

Fundamentals of Financial Analysis

In this session you will be asked one simple question:

Without knowing the name, industry, or any other information about this company, would you loan this company money with only their financial data as your base of information?

It's time to bring together all the skills we have learned thus far and utilize them in a hands-on way. Get ready to apply your learnings to this real live case study!

Instructions:

1. Download and print the following files.
 - **Sky Is the Limit LLC Financial Statements** - A 3-year financial spread of the income & cash flow statements and balance sheets.
 - **Sky Is the Limit LLC KPI Exercise Sheet** - A KPI exercise worksheet to help you work through all the key numbers and assess the financial performance and health of the business.
 - **The Story** - A brief narrative on the background of the company, a summarized version of what was provided to an actual loan committee at a bank.
2. Review the Sky is the Limit LLC Financial Statements and complete the KPI Exercise Sheet
3. Once completed print the **Sky Is the Limit LLC KPI Answer Key**. Check your numbers.
4. Review the financial statement and your KPI Sheet and make a list of what do you notice?
 - a. What are the positive trends?
 - b. What are the downward trends?
 - c. What has changed, what has not?
 - d. What questions would you have?
 - e. What is great, or concerning, or what additional comments would you have?
5. Optional – Fill in the numbers left blank on **The Story file**. This is the narrative the bank received and some additional financial information the bank brought into its decision making.
6. Based on that information, would or would not loan money to this company. It's time to make your recommendation. Would you loan money to them? Why or why not?
7. After completing the exercise, we will share the outcome of what happened with this loan proposal providing you with a real life-learning scenario.

Note: Please be aware this is an advanced exercise.

If you find yourself getting stuck, we suggest one or more of the following

1. Start by remembering your first step is simply locating where one of the numbers is on the financial statement. Locate each number needed to calculate the KPI calculation. Then simply do the math. Put simple, find it on the map, do the math.
2. Reviewing the financial statement and KPI Answer key to do your review if doing the KPI exercise proves to be to challenging.
3. Review again our instructional videos outlining the exercise
4. Jump to watch the recap of us reviewing these financial statement and result of the decision the bank made if absolutely necessary. Afterwards though try to go back and complete the KPI exercise sheet
5. Lastly, a coaching session may also be a good approach to working through this module. Remember this is about Mastery, if you get this session down you are well on your way to Mastery. If you can do this you can read any financial statement!