

Microsoft® **Excel for Accounting**

Chapter 9: Financial Statement Analysis



LABYRINTH
LEARNING™

Learning Objectives

- After studying this chapter, you will be able to:
 - ▲ Perform a vertical analysis
 - ▲ Perform a horizontal analysis
 - ▲ Calculate financial ratios
 - ▲ Create charts
 - ▲ Insert and reply to cell comments

Accounting Refresher: Financial Statement Analysis

- Financial statement analyses are performed to determine how best to run a business.
- As part of these analyses, comparisons are made to a variety of benchmarks, including:
 - ▲ Prior performance
 - ▲ Competitor's balances
 - ▲ Industry standards

Horizontal and Vertical Analyses

- A horizontal analysis compares account balances across time.
- Both dollar changes and percentage changes are calculated.
- A vertical analysis compares account balances to a designated 100% figure from the same period.
- The 100% figures include net income (income statement) and total assets (balance sheet).



Ratio Analysis

- Ratio analyses examine relationships between specific account balances.
- Ratio analyses can be grouped into different categories, including:
 - ▲ Liquidity ratios
 - ▲ Solvency ratios
 - ▲ Profitability ratios

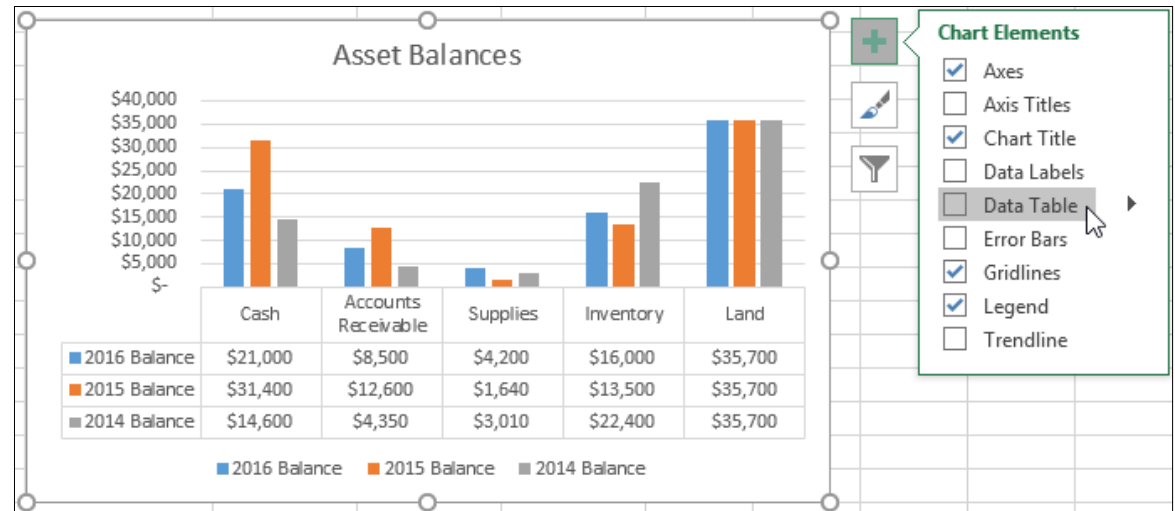
Creating Charts in Excel

- Charts can be used to convey data in a visual manner.
- To create effective charts, the proper data source and chart type must be selected.
- Common charts types include:
 - ▲ Column charts
 - ▲ Bar charts
 - ▲ Line charts
 - ▲ Pie charts

Chart Formatting Control

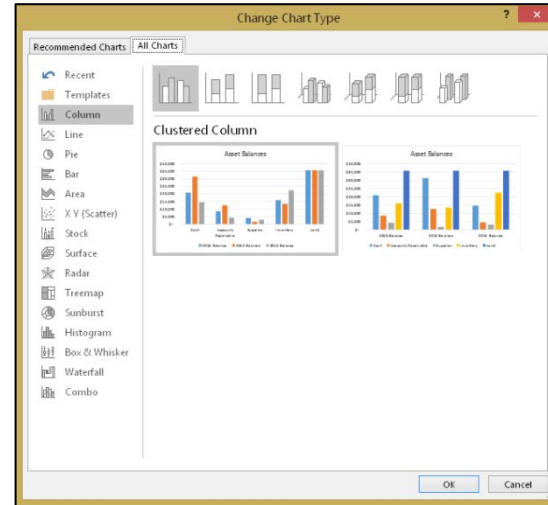
■ A variety of chart elements can be modified using the chart formatting buttons, including:

- ▲ Axis titles
- ▲ Chart title
- ▲ Data labels
- ▲ Gridlines
- ▲ Legend
- ▲ Trendline

