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Finance & Accounting al Affiliation) Financial ments Analysis Financial analysis is the selection, examination, and interpretation of financial data, along with other relevant information to aid in financial and investment decision making. Financial analysis helps in making both internal as well as external decisions about the company. Internal issues financial analysis helps evaluate include employee performance, credit policies, and efficiency of operations. External parties may use financial analysis to evaluate the credit-worthiness of borrowers and potential investments in a company. The main source of financial analysis is the company’s annual reports and disclosures. Annual reports comprise the balance sheet, income statement, and statement of cash flows. This paper compares and contrasts the financial statements of Amazon, Apple, and eBay for the period of 2009-2013.   
Income Statement   
2009   
2010   
2011   
2012   
2013   
Sales/Revenue   
AMZN   
24. 51b   
34. 2b   
48. 08b   
61. 09b   
74. 45b   
AAPL   
65. 07b   
108. 6b   
155. 97b   
170. 87b   
182. 35b   
EBAY   
8. 71b   
9. 15b   
11. 68b   
14. 03b   
16. 05b   
Cost of goods sold   
AMZN   
19. 2b   
26. 56b   
37. 29b   
46. 8b   
54. 63b   
AAPL   
39. 5b   
64. 08b   
87. 92b   
107. 24b   
111. 96b   
EBAY   
2. 74b   
2. 75b   
3. 73b   
4. 55b   
5. 35b   
Gross Income   
AMZN   
5. 31b   
7. 64b   
10. 79b   
14. 29b   
19. 82b   
AAPL   
25. 57b   
44. 52b   
68. 06b   
63. 63b   
70. 38b   
EBAY   
5. 97b   
6. 39b   
7. 95b   
9. 48b   
10. 7b   
Net Income   
AMZN   
902m   
1. 15b   
631m   
(39m)   
274m   
AAPL   
14. 01b   
25. 92b   
41. 73b   
37. 04b   
39. 51b   
EBAY   
2. 39b   
1. 8b   
3. 23b   
2. 61b   
2. 86b   
EPS (Basic)   
AMZN   
2. 08   
2. 58   
1. 39   
(0. 09)   
0. 60   
AAPL   
2. 2   
4. 01   
6. 38   
5. 72   
6. 49   
EBAY   
1. 85   
1. 38   
2. 50   
2. 02   
2. 20   
EBITDA   
AMZN   
1. 61b   
2. 06b   
1. 95b   
2. 99b   
4. 11b   
AAPL   
19. 3b   
36. 31b   
57. 91b   
55. 08b   
60. 3b   
EBAY   
2. 66b   
2. 83b   
3. 43b   
4. 06b   
4. 78b   
Balance Sheet   
2009   
2010   
2011   
2012   
2013   
Current Assets   
AMZN   
9. 8b   
13. 75b   
17. 49b   
21. 3b   
24. 63b   
AAPL   
41. 68b   
44. 99b   
57. 65b   
73. 29b   
68. 53b   
EBAY   
8. 46b   
11. 07b   
12. 66b   
21. 4b   
23. 28b   
Total Assets   
AMZN   
13. 81b   
18. 8b   
25. 28b   
32. 56b   
41. 4b   
AAPL   
75. 18b   
116. 37b   
176. 06b   
207b   
231. 84b   
EBAY   
18. 41b   
22b   
27. 32b   
37. 07b   
41. 49b   
Current Liabilities   
AMZN   
7. 36b   
10. 37b   
14. 9b   
19b   
22. 98b   
AAPL   
20. 72b   
27. 97b   
38. 54b   
43. 66b   
63. 45b   
EBAY   
3. 64b   
4. 52b   
6. 37b   
10. 92b   
12. 64b   
Total Liabilities   
AMZN   
8. 56b   
11. 93b   
17. 52b   
24. 36b   
31. 65b   
AAPL   
27. 39b   
39. 76b   
57. 85b   
83. 45b   
120. 29b   
EBAY   
4. 62b   
6. 7b   
9. 39b   
16. 21b   
17. 84b   
Total Shareholders’ Equity   
AMZN   
13. 81b   
18. 8b   
25. 28b   
32. 56b   
41. 4b   
AAPL   
47. 79b   
76. 62b   
118. 21b   
123. 55b   
111. 55b   
EBAY   
13. 79b   
15. 3b   
17. 93b   
20. 87b   
23. 65b   
Cash flow Statement   
2009   
2010   
2011   
2012   
2013   
Net Operating Cash flow   
AMZN   
3. 29b   
3. 5b   
3. 9b   
4. 18b   
5. 48b   
AAPL   
18. 6b   
37. 53b   
50. 86b   
53. 67b   
59. 71b   
EBAY   
2. 91b   
2. 75b   
3. 27b   
3. 84b   
5b   
Net Investing Cash flow   
AMZN   
(2. 34b)   
(3. 36b)   
(1. 93b)   
(3. 6b)   
(4. 28b)   
AAPL   
(13. 85b)   
(40. 42b)   
(48. 23b)   
(33. 77b)   
(25. 58b)   
EBAY   
21. 26b   
1. 44b   
(1. 77b)   
(16. 38b)   
(37. 55)   
Net Financing Cash flow   
AMZN   
(280m)   
181m   
(482m)   
2. 26b   
(539m)   
AAPL   
(1. 15b)   
(2. 28b)   
(3. 31b)   
(3. 76b)   
(6. 01b)   
EBAY   
(945. 66b)   
1. 23b   
(838. 5m)   
1. 95b   
(1. 35b)   
How liquid are the Companies?   
