Twitter Thread by Curious Shubham■■





Fundamentals Analysis Course FREE

A Thread ■

Course Worth: ■20k - ■30k

Today, Let's learn

How to Read Financial Statements

If we get good response we will complete full fundamentals analysis in upcoming Threads

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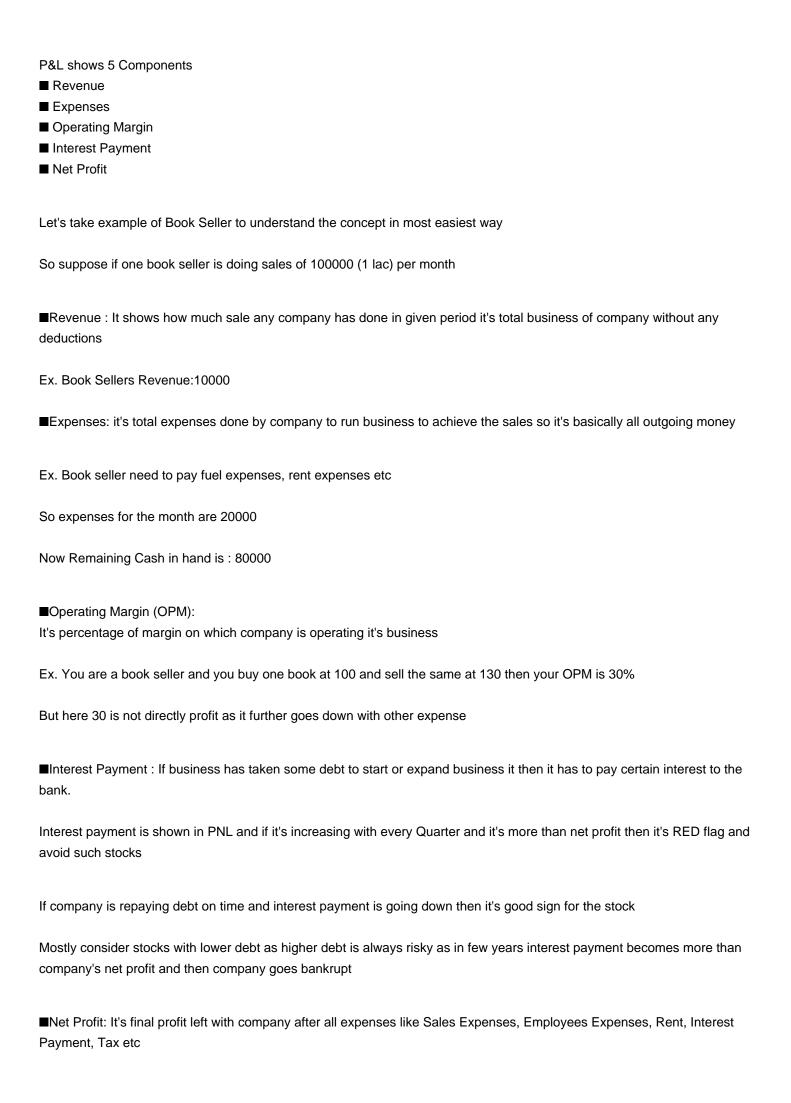
Financial statement is must read before investing in any company, It helps you to understand how company is running it's operations and what is financial condition of the company

- 3 Sections of Financial Statements
- 1. Profit & Loss
- 2. Cash Flow
- 3. Balance Sheet

Now let's understand each in details

1■■ Profit & Loss

It helps you to understand the Profitability of a company



Ex. Book Seller
Sales: 100000
Operating Profit : 30000
Expenses: 20000
Interest Payment/Tax : 0
Net Profit: 10000
Now suppose if Book Seller has some loan then he will run into losses despite having business with 30% OPM so debt is
one of the most important factor here
Of course unless PM is your best friend ■
2■■Cash Flow : It shows inflow and outflow of cash of given period
3 Sections of Cash Flow :
■ Cashflow from Operating Activity
Cashflow from Investing Activity
■ Cashflow from Financial Activity
■ Cashflow from Operating Activity
Cash generated from core business activities of company
Ex. Cash generated from selling books
■ Cashflow from Investing Activity
Cash generated from Investing some cash into stock market or in some other assets which gives your returns
Ex. Book seller earns some amount from FD or Stock Market
■ Cashflow from Financial Activity
Cashflow to Finance company activities like debt payment, Dividend payment etc
From this section you can check if debt is getting repayed or not in certain period
Ex. If book seller pays divided to it's shareholders or repays it's loan
3■■ Balance Sheet:
It shows companies financial situation of given period
2 Sections of Balance Sheet:
■ Assets
■ Liabilities

Assets:

Entity own by company which helps it to generate revenue

Ex. Book Store, Book Advertisement Platforms etc which helps it to run business, gain customers and increase it's business

■ Liabilities:

Total sum of cash which company is supposed to pay to bank from where it go loan

Ex. If book seller has taken loan of 5 lacs then it will come under Liability column

It takes huge efforts to make this thread and explain in layman's language

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