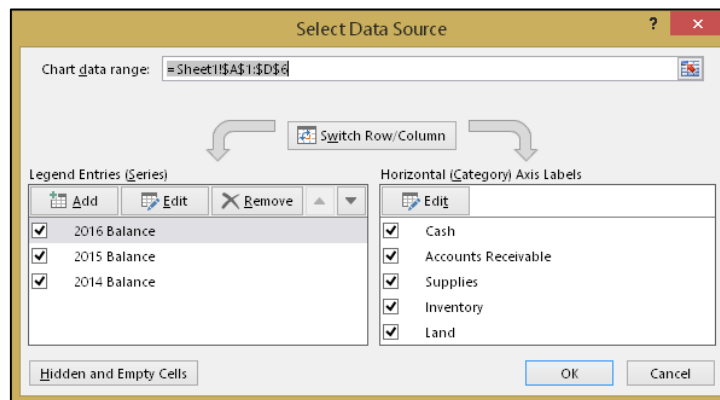


Changing Chart Type and Source Data

- Chart types can be changed via the Change Chart Type dialog box.

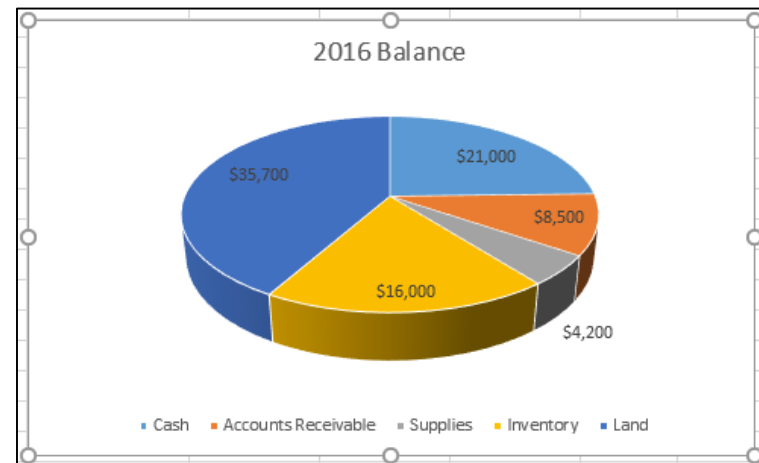
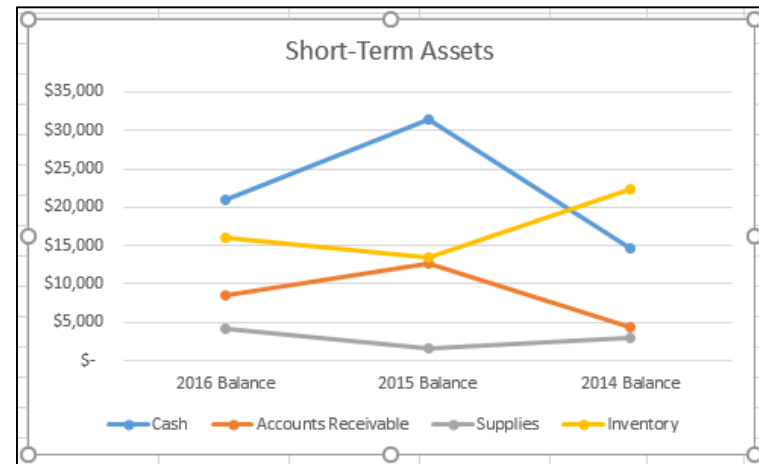


- Source data can be changed via the Select Data Source dialog box.



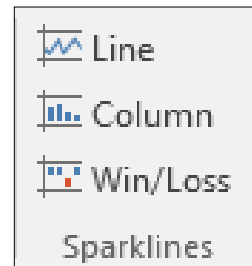
Working with Line and Pie Charts

- Line charts are suitable for showing the progression of data over time.
- Pie charts are suitable when examining data that represents portions of a whole.



Creating Sparklines

- Sparklines appear as miniature charts in worksheet cells.
- Three types of sparklines can be displayed, including:
 - ▲ Line
 - ▲ Column
 - ▲ Win/loss



Inserting and Modifying Cell Comments

- Cell comments can be used for a variety of reasons, including:
 - ▲ To document the formula or value in a cell
 - ▲ To record a question
 - ▲ To respond to a question posed by another user

D	E	F	G
2014 Balance	Student Name: Investigate this reduced balance. Manager Name: Balance dropped temporarily due to timing of payments.		
\$ 14,600			
\$ 4,350			
\$ 3,010			
\$ 22,400			
\$ 35,700			
\$ 80,060			

