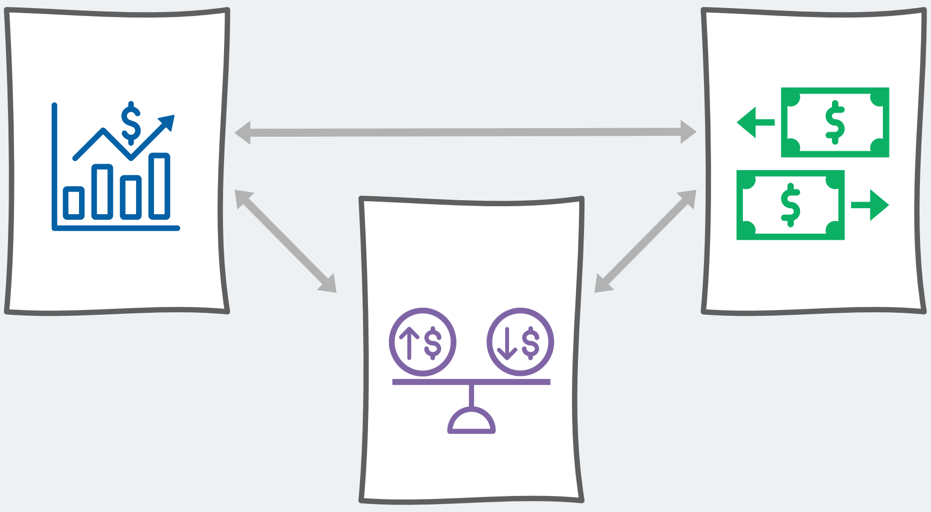
# Financial Reports

## provide insights into business performance!

Generally accepted accounting principles (GAAP), governed by the SEC, require public companies to publish these three reports




**All three reports are needed to assess how the business is doing.**

| | Income Statement | Balance Sheet | Cash Flow Statement |
|---|---|---|---|
| **Information it provides** | Revenue<br>Cost of Goods Sold<br>Gross Profit<br>SG&A<br>Operating Profit<br>Interest and Taxes<br>Net Profit | Cash<br>Accounts Receivable<br>Inventory<br>Plant, Property and Equipment<br>Accounts Payable<br>Taxes Payable<br>Debt<br>Retained Earnings | Operating Cash Flow<br>Investing Cash Flow<br>Financing Cash Flow |
| **Key metrics to monitor and manage performance** | Revenue growth<br>Gross Margin %<br>Operating Income %<br>Net Profit %<br>Earnings per Share | Asset utilization<br>Days Sales Outstanding<br>Inventory Turns<br>Return on Assets<br>Leverage<br>Return on Equity | Free cash flow<br>Operating cash flow ratio<br>Dividend growth |
| **Questions it answers** | Is the business growing?<br>Is the business profitable? | Are assets being managed effectively?<br>How is the business funded? | Is the business generating cash?<br>Where is cash coming from?<br>How is cash being used? |

**Each report provides different information, but none is sufficient on its own**