***Overview***

In this module, you will use the the attached file to analyze Lululemon's financial statements for the most recent three year period. This includes income statement, balance sheet and cash flow. For this assignment you will develop a slide deck with presenter notes for Lululemon's financial situation. This teaching is to prepare you to develop a financial analysis presentation. Submit a PowerPoint file with presentation slides along with a word document with detailed notes about each slide. This should be submitted as two separate documents, one ppt and one microsoft word. Do not submit links or links to documents that need to be opened. Here is a summary of what you need to cover in your presentation. Number of slides should be between 10 and 15. Keep in mind to synthesize information you need to paraphrase, summarize, and sometime quote. Do not just cut and paste paragraphs from ChatGPT.

Assignment #1 Interpret the balance sheet, income statement and cash flow statement for LuLu Lemmon

Here’s is a snapshot of how to analyze and interpret the…

- Balance Sheet

- Income Statement

- Cash Flow Statement

The attached file will give you more guidance.

1. Balance Sheet

The balance sheet tells you about the net worth and health of a company.

What assets does the company own (Assets)

and Where did the money for those assets come from (Liabilities)

1.1 What to look for?

1) Cash & Equivalents Position

2) Relation of Debt and Equity

3) Retained Earnings Position

1.2 What You want to see (Rule of Thumb):

1) Cash-to-Current Liabilities Ratio > 1

2) Debt-to-Equity Ratio > 2

3) Retained Earnings-to-Total Assets > 40%

2. Income Statement (Profit & Loss Statement)

The income statement tells you about a company’s revenues and expenses.

It makes sense to compare two or three consecutive P&Ls to look for trends.

2.1 What to look for?

1) Uptrends in Revenue and Earnings

2) Profit Margins

3) EPS Growth

2.2 What you want to see (Rule of Thumb):

1) Uptrends in Revenues and Earnings >15%

2) Profit Margins >20%

3) EPS Growth >15%

3. Cash Flow Statement

The cash flow statements shows how cash moved in the business. It’s where you see if the company is generating or burning cash.

3.1 What to look for?

1) Net increase/decrease in cash

2) Operating Cash Flow relative to Capex

3) Is Debt issued or repaid?

3.2 What you want to see (Rule of Thumb)?

1) Net increase in cash

2) Operating Cash Flow > Capex

3) Debt get’s repaid regularly