

Finance & Accounting Lesson 1: Reviewing Financial Statements

MODULE 1: INTRODUCTION

LESSON OVERVIEW

FOCUS: *clarify results, answer questions about results and give reasons*

You will answer questions at your annual shareholders meeting. You need to explain balance sheet and earnings results to investors. The financial phrases you can use are below.

TARGET PHRASES (present):

*(revenues) are down by ...
... have hit our bottom line
... (costs) continue to climb*

TARGET PHRASES (future):

*we're expecting (an increase of) ...
we project/expect (losses) to be ...
we're going to (reduce the budget) ...*

LESSON INFORMATION

Below is information about your discussion in the final roleplay

You will answer questions about financial statements with one of your principal investors. Your results were lower than expected. You will answer questions about your results.

You need to respond to questions in a role-play with your investor (your instructor). The phrases below will help you discuss your results:

- *Earnings (overall) decreased / fell by ...* (X thousand dollars/twenty-two %)
- *We're expecting ...* (earnings to fall/increase by XYZ million/a loss of XYZ percent)
- *Due to (rising inflation), we're going to / preparing to* (change ...)

FRACTION, PERCENT & DECIMAL REVIEW

Below is some example data to help you correctly discuss numbers (results):

CASE 1 (ANNUAL)

CASE 2 (Q2 = SECOND QUARTER)

CASE 3 (YTD = YEAR TO DATE)

REVENUES: +3¼% (three & a quarter)

-2.2% (two point two)

-8.8%

OPERATING COSTS: -4.3% (four point three)

+7¾% (seven & three quarters)

+19 ⅔%

PROFIT/NET EARNINGS: +8½% (eight & a half)

-13⅓% (thirteen & a third)

-12⅛

LESSON OBJECTIVES

Your instructor will ask you questions so you understand what to do for the role-play:

You will clarify & answer questions in a role-play with your instructor:

- **What will you be discussing in your investor meeting?**
- **If your earnings were poor, what might investors ask about?**
- **What concerns would you have presenting negative results?**