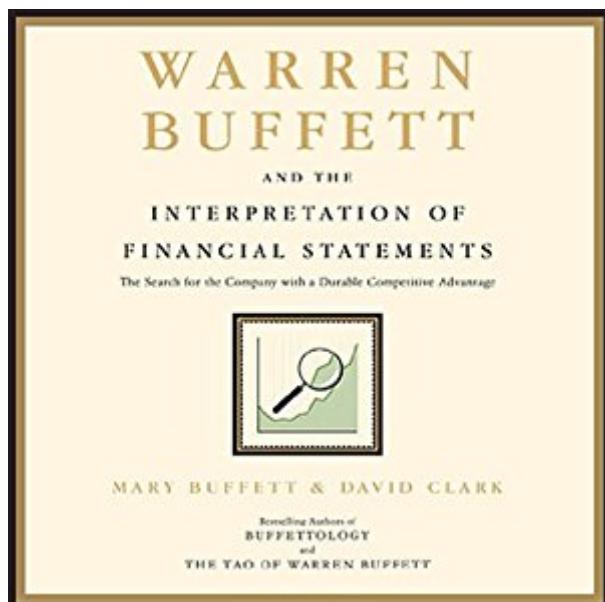


The book was found

Warren Buffett And The Interpretation Of Financial Statements: The Search For The Company With A Durable Competitive Advantage



Synopsis

With an insider's view of the mind of the master, Mary Buffett and David Clark have written a simple guide for reading financial statements from Warren Buffett's successful perspective. Buffett and Clark clearly outline Warren Buffett's strategies in a way that will appeal to newcomers and seasoned Buffettologists alike. Inspired by the seminal work of Buffett's mentor, Benjamin Graham (The Interpretation of Financial Statements, 1937), this book presents Buffett's interpretation of financial statements with anecdotes and quotes from the master investor himself. Potential investors will discover: • Buffett's time-tested dos and don'ts for interpreting an income statement and balance sheet • Why high research and development costs can kill a great business • How much debt Buffett thinks a company can carry before it becomes too dangerous to touch • The financial ratios and calculations that Buffett uses to identify the company with a durable competitive advantage -- which he believes makes for the winning long-term investment • How Buffett uses financial statements to value a company • What kinds of companies Warren stays away from no matter how cheap their selling price Once readers complete and master Buffett's simple financial calculations and methods for interpreting a company's financial statement, they'll be well on their way to identifying which companies are going to be tomorrow's winners -- and which will be the losers they should avoid at all costs. Destined to become a classic in the world of investment books, Warren Buffett and the Interpretation of Financial Statements is the perfect companion volume to The New Buffettology and The Tao of Warren Buffett. --This text refers to an out of print or unavailable edition of this title.

Book Information

Audible Audio Edition

Listening Length: 3 hours and 10 minutes

Program Type: Audiobook

Version: Unabridged

Publisher: Tantor Audio

Audible.com Release Date: December 1, 2008

Whispersync for Voice: Ready

Language: English

ASIN: B001OC2WU4

Best Sellers Rank: #37 in Books > Audible Audiobooks > Business & Investing > Accounting

#139 in Books > Business & Money > Accounting > Financial #202 in Books > Audible

Customer Reviews

If you have an underlined copy of Security Analysis (Ben Graham's 700 page treatise on value investing) sitting on your desk or you are a professional money manager you may or may not find this book interesting. But if you are a beginner to intermediate investor who is interested in getting a quick basic course in how to read financial statements from a Warren Buffett perspective it is the perfect book. I'm a professional with \$500 million under management and I got a couple of good ideas out of it. But at this stage of my career getting a couple of good ideas on how to make more money is just fine with me. It only takes a couple of great ideas to get rich and even fewer to stay rich. Their book the New Buffetology, which was published in 2002, is aimed more at the professional investor and many people in the investment business use it. But I would say this book is for that beginning to intermediate group that really are a little in the dark about what to look for in a company's financial statements. And it focuses on what to look for if you are like Buffett and looking for a company with a Durable Competitive Advantage. Also it is a quick and easy read - unlike Graham's Security Analysis which most people buy but never read - try reading 700 pages on how to read a financial statement and see how far you get before you nod off with boredom. Quick and easy can be a good thing for great many investors. Am I glad I bought it? Yes. Would I recommend it to my friends that aren't professionals? Yes. Would I recommend it to professionals? Yes, but don't expect to get more than a few good ideas out of it.

