

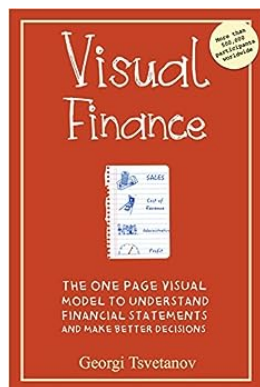
The One Page Visual Model To Understand Financial Statements And Make Better Decisions

Financial statements serve as important tools for businesses and investors to assess the financial health and performance of a company. These statements provide valuable insights into a company's profitability, solvency, and liquidity. However, understanding financial statements can be overwhelming for many individuals, especially those without a background in finance or accounting.

The good news is that there is a simple yet effective visual model that can help anyone understand financial statements and make better decisions based on the information disclosed. This one-page model encompasses the three main financial statements - the income statement, the balance sheet, and the cash flow statement - in a simplified and visual format.

Understanding the Income Statement

The income statement, also known as the profit and loss statement, provides an overview of a company's revenues, expenses, and net income over a specific period. It showcases the company's ability to generate profit from its core operations.



Visual Finance: The One Page Visual Model to Understand Financial Statements and Make Better Business Decisions by Georgi Tsvetanov (Kindle Edition)

★★★★☆ 4.2 out of 5

Language : English

File size : 4134 KB

Text-to-Speech : Enabled

Screen Reader : Supported

Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 180 pages
Lending : Enabled



Using the one-page visual model, the income statement is divided into three main sections:

1. Revenue: This section outlines a company's total sales or fees earned from its products or services.
2. Expenses: This section lists the costs incurred to generate revenue, including operating expenses, salaries, and taxes.
3. Net Income: The final section calculates the net profit or loss by subtracting expenses from revenue.

The one-page visual model uses graphs, charts, and color coding to present the information in a more user-friendly and comprehensible way. This enables individuals to quickly grasp the financial performance of a company and identify any concerning trends.

Deciphering the Balance Sheet

The balance sheet is a snapshot of a company's financial position at a specific point in time. It provides an overview of a company's assets, liabilities, and shareholders' equity. It illustrates the company's financial stability and the resources it has at its disposal.

The one-page visual model breaks down the balance sheet into the following sections:

1. **Assets:** This section outlines the resources owned by the company, including cash, inventory, and property.
2. **Liabilities:** This section lists the company's obligations, such as loans, accounts payable, and accrued expenses.
3. **Shareholders' Equity:** The final section represents the company's net worth and is calculated by subtracting liabilities from assets.

By representing the balance sheet visually, individuals can easily identify the liquidity and solvency of a company. They can assess the company's ability to meet its short-term and long-term obligations, as well as its overall financial health.

Unveiling the Cash Flow Statement

The cash flow statement provides insights into a company's cash inflows and outflows over a specific period. It reflects the actual cash generated from operating, investing, and financing activities.

The one-page visual model showcases the cash flow statement through the following categories:

1. **Operating Activities:** This section illustrates the cash generated or used from a company's day-to-day operations, such as sales and expenses.
2. **Investing Activities:** This section highlights the cash flows related to the acquisition or sale of long-term assets, like property, plant, and equipment.

3. **Financing Activities:** The final section represents the cash flows associated with the financing of the company, including issuing new debt or equity and paying dividends.

Visualizing the cash flow statement allows individuals to evaluate a company's ability to generate cash, invest in growth opportunities, and meet its financial obligations. It provides a clearer picture of the company's cash position and its ability to fund its operations.

Making Better Decisions

The one-page visual model is a powerful tool for individuals to gain a better understanding of financial statements. By simplifying complex data into an easily digestible format, it empowers individuals to make more informed decisions, whether they are investors, small business owners, or professionals.

With this clear overview of a company's financial performance, individuals can identify strengths, weaknesses, and trends that may impact the decision-making process. They can assess the company's profitability, liquidity, and solvency, and make well-informed choices about investments, partnerships, or business strategies.

