

# [Novartis financial analysis](https://assignbuster.com/novartis-financial-analysis/)

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There are many different types of financial statements involved in Healthcare Finance and they are all very important.

Balance sheets are crucial in providing needed information about businesses assets, liabilities, and shareholders equity. The balance sheet presents a snapshot of the financial position of an organization at a given period of time. This data changes as a business increases or decreases its assets or financing situation. Assets are physical property and supplies owned by the company, as well as things that hold value the company has invested in. Liabilities are responsibilities the company has to other entities on behalf of the company, i.

e. rent. Shareholders equity is money that is left over that belongs to owners if the company sells. The balance sheet is set up in a simple manor, which is fairly easy to read. The income statement will give a wealth of information about a company’s earning status over a certain time period. This statement shows how a company is fairing financially.

The income statement reports a company’s profits, losses, shares, net income, operating expenses as well as income taxes. Cash flow statements fluctuate due to the inflow and out flow of cash. The cash flow explains how much or little cash has been generated through the company, the income statement is not capable of that. The cash flow statement is divided into investing activities, operating, and financing activities. These three steps analyze a company’s cash flow from net loss; it shows flow from purchases i.

e. plant, property, and equipment. And lastly, it shows cash flow by selling stocks and bonds or paying back a loan so to speak. Novartis is a leading company that is focused on developing and successfully marketing products that potentially will prevent and/or cure diseases. The purpose of these products is to enhance the quality of one life. Novartis is made up of pharmaceuticals, generics, eye care products, consumer health products, and vaccines and diagnostic tools.

Novartis Financial ReportIncome Statement 2010 2009Net Sales50, 62414, 267Operating Income11, 5269, 982Return on Net Sales22. 8%22. 5%Net Income9, 9698, 454Basic Earnings per Share4. 28%3. 70%Operating Income14, 00611, 437Return on Core Net Sales27.

725. 8Net Income12, 02910, 267Basic Earnings/Share5. 154. 50% Of Net Sales16. 0%16. 5%Net Sales for US15, 8632010 Net Sales: Pharmaceuticals- 30, 558Vaccines and Diagnositcs-2, 918Consumer Health- 6, 2042010 Core Operating Income: Pharmaceuticals- 9, 909Vaccines and Diagnostics- 1, 066Consumer Health- 1, 2532010 Net Sales: US 10, 043Vaccines and Diagnostics-1, 184Consumer health-2, 006Balance Sheet 2010 2009Number of Associates119, 41899, 834Return on average Equity15.

715. 7Research and Development8, 0807, 287Purchased Goods and Services44%48%Taxes15%15%Debt19%155Equity56%60%Liabilities25%25%Statement of Cash 2010 2009Dividend2. 202. 10Cash flow from operating Activities14, 06712, 191Free Cash Flow7, 8605, 505Purchase of Intangible, non current and financial assets6931084Non current assets650226Operating income increased 15% on expanding its business and improvements. Net sales increased by 14% by increased growth.

22% of the operating income has increased. Net income has increased 18% and the core income has increased by 17%. References: Novartis. com/downloads/newsroom/corporate-publications/Novartis-annual-reporat-2010-en. pdfHealthcare Finance. An Introduction to Accounting and Financial Management.

Gapenski. 4th ed. September 2011. Health Administration Press. AUPHA.