

## Balance Sheet Reporting and Analysis

The Balance Sheet is one of the fundamental reports of corporate accounting. Balance sheets are produced multiple times during the close cycle to verify accuracy before one final version is released to shareholders, government agencies and the public. BI enables the consolidation of the Balance Sheet much more rapidly than typical ERP systems – reducing the time to close. The most basic level of reporting is the automated consolidation of the balance sheet and the electronic distribution of the report securely to all approving authorities. Typical analytical areas include interactive investigation of balance sheet anomalies, drilling to more detailed subaccounts through simple point and click, and the creation of custom divisional or regional balance sheets.

### Key Performance Indicators

- Current Ratio
- Quick Ratio
- Period over Period Variance
- Return on Assets
- Return on Equity
- Assets Turnover Ratio
- Market to Book Ratio
- Inventory Turn

### Sample Report: "Drillable" Balance Sheet

Period Ending	31-Dec-02	30-Sep-02	30-Jun-02	31-Mar-02
<b>Current Assets</b>				
<a href="#">Cash and Cash Equivalents</a>	\$ 31,209,000	\$ 28,385,000	\$ 37,292,000	\$ 32,821,000
<a href="#">Short Term Investments</a>	\$ 56,000	\$ 53,000	\$ N/A	\$ 590,000
<a href="#">Net Receivables</a>	\$ 28,690,000	\$ 19,850,000	\$ 22,761,000	\$ 22,652,000
<a href="#">Inventory</a>	\$ 890,000	\$ 930,000	\$ 784,000	\$ 945,000
<a href="#">Other Current Assets</a>	\$ 5,032,000	\$ 4,685,000	\$ 3,100,000	\$ 4,436,000
<b>Total Current Assets</b>	\$ 65,877,000	\$ 54,083,000	\$ 63,937,000	\$ 61,664,000
<b>Long Term Assets</b>				
<a href="#">Long Term Investments</a>	N/A	N/A	N/A	N/A
<a href="#">Property Plant and Equipment</a>	\$ 18,471,000	\$ 20,161,000	\$ 22,291,000	\$ 24,303,000
<a href="#">Goodwill</a>	\$ 540,000	\$ 2,775,000	\$ 3,575,000	\$ 4,437,000
<a href="#">Intangible Assets</a>	\$ 3,214,000	\$ N/A	\$ N/A	\$ N/A
<a href="#">Other Assets</a>	\$ 1,224,000	\$ 5,813,000	\$ 6,091,000	\$ 5,913,000
<b>Total Long Term Assets</b>	\$ 23,449,000	\$ 28,749,000	\$ 31,957,000	\$ 34,653,000
<b>Total Assets</b>	\$ 89,326,000	\$ 82,832,000	\$ 95,894,000	\$ 96,297,000

This balance sheet report helps accountants close the books more quickly by allowing direct analysis of line items from summary data. Clicking on the account links in the left hand columns, users can immediately drop to the subaccount level. Potential anomalies are highlighted based on the accountant's business rules, e.g., numbers that are more than 10% out of trend. As a next step, the analyst can view key financial ratios (quick ratio, current ratio, return on assets), and determine if these have changed materially from prior periods.

### COMMON BUSINESS QUESTIONS

- How do the balance sheets of different subsidiaries compare?
- What is the variance of assets, liabilities and equity between two selected time periods?
- What is the Net Working Capital of the company?
- Which business unit caused cash drain in a particular period?
- What is the breakdown of shareholders equity in a certain period?
- What is the leverage and liquidity of the company?