

APPLIED FINANCIAL STATEMENT

ANALYSIS

ASSIGNMENT - 2

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REVENUE

Revenue is the money a company earns from the sales of its products and services. Cash flows is the net amount of cash being transferred into and out of a company.

REVENUE FROM OPERATIONS

Revenue from operations is the amount of money a company earns from selling its products or services.

OTHER INCOME

The next category refers to the other income or the miscellaneous income of the business, which includes the income generated from the company's various investment such as interest or dividend income.

EXPENSES

Costs deducted from revenue, such as the cost of goods sold [COGS], wages, rent, marketing, administration cost, utilities, interest expenses and depreciations.

COST OF MATERIAL CONSUMED

Cost of material consumed is the first entry or line item in the 'Expenses' part of the statement of profit and loss.

PURCHASE OF STOCK IN TRADE

Purchase of stock in trade refers to all the purchases of finished goods that the company buys towards conducting its business.

CHANGES IN INVENTORIES OF FINISHED GOODS/WORK