

Financial Statement Report

Introduction

An audited financial statement is a report of a company's financial performance and position, examined and verified by an independent auditor. The auditor assesses the accuracy and fairness of the financial information, providing assurance to stakeholders that the financial statements are reliable and comply with the accounting standards. Audited statements are crucial for transparency, credibility, and building trust among investors, creditors, and other interested parties.

Overview of financial statement report

An audited financial statement typically consists of four main components:

- 1) Auditor's Report
- 2) Financial Statements
- 3) Notes to Financial Statements
- 4) Management discussion and Analysis

Detailed explanation of four main components:

1. **Auditor's Report:** - This is a document prepared by the independent auditor, summarizing their findings after reviewing the company's financial statements. It includes their opinion on whether the statements are presented fairly and in accordance with accounting principles.
2. **Financial Statements:** - These are the detailed reports that provide information about a company's financial performance. They typically include the Income statement, Balance Sheet, Cash Flow Statement, Statement of Shareholders' Equity.
 - ❖ **Income Statement (also known as Profit and Loss Statement):** This statement shows the revenues, expenses, and net income or loss of a company over a specific period. It provides information about the company's ability to generate profits.
 - ❖ **Balance Sheet:** This statement provides a snapshot of a company's financial position at a specific point in time. It presents the company's assets, liabilities, and shareholders' equity, showing what the company owns and owes.
 - ❖ **Cash Flow Statement:** This statement tracks the inflows and outflows of cash during a specific period. It provides information about the company's cash generated from operating activities, investing activities, and financing activities.
 - ❖ **Statement of Shareholders' Equity:** This statement shows changes in shareholders' equity over a specific period. It includes information about the company's net income, dividends, and any additional investments or withdrawals made by shareholders.
3. **Notes to Financial Statements:** - Notes to financial statements also known as footnotes, these provide additional information and explanations related to specific items on the financial statements. They offer clarification on accounting methods, assumptions, and potential risks, enhancing the understanding of the financial data. Together, these components contribute to a

comprehensive and transparent overview of the company's financial status, reassuring stakeholders about the accuracy and reliability of the reported information.

4. **Management Discussion and Analysis:** - The Management Discussion and Analysis (MD&A) section within an audited financial statement where the company's management provides a narrative explanation of the financial results and overall performance of the business. MD&A helps stakeholders interpret financial data in a broader context, providing insights into a company's overall business and potential challenges or opportunities.

Note: Audited financial statement will be prepared at the year end and every quarter. Year- end document will call as 10-K and Quarter-end document will call as 10-Q. Year is referred as 12-month period and a quarter is referred as 3-month period.