



CAREER CLUSTER

Finance

CAREER PATHWAY

Corporate Finance

INSTRUCTIONAL AREA

Financial Analysis

BUSINESS FINANCE SERIES EVENT

PARTICIPANT INSTRUCTIONS

- The event will be presented to you through your reading of the 21st Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge).
- You will be evaluated on how well you demonstrate the 21st Century Skills and meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

21st CENTURY SKILLS

- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

PERFORMANCE INDICATORS

- Discuss the analysis of a company's financial situation using its financial statements.
- Explain the nature of balance sheets.
- Describe the nature of income statements.
- Discuss external forces affecting a company's value.
- Explain how organizations adapt to today's markets.

EVENT SITUATION

You are to assume the role of a financial advisor for CK's BURGERS, a publicly traded fast food chain. The CEO (judge) wants you to analyze financial statements and report on the company's performance.

The company's chief financial officer recently retired, so the CEO (judge) has asked you to analyze the company's financial statements for the current period. The CEO (judge) would like a report on how the company is performing and any external forces that may impact the company's value. In addition, the CEO (judge) would like advice on how the company could adapt to the ever-changing market.

The CEO (judge) would like you to:

- Review the financial statements of CK's BURGERS and provide an analysis of the current period.
- Provide details on external forces that may impact CK's BURGERS value.
- Discuss how organizations need to adapt in today's market to stay relevant in the fast-food industry.

CK's Burgers			
Income Statement			
For the period ending December 31			
	<i>Year 3</i>	<i>Year 2</i>	<i>Year 1</i>
Revenue from food sales	9,742	10,065	8,067
Revenue from beverage sales	3,101	2,945	2,709
Revenue from t-shirts	316	317	318
Total revenue	13,159	13,327	11,095
Cost of goods sold	5,304	4,630	4,216
Gross profit	7,855	8,697	6,879
Rent expense	2,400	2,400	2,400
Utilities expense	600	560	560
Payroll and benefits	1,002	972	943
Depreciation expense	594	594	594
Advertising expenses	123	151	151
Repairs and maintenance	54	36	36
Total expenses	4,773	4,713	4,684
Operating income	3,082	3,984	2,195
Income tax expense	668	632	578
Net income	2,414	3,352	1,617

CK's Burgers		
Balance Sheet		
For the years ended December 31		
	<i>Year 3</i>	<i>Year 2</i>
Cash	4,567	2,969
Inventories	25	25
Prepaid expenses	<u>103</u>	<u>80</u>
Total current assets	4,695	3,074
Property and equipment	23,460	21,460
Accumulated depreciation	<u>-3,519</u>	<u>-3,219</u>
Total assets	24,636	21,315
Accounts payable	1,370	1,165
Accrued salaries	<u>743</u>	<u>713</u>
Total current liabilities	2,113	1,878
Long-term debt	12,872	11,879
Owners capital	<u>9,651</u>	<u>7,558</u>
Total liabilities and equity	24,636	21,315

You will provide the information to the CEO (judge) in a role-play to take place in the CEO's (judge's) office. The CEO (judge) will begin the role-play by greeting you and asking to hear your presentation. After you have presented the information and have answered the CEO's (judge's) questions, the CEO (judge) will conclude the role-play by thanking you for your work.

JUDGE INSTRUCTIONS

DIRECTIONS, PROCEDURES AND JUDGE ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Participant Instructions, 21st Century Skills and Performance Indicators
2. Event Situation
3. Judge Role-Play Characterization
Allow the participants to present their ideas without interruption, unless you are asked to respond. Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
4. Judge Evaluation Instructions and Judge Evaluation Form
Please use a critical and consistent eye in rating each participant.

JUDGE ROLE-PLAY CHARACTERIZATION

You are to assume the role of the CEO of CK'S BURGERS, a publicly traded fast food chain. You want a financial advisor (participant) to analyze financial statements and report on the company's performance.

The company's chief financial officer recently retired, so you have asked a financial advisor (participant) to analyze the company's financial statements for the current period. You would like a report on how the company is performing and any external forces that may impact the company's value. In addition, you would like advice on how the company could adapt to the ever-changing market.

You would like the financial advisor (participant) to:

- Review the financial statements of CK'S BURGERS and provide an analysis of the current period.
- Provide details on external forces that may impact CK'S BURGERS value.
- Discuss how organizations need to adapt in today's market to stay relevant in the fast-food industry.

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The participant will provide information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to hear the information.

During the course of the role-play, you are to ask the following questions of each participant:

1. Why is it important that the company invests in itself?
2. Should this information be provided in an annual report?

Once the financial advisor (participant) has presented the information and has answered your questions, you will conclude the role-play by thanking the financial advisor (participant) for the work.

You are not to make any comments after the event is over except to thank the participant.