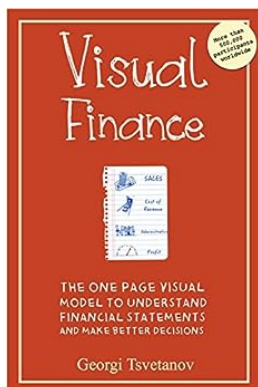
The one-page visual model acts as a roadmap to navigate through the vast amount of information provided in financial statements. It condenses the key insights into a concise and visual format, transforming complex financial data into actionable knowledge.

Financial statements are critical tools for assessing a company's financial health and performance. However, understanding these statements can be challenging for those without a finance or accounting background. The one-page visual model

simplifies financial statements, allowing individuals to grasp the key information and make better decisions.

With this model, individuals can decipher the income statement, understand the balance sheet, and unveil the cash flow statement. By visualizing these statements, they gain insights into a company's profitability, stability, and cash position. Armed with this knowledge, individuals can make informed decisions regarding investments, business strategies, and partnerships.

Remember, knowledge is power, and the one-page visual model equips individuals with the power to understand financial statements and make better decisions.



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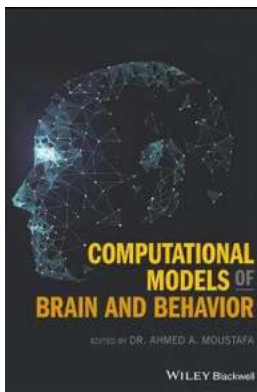


Visual Finance is a powerful, simple tool that you can learn in just a couple of hours and easily apply to real life. Over the past five years, this model has been used in thousands of “finance for non-financial managers” training sessions in more than 30 countries.

Accounting is often perceived as being tedious, complicated, and too theoretical. Non-financial managers are less than enthusiastic about accounting. One possible cause is the way business schools teach it.

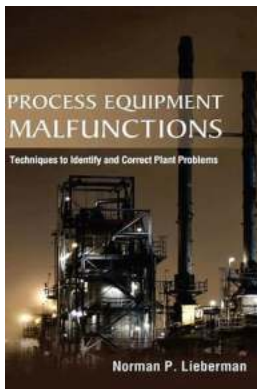
In a recent study only 46% of respondents had average or higher financial literacy and could understand financial statements.

Stop avoiding financial topics during team meetings. Save your company from making costly mistakes and start maximizing all your valuable opportunities.



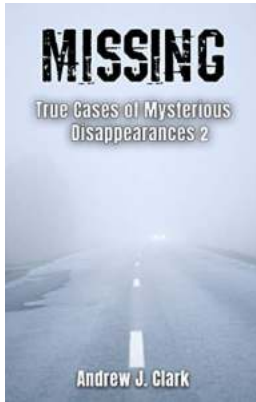
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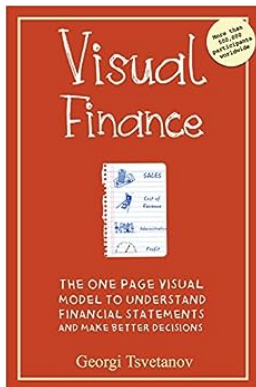
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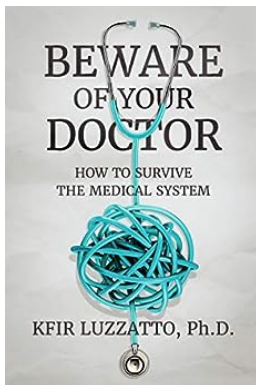
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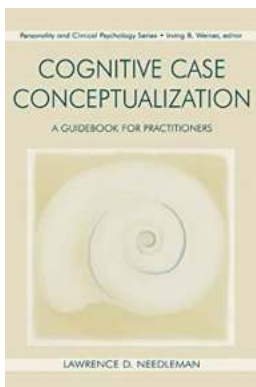
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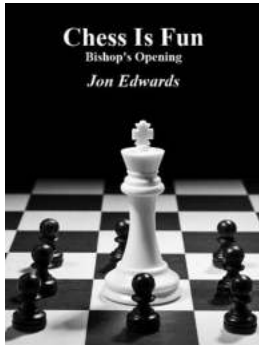
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