



# **JAGATPUR P.G COLLEGE**

**AFFILIATED MAHATMA GANDHI KASHI  
VIDIYAPITH, VARANASI**



**M.COM 1<sup>st</sup> SEMESTER**

**NAME OF PAPER: ACCOUNTING FOR MANAGERIAL  
DECISIONS**

**TOPIC: ANALYSIS AND INTERPRETATION OF  
FINANCIAL STATEMENT**

**MANOJ KUMAR RAI**

**DEPARTMENT OF COMMERCE  
JAGATPUR P.G. COLLEGE VARANASI**

**Email-id:**

**[manojkumarrai820@gmail.com](mailto:manojkumarrai820@gmail.com)**

**MOBILE: 9450388620**

# **DECLARATION**

- *The content is exclusively meant for academic purpose and for enhancing teaching and learning . Any other use for economic/ commercial purpose is strictly prohibited. The user of the content shall not distribute, disseminate or share it with anyone else and its use is restricted to advancement of individual knowledge . The information provided in this e-content is authentic and best as per knowledge.*

*Manoj Kumar Rai*

# ***MEANING AND DEFINITIONS OF FINANCIAL STATEMENTS***

## ***MEANING:***

*Financial statements usually means Profit & Loss Account and balance sheet. They are prepared on the basis of accounting techniques , principles and conventions and interpret on the basis of reports received.*

*Financial statement is an analysis system which provides information , fact and figures to internal and external parties for operation and completion of business activities , so that it presents true picture of organisation.*

# ***DEFINITIONS***

According to **John N. Myer** , “Financial statements refer to those financial figures which are prepared on the basis of transactions, accounting techniques, assumptions, process of business and which make business decisions possible.”

“Financial statement are the end product of financial accounting in a set of financial statements prepared by the accountant of a business enterprise, that purpose to reveal the financial position of the enterprise.”

**Smith and Ashburne**

“Any formula statement in which figures are depicted in monetary terms, are know as financial statement.”

**Horward**

# OBJECTIVES OF FINANCIAL STATEMENT

Knowledge of cash Flows



Evaluation of Managerial Efficiency



Presentation of Statement of forecasting

Knowledge of Earning Capacity



Presentation of Statement of Financial Activities



Helpful in Social Role

# NATURE OF FINANCIAL STATEMENTS



# ***QUESTIONS***

- 1. What do you understand by Financial Analysis.
- 2. Discuss its Objects and Nature.

# ***REFERENCE***

- *Dr. Kamna Dhawan*
- *Publication: Navyug Publications (Second Edition)*



***THANK YOU***