This book may be helpful for those seeking a general understanding of financial statements and what Mr. Buffett considers in his review, but be aware of several points: 1. The book is written in remedial business language that leaves out a lot of important details that an active investor should know. It is clearly not intended for anyone with a decent understanding of accounting or finance; 2. The book contains errors - in two separate tabular displays, the balance sheet presented is not even balanced; 3. I wish I had a count of the number of times they wrote "durable competitive advantage." I get it - a durable advantage is important; and 4. Entire paragraphs are repeated verbatim in some sections. The book is horribly redundant - the authors clearly ran out of things to say. In my opinion, the authors rushed to release this book and profit from the market downturn. Anything with Warren Buffett's name on it is apparently a hot selling item currently, and while this book certainly has some useful bits of investing advice, I would be surprised if Mr. Buffett himself actually read or approved the content of the book. The vast majority of the book is very general, basic information, and the

only reason the book is getting attention is because the authors are lucky enough to have worked with Warren Buffett and are able to use his name in their title. Overall, if you know nothing about investing or financial statements, this is probably a good book for you; however, if you have a business background and are somewhat versed in accounting and finance, you will find this to be basic and redundant. It is a quick read and a cheap price, so I am not entirely negative on it, but certainly wish I would have flipped through a hard copy before ordering on . Lesson learned. I would give it two stars, but knocked to one for the errors and redundancy.

Mary Buffett trades on her former daughter-in-law status vs. Warren Buffett to write books about his methods and insights. Readers have to take her word for the accuracy and inclusiveness of her material - having read "Snowball" and other sources I suspect Mary's assertions are not as accurate or inclusive as one would wish, but they're better than nothing. The book's primary assertion is that Buffett looks for a sustainable competitive via financial statement data; he is especially focused on finding those with a low-cost advantage. Buffett purportedly begins by looking at a firm's income statement, seeking high gross margins. Good examples include Coca-Cola @ 60%, Moody's @ 73%, Burlington Northern @ 61%, and Wrigley's @ 51%; G.M. (21%), Goodyear (20%), and United Airlines (14%) provide unattractive examples. Sustained high gross margins (eg. ten years), not just one year, are required. Buffett then moves to Selling, General and Administrative Expenses. Coke spends an average of 59% gross profit in this area, G.M. 28-83%, Ford 89-789%. As for R&D, Coke and Moody's have none, Depreciation - Coca-Cola 6% of gross, Wrigley's 7%, P&G 8%, vs. G.M. 22-57%. Interest Expense at P&G runs about 8% of operating income, 7% at Wrigley, vs. 49% at Goodyear. Wells Fargo pays out 30%, relatively high, but also the lowest of the top five banks (industry average = 70%). Buffett is not interested in extraordinary income - eg. asset sales. Net Earnings/total revenues should be on an upward trend over the past ten years - Coke = 21%, Moody's 41%, Southwest Airlines 7%, and G.M. 3%. Buffett prefers stock buybacks to dividend payouts due to the better tax treatment. Finally, Buffett does not follow the crowd - buy in a bear market, sell in a bull (P/E ratio > 50). The book goes on to examine cash flow and balance sheet issues, but there the treatment is less precise and useful.

[Download to continue reading...](#)

Warren Buffett : Best Quotes for Investor: Wake up your inner investor soul (best quotes, warren buffett book, warren buffett way, warren buffett biography, warren buffett letters) Warren Buffett and the Interpretation of Financial Statements: The Search for the Company with a Durable Competitive Advantage Warren Buffett Accounting Book: Reading Financial Statements for Value Investing

(Warren Buffett's 3 Favorite Books Book 2) Warren Buffett's 3 Favorite Books: A guide to The Intelligent Investor, Security Analysis, and The Wealth of Nations (Warren Buffett's 3 Favorite Books Book 1) Warren Buffett Accounting Book: Reading Financial Statements for Value Investing Buffett Beyond Value: Why Warren Buffett Looks to Growth and Management When Investing Smart Investor: Warren Buffett Way: How to know the stock market has bottomed? (Market Crash, Intelligent Investor, Stock Market, Financial Freedom, Stock Valuation, Wealth Creation Book 1) How to Take Advantage of the People Who Are Trying to Take Advantage of You: 50 Ways to Capitalize on the System (Take the Advantage Book 1) Financial Statements: A Step-by-Step Guide to Understanding and Creating Financial Reports The New Buffettology: How Warren Buffett Got and Stayed Rich in Markets Like This and How You Can Too! Warren Buffett's 3 Favorite Books: A guide to The Intelligent Investor, Security Analysis, and The Wealth of Nations The Snowball: Warren Buffett and the Business of Life Warren Buffett Speaks: Wit and Wisdom from the World's Greatest Investor Security Analysis: Sixth Edition, Foreword by Warren Buffett (Security Analysis Prior Editions) The Essays of Warren Buffett: Lessons for Corporate America, Fourth Edition Invest Like Warren Buffett: Powerful Strategies for Building Wealth Inside the Investments of Warren Buffett: Twenty Cases (Columbia Business School Publishing) Warren Buffett's Ground Rules: Words of Wisdom from the Partnership Letters of the World's Greatest Investor The Essays of Warren Buffett : Lessons for Corporate America Tap Dancing to Work: Warren Buffett on Practically Everything, 1966-2012: A Fortune Magazine Book

[Dmca](#)