

FINANCIAL ACCOUNTING AND ANALYSIS

Unit 5

MBA/BBA/B.com /B.Tech /UGC Net

By

Dr. Anand Vyas

Financial Statement Analysis

- Financial statement analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions to earn income in future. These statements include the income statement, balance sheet, statement of cash flows, notes to accounts and a statement of changes in equity

Recent Types of Accounting: Common Size Statement;

Common size financial statements commonly include the income statement, balance sheet, and cash flow statement. Common size financial statements reduce all figures to a comparable figure, such as a percentage of sales or assets. Each financial statement uses a slightly different convention in standardizing figures.

Comparative Balance Sheet

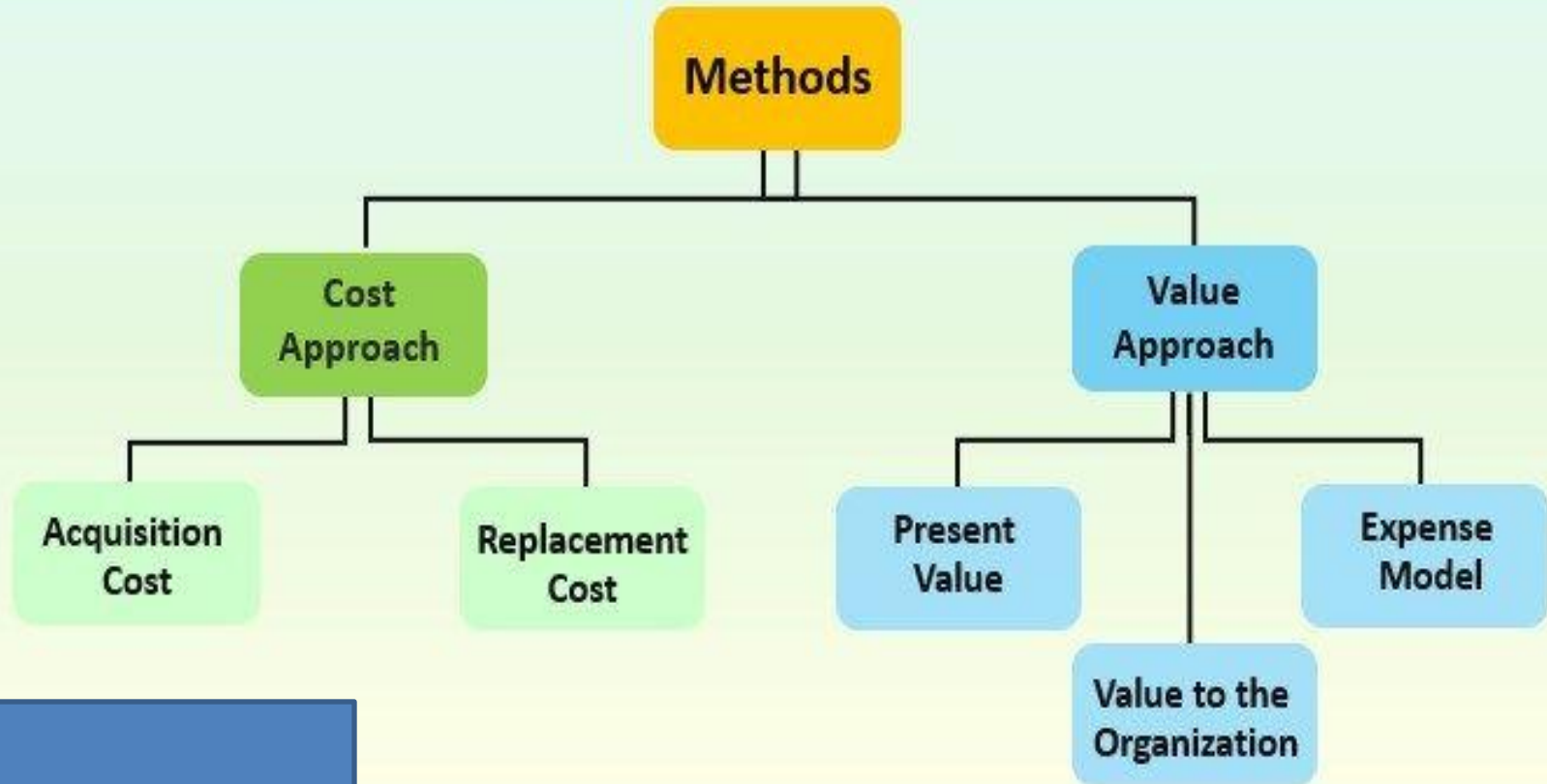
- A comparative balance sheet is a statement that shows the financial position of an organization over different periods for which comparison is made or required. The financial position is compared with 2 or more periods to depict the trend, direction of change, analyze and take suitable actions

Comparative Balance Sheet

In the books of Amazon INC				
Comparative Balance Sheet For the Year ended 31st Dec'2018 and 2017				
Particulars	2018 Amount (\$)	2017 Amount (\$)	Change in Absolute Value	Change in Percentages
Equity and Liabilities				
Shareholder's Fund				
a. Share Capital	100000	100000	-	0%
b. Reserve & Surplus	25000	20000	5000	25%
Non - Current Liabilities				
a. Long term Borrowings	30000	35000	-5000	-14%
Current Liabilities				
a. Trade Payables	45000	40000	5000	13%
b. Short Term Borrowings	10000	9000	1000	11%
Total	210000	204000	6000	
Assets				
Non Current Assets				
a. Fixed Assets	70000	80000	-10000	-13%
b. Investment	55000	50000	5000	10%
Current Assets				
a. Trade Receivables	35000	25000	10000	40%
b. Inventory	30000	39000	-9000	-23%
c. Cash & Bank	20000	10000	10000	100%
Total	210000	204000	6000	-



Human Resource Accounting



Forensic Accounting

- Forensic accounting, forensic accountancy or financial forensics is the specialty practice area of accounting that investigates whether firms engage in financial reporting misconduct. Forensic accountants apply a range of skills and methods to determine whether there has been financial reporting misconduct.

Accounting for corporate social responsibility.

- **Social accounting** is commonly used in the context of business, or corporate social responsibility (CSR), although any organisation, including NGOs, charities, and government agencies may engage in social accounting. Social Accounting can also be used in conjunction with community-based monitoring (CBM).
- Corporate social responsibility is the viewpoint that a business should be more aware of its impact on society and the environment. The intent is to deliver positive outcomes for all stakeholders in the business that result in long-term sustainability, not just a positive return for its shareholders. The actions taken should extend beyond the narrow interests of the firm and go beyond the basic requirements of the law.

- Social responsibility accounting is a commitment to improvement, managing the business process to produce an overall positive impact on society.

Trend Analysis of manufacturing Service & banking organizations,

- Trend Analysis And Trend Analysis In The Manufacturing Industry. Trend Analysis: A trend analysis is an **aspect of technical analysis that tries to predict the future sales of the organization based on past data**

Case Study and Workshops in analyzing Balance sheet.

- The main technique is financial ratio analysis. Financial ratio analysis uses formulas to gain insight into a company and its operations. For a balance sheet, using financial ratios (like the debt-to-equity ratio) can provide a good sense of the company's financial condition, along with its operational efficiency.

- The balance sheet provides information on a company's resources (assets) and its sources of capital (equity and liabilities/debt). This information helps an analyst assess a company's ability to pay for its near-term operating needs, meet future debt obligations, and make distributions to owners.