

Financial analysis

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Financial Risk AT&T Financial Risk AT&T Figure A graph of three year trend of a company. Table A table of three year trend of a company

INCOME STATEMENT

2014

2013

2012

REVENUE

\$132, 447

\$ 128, 752

\$127, 434

GROSS PROFIT

\$71, 836

\$77, 288

\$72, 219

OPERATING INCOME

\$11, 776

\$30, 479

\$12, 997

NET INCOME

\$6, 224

\$18, 249

\$7, 262

DILUTED EPS

\$1. 19

\$3. 39

\$1. 25

The above income statement shows accompany that has experiencing an increase in its revenue for the past three years. It is clearly shown that the company made higher revenue in the year 2014 compared to the year 2013 and 2013. However, the gross profit in the year 2014 was lower than the previous two years due to increased cost of sales. The operating net income of the company was higher in the year 2013 but least in the year 2014. This was attributed to increase administrative costs incurred by the company (Christoffersen, 2010). Moreover, the increase in administrative cost could have been caused by the increased production capacity thus pushing the overall cost to a higher level (Daniélsson, 2011). The shareholders of the company enjoyed more earnings per share in the year 2013 than 2012 and 2014. This was attributed to the increase in net income that was to be distributed to the shareholders. In summary, the company is at a stable financial health

Reference

Daniélsson, J. (2011). Financial risk forecasting: The theory and practice of forecasting market

risk, with implementation in R and Matlab. Chichester: John Wiley.

Christoffersen, P. F. (2010). Elements of financial risk management. London: Acad. Press.