

Principles of managerial accounting assignment

[Business](#)



There are various ways that financial statement information is presented in this article on Monika. The first way seen is in the Good News section on page 1 “the bulk of its revenues—more than quadrupled, from \$2.1 billion in 1993 to \$8.7 billion last year (1997),” and on page 1 “the recent June quarter surging to \$616 million, up 76% from the same quarter in 1997” this is an partial example of a horizontal analysis (Stone, 1998).

A horizontal analysis also called a trend analysis, provides you with a way to compare your numbers from one period to the next, yet the article did not discuss the entire financial statement (Edmonds, Olds, Tsar, 2008). This particular section only discussed the profitability ratios. The chart on page 11 figures over a 6 year time frame (the last 4 years of this being an estimate of growth) of how the phone has earned Monika the Big Bang (Stone, 1998). The second chart on page 11 would be considered a stock market ratios of Monika.

Stock Market ratios are existing and potential investors in a company’s stock (Edmonds, Olds, Tsar, 2008). How Monika stocks have increased from July 97 to July 98, and how the investors are happy with the increase, and there are no projections in this chart. Even though throughout the entire article Monika is comparing their sales to Motorola, Ericson and all of a certain span of years many financial statements of used, few are actually put into charts or financial sheets.

There is much talk about measures of profitability, net margins, and ratio analysis within the organizations of Monika and Motorola. Reference Edmonds, T. , Olds, Tsar, B.. (2008). Fundamental managerial accounting

concepts, 5th edition, chapter 13. McGraw-Hill/Larkin. Stone, A. (1998, August 10). Monika. Businesslike. Retrieved October 1, 2014, from <http://businesslike.com/archives/1998/b3590001>. Arc. HTML Case Analysis This article focuses primarily on horizontal analysis, in which two years of financial numbers were being compared.

Horizontal analysis is the comparison of financial information over a series of reporting periods, while vertical analysis is the comparative analysis of a financial statement, in which each line item on the financial statement is listed as a percentage of another item (Bragg, 2014). However, in this article there is few charting of numbers, primarily the analysis is written in paragraph form. Therefore, I found it a little harder to determine the analysis. I think this article chose the focus on horizontal analysis since the article was reporting numbers of a two year growth span of Monika.

Horizontal analysis is the review of the results of multiple time periods, also known as a trend analysis (Edmonds, Olds, & Tsar, 2008). However, many percentages were used in the article to compare with the numbers it did not involve all percentages. Ratio analysis was used in this article as the compared all the other competitors in their market. Bragg, S. (2014). Financial statement analysis. Retrieved October 5, 2014, from [www.Accounting's.com/financialstatement-analysis](http://www.accounting's.com/financialstatement-analysis) Edmonds, T. , Olds, P. , Tsay, B.. (2008). Fundamental managerial accounting concepts, 5th edition, chapter 13. McGraw-Hill/Larkin/p>

Executive Decision As a Non-Monika internal decision-maker, I would choose the absolute value rather than percentage values. While horizontal financial

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statement analysis compares the absolute dollar amounts of certain items over a period of time (Edmonds, Olds, & TsTsar2008). This absolute method would compare the actual dollar amount of operating expenses over a period of several accounting periods. This absolute method would be valuable for me as an internal decision-maker of NoMonikaThis method would be helpful when trying to determine if my company was being conservative or excessive in spending on certain items.

This method also would aid company in etdetermininghe effects of outside influences on the company. While the other method of performing horizontal financial statement analysis compares the percentage difference in certain items over a period of time. The dollar amount of the change is converted to a percentage change. This method is particularly useful when comparing small companies to large companies, rather than internal use at an organization.