Liquidity ratios are financial metrics used to determine a company’s ability to pay off its short-term debts obligations. A higher liquidity ratio indicates a company has a larger safety margin to cover short-term debts. The most widely used liquidity ratios are the quick ratio, current ratio, and the operating cash flow ratio.   
Current Ratio   
Current Assets/Current Liabilities   
2009   
2010   
2011   
2012   
2013   
AMZN   
1. 33   
1. 33   
1. 18   
1. 12   
1. 07   
AAPL   
2. 02   
1. 61   
1. 50   
1. 69   
1. 08   
EBAY   
2. 32   
2. 45   
1. 99   
1. 96   
1. 84   
Operating Cash flow Ratio   
Cash flows from operations/Current Liabilities   
2009   
2010   
2011   
2012   
2013   
AMZN   
0. 45   
0. 34   
0. 26   
0. 22   
0. 24   
AAPL   
0. 90   
1. 34   
1. 32   
1. 23   
0. 94   
EBAY   
0. 80   
0. 61   
0. 51   
0. 35   
0. 40   
Are the managers generating adequate operating profits on the company’s assets?   
To determine whether the managers are generating adequate profits on the assets, one must calculate the returns on assets ratio.   
Returns on Assets   
= Net profits/total assets   
2009   
2010   
2011   
2012   
2013   
AMZN   
0. 07   
0. 06   
0. 02   
(0. 001)   
0. 006   
AAPL   
0. 19   
0. 22   
0. 24   
0. 18   
0. 17   
EBAY   
0. 13   
0. 08   
0. 12   
0. 1   
0. 07   
Are the Company managers providing good returns on the capital provided by stockholders?   
To determine whether the managers are providing good returns on stockholders’ capital, we must calculate the returns on capital ratio.   
Return on Capital   
Return on capital = net profit/capital stock   
2009   
2010   
2011   
2012   
2013   
AMZN   
0. 07   
0. 06   
0. 02   
(0. 01)   
0. 006   
AAPL   
0. 29   
0. 34   
0. 35   
0. 3   
0. 35   
EBAY   
0. 17   
0. 12   
0. 18   
0. 13   
0. 12   
Conclusion of the Financial Analysis   
From the above analysis of the 2010-2013 financial statements of Amazon, Apple, and EBay, several comparisons on the performance of the firms can be deduced. Over the five-year period, all the three companies experience a dip in financial health. The current ratio of the three companies drops yearly from 1. 33, 2. 02, and 2. 32 in 2009 to 1. 07, 1. 08, and 1. 84 in 2013 for Amazon, Apple, and eBay respectively. EBay has the highest current ratio indicating that it is the financially strongest followed by Apple and then Amazon.   
The managers at Amazon are not generating enough returns on assets. This is indicated by the low return on assets over the five-year period. Managers at Apple are generating stable returns on assets with an average of 20% ROA over the five-year period. On the other hand, managers at eBay are generating unstable returns on assets as indicated by the volatile figures over the five-year period.   
Amazon’s average return on capital over the five-year period is 4% while Apple’s average return on capital is 33%. On the other hand, the average return on capital for eBay is 14%. From this figures, Apple managers at Apple are providing the highest return on capital followed by managers at eBay and finally managers at Amazon.   
References   
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