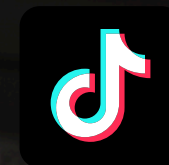


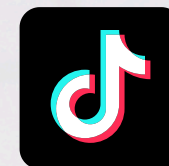
# Analysing the financial performance flash cards



# Income statement

## Profit and Loss Statement

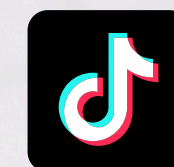
Item	Amount (USD)	%
Revenue		
Product Sales	\$700,000	
Service Revenue	\$150,000	
Revenue	\$	



# Income statement

An income statement is also known as a profit and loss account. It shows a businesses revenue, costs, profit and loss over a period of time

Item	
Revenue	
Product Sales	
Service Revenue	



# Income statement

It is important you can interpret an income statement. View the years, calculate the % change and ensure you understand the positives and negatives.

Revenue is all the money coming into the business. Revenue has increased from 274 to 800, which is positive and is a rise of 191%.

	2025 (£ million)	2024 (£ million)	2023 (£ million)
Revenue	800	536	274
Cost of goods sold	325	230	130
Total expenses	563	397	259
Net profit/loss	(88)	(91)	(115)

Cost of goods sold is the direct cost of producing the product. This has increased which you would expect as revenue has increased, so it shows that more products are being sold therefore more need to be made. They are managing costs well as in proportion to revenue the increase is lower.

Total expenses are the indirect costs (general running costs). These have increased which you would expect due to an increase in revenue as more sales means more costs. They are managing general costs well as in proportion to revenue the increase is lower.

Net profit / loss is the overall profit or loss a business makes after all costs have been deducted. Brackets show the business is making a loss. However their loss has been reducing due to an increase in revenue and an improvement in managing costs. The business will need to continue this to ensure it can be profitable.

# Balance Sheet

Statement of financial position

Assets

Current assets

Cash and

Accounts

Inventory

Prepaid expenses

Total current assets

Liabilities

Liabilities

Amount

\$298,000

\$29,000

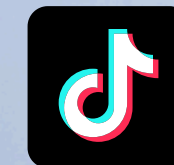
15,000

Mrs SCOTT  
Revision with Mrs S



# Statement of financial position

A statement of financial position is also known as a balance sheet. It shows what a business owns, what it owes and its value at a specific point in time.



\$298,000

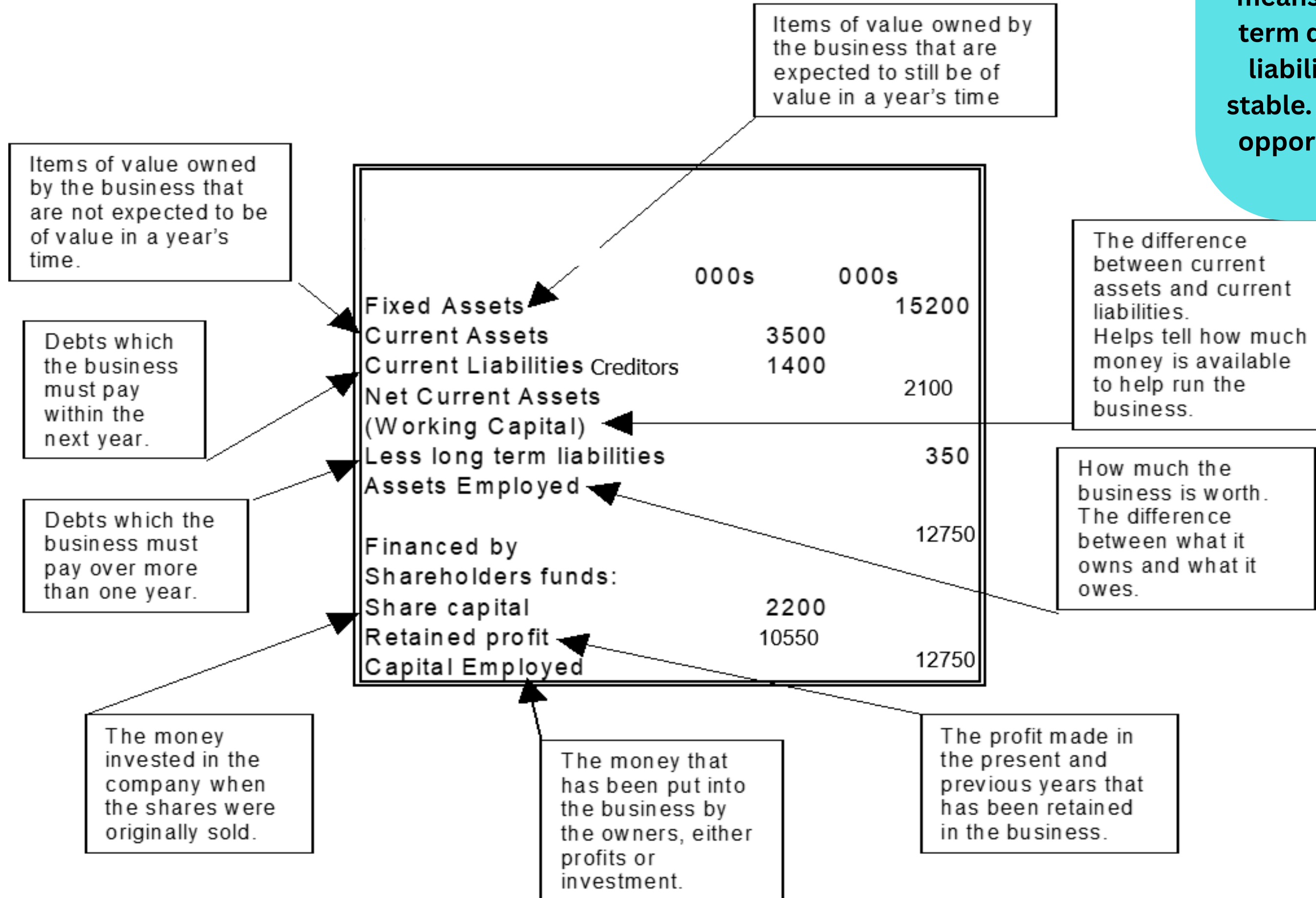
\$29,000

\$15,000

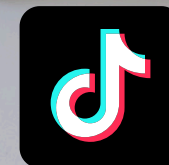
Mrs SCOTT  
Revision with Mrs S

# statement of financial position

This business is looking stable and healthy. They have more than double current assets to current liabilities, this means they can easily pay their short term debts. They have low long term liabilities, which shows they are very stable. However are they taking all the opportunities they can with such low debt?

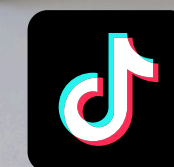


# Asset's

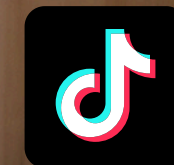


# Asset's

Asset's are things the business owns and that have value and can help the business operate or make money.



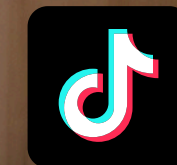
# Non-current assets



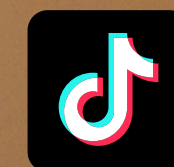
# Non-current assets

These are assets that a business keeps for a long period of time (usually more than one year.). Examples:

Property  
Vehicles  
Machinery



# Current assets



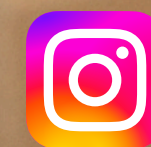
# Current assets

These are assets that are converted into cash within one year. Examples:

Cash

Inventory (stock)

Accounts receivable (money customers owe the business)

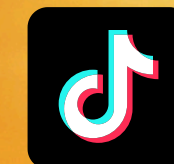


# Liabilities



# Liabilities

This is money a business owes to others, such as banks, suppliers or the government.

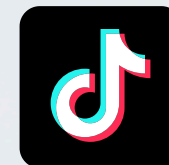


INVOICE

# Current liabilities

## Overview

Current account	\$ -769,31
Savings account	\$ 0,85



INVOICE

# Current liabilities

Current liabilities are debts that the business must pay within 12 months. Examples are:

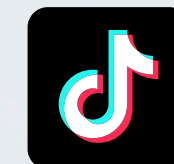
Overdraft

Trade Credit (Money owed to suppliers for stock.)

Short-term loan

\$ -769,31

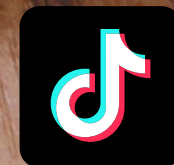
\$ 0,85



# Non-current liabilities

A

N



# Non-current liabilities

Non-current liabilities are debts a business must pay over a longer period of time (more than 1 year.)

Examples: Mortgage, Long-term loans