SOLUTION

Financial Statement Analysis: A few items competitors may note about the financial statements include, but are not limited to the following:

- The increase in revenue from food sales from year 1 to year 2 was significant.
- There was a decline in revenues from year 2 to year 3.
- The company seemed to manage the cost of goods sold (COGS) better in year 2 than in year 3 as the revenue from food sales was higher, yet COGS was lower as a percentage.
- Most of the period costs remained the same between the three-year period, which may indicate the company is efficiently managing these costs or the price charged by the vendor has not increased over time.
- Operating and net income were higher in year 2 than in year 3. This could be due to a marketing campaign, a change in the menu that brought in more customers, or other factors. The company should look at year 2 to see what they can do in future years to continue to have such great results.
- On the balance sheet there is a large increase in cash and a small increase in property, plant, and equipment. It appears the company is investing in itself.
- The changes to the liability and equity section of the balance sheet were not significant.

Below are horizontal and vertical calculations (note – these are not required of the competitors, but are provided to help judges perform a quick analysis):

Income Statement Horizontal Analysis		
	<i>Year 3</i>	<i>Year 2</i>
Revenue from food sales	-3.2%	24.8%
Revenue from beverage sales	5.3%	8.7%
Revenue from t-shirts	-0.3%	-0.3%
Total revenue	-1.3%	20.1%
Cost of goods sold	14.6%	9.8%
Gross profit	-9.7%	26.4%
Rent expense	0.0%	0.0%
Utilities expense	7.1%	0.0%
Payroll and benefits	3.1%	3.1%
Depreciation expense	0.0%	0.0%

Advertising expenses	-18.5%	0.0%
Repairs and maintenance	50.0%	0.0%
Total expenses	1.3%	0.6%
Operating income	-22.6%	81.5%
Income tax expense	5.8%	9.3%
Net income	-28.0%	107.3%

Income Statement Vertical Analysis			
	<i>Year 3</i>	<i>Year 2</i>	<i>Year 1</i>
Total revenue	100%	100%	100%
Cost of goods sold	40.3%	34.7%	38.0%
Gross profit	59.7%	65.3%	62.0%
Rent expense	18.2%	18.0%	21.6%
Utilities expense	4.6%	4.2%	5.0%
Payroll and benefits	7.6%	7.3%	8.5%
Depreciation expense	4.5%	4.5%	5.4%
Advertising expenses	0.9%	1.1%	1.4%
Repairs and maintenance	0.4%	0.3%	0.3%
Total expenses	36.3%	35.4%	42.2%
Operating income	23.4%	29.9%	19.8%
Income tax expense	5.1%	4.7%	5.2%
Net income	18.3%	25.2%	14.6%

Balance Sheet Horizontal Analysis	
Cash	53.8%
Inventories	0.0%
Prepaid expenses	28.8%
Total current assets	52.8%
Property and equipment	9.3%
Accumulated depreciation	9.3%
Total assets	15.6%
Accounts payable	17.6%
Accrued salaries	4.2%
Total current liabilities	12.5%
Long-term debt	8.4%
Owners capital	27.7%
Total liabilities and equity	15.6%

Balance Sheet Vertical Analysis		
	<i>Year 3</i>	<i>Year 2</i>
Cash	18.5%	13.9%
Inventories	0.1%	0.1%
Prepaid expenses	<u>0.4%</u>	<u>0.4%</u>
Total current assets	19.1%	14.4%
Property and equipment	95.2%	100.7%
Accumulated depreciation	<u>-14.3%</u>	<u>-15.1%</u>
Total assets	100.0%	100.0%
Accounts payable	5.6%	5.5%
Accrued salaries	<u>3.0%</u>	<u>3.3%</u>
Total current liabilities	8.6%	8.8%
Long-term debt	52.2%	55.7%
Owners capital	<u>39.2%</u>	<u>35.5%</u>
Total liabilities and equity	100.0%	100.0%

External Factors that Impact Companies Value

Below are some key external factors that can impact a company's value (note: competitors may only address a few of these):

1. Economic conditions may include items such as economic growth, inflation, interest rates, and unemployment rates.
2. Market Conditions may be related to stock market trends and competitor activity.
3. Regulatory and legal environmental items may include governmental regulations, tax policies, trade policies, and tariffs.
4. Political Environment and political stability may cause uncertainty or disruption in the supply chain.
5. Technological changes, such as innovation or cybersecurity risks, may cause a company to lose market share to a more technological competitor.
6. Social and cultural trends, generally refers to consumer preferences or perception of a company's social responsibility that may influence customers desire to purchase its products.
7. Environmental factors are uncertain and can cause damage to a company's facilities making it challenging for them to deliver goods to customers.

EVALUATION INSTRUCTIONS

The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event director and the other judges to ensure complete and common understanding for judging consistency.

Level of Evaluation	Interpretation Level
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 th percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 th percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 th percentile of business personnel performing this performance indicator.



BUSINESS FINANCE SERIES 2025

JUDGE'S EVALUATION FORM ASSOCIATION EVENT 1

Participant: _____

ID Number: _____

INSTRUCTIONAL AREA: Financial Analysis

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Discuss the analysis of a company's financial situation using its financial statements?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Explain the nature of balance sheets?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Describe the nature of income statements?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Discuss external forces affecting a company's value?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Explain how organizations adapt to today's markets?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
21st CENTURY SKILLS						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
TOTAL SCORE						