

OSMA KHAN(BBA/1-18/M01005)

FINAL TERM

SUBMIT BY SIR ASIF IQBAL

QUESTION NO 1

HORIZONTAL ANALYSIS:

Horizontal analysis also called trend analysis is a technique for evaluating a series of financial statements data over a period of time .

- Purpose is to determine the increase or decrease that has taken place .
- Commonly applied to the balance sheet income statement of retained earnings.

QUESTION NO 2

VERTICAL ANALYSIS:

vertical analysis also called common – size analysis is a technique that expresses each financial statement item as a percent of a base amount.

- On an income statement we might say that selling expenses are 16%. Of net sales .
- Vertical analysis is commonly applied to the balance sheet and the income statement.

QUESTION NO 3

INTER COMPANY:

Intracompany accounting involves recording financial transactions between different legal entities within the same parent company. Common scenarios include sales and purchases of services and goods between a parent company and its subsidiaries, fee sharing, cost allocation, royalties, and financing activities.

BASIC TOOLS OF INTER COMPANY:

If a ratio is calculated for a single accounting period, it will not yield any meaningful information. Ratio analysis, any kind of financial analysis, is performed on a constant basis.

- Trend analysis are the calculations of a particular ratio over as well as are that it's for different accounting periods are trend analysis.
- For example: A research analyst in the fashion industry would be interested in knowing how people's preferences in terms of clothing have changed every summer in the past five years. In the same way, investors would also be interested in finding out what path a firm's Earnings per share has taken over the past five years.

- Trend analysis the comparison between different time – period help in identifying an upward or down word trend present in a business earnings, profitability , debt etc.

INTRACOMPANY :

Means within a single company and can be either a horizontal analysis or vertical or often o combination of both . Horizontal analysis involves laying out periods of information side by side in order to analyze trends.

BASIC TOOLS OF INTRACOMPANY :

Horizontal analysis also called trend analysis is a technique for evaluating a series of financial statements data over a period of time .purpose is to determine the increase or decrease that has taken place.

For example:Horizontal analysis typically shows the change from the base periods in a dollar and percentage . A statement that says revenue have increased by 10% this past quarter basic in horizontal.

INDUSTRY AVERAGE:

Industry Average the ratio are summarized measure of company financial performance in form of collection of data usually financial ratio from a various type of business that offers different products and services. Publishers collect data form financial statement if a great range of firms to obtain industry averages.

- When evaluating the financial health of a company analysts perform on overall industry financial analysis.

They do this to highlight changes and trend have impact on the entire industry.

BASIC TOOLS OF INDUSTRY AVERAGES:

- **VERTICAL ANALYSIS:**

Vertical analysis also called common size analysis is a technique that expresses each financial statements item as percent of a base amount on an income statement we might say that selling expense are net sales.

- For Example : when a vertical analysis is done on an income statement it will show the top line sales number as 100% and every other account will show as a percentage of the total sales number.

RATION ANALYSIS:

- Ration analysis expresses the relationship among selected items of financial statement data . Ration analysis can mark how company is performing over time while comparing a company to another within the same industry or sector while ratio offer useful in sight into a company be paired with other metrics to obtain a broader of a company financial health.
- For example: the debts to asset ratio for 2013 total liabilities/total assets= $\$1074/3373=31.18\%$ this means that 31.8% of the firm assets are financial with debt in 2014 The debt ratio is 27.8% in 2014 the business is using more quality financial than debts financial to operate the company.

QUESTION NO 4

FINANCIAL STATEMENT:

- Financial statement are written record that convey the business activities and the financial performance of a company.
- The balance sheet provided an overview of assets liabilities and stockholders equity as a snapshot in time.
- The income statement primarily focuses on a company revenues and expenses during a particular a period . Once expenses are subtracted from revenues the statement produces a company profit figure called net income.
- The cash flow statement (CFS) measures how well a company generated cash to pay its debt obligations fund its operating expenses and fund investments.
- **FINANCIAL STATEMENTS OF ARE PURE FOLLOWINGS ODER :**
 - Income statement
 - Statement of Retained earnings also called statements of owners equity.
 - The balance sheet
 - The statement of cash flows.

INCOME STATEMENT:

The income statement report the revenue and expenses of a company and show the profitability of that business organization for a started period of time. The net

income or loss calculated is used in the statement of retained earnings.

STATEMENT RETAINED:

The statements of retained earnings show the change in retained earnings between the beginning of the period (e. g a month) and it end . The ending retained earnings is used by the balance sheet.

BALANCE SHEET:

The balance sheet lists the assets liabilities and equity (including) of a business organization at a specific moments in time and proves the accounting equation.

THE STATEMENT OF CASH :

The statement of cash flows which show the cash inflows and cash outflow for a company for a started period of time . The statement of cash flows uses information from all previous financial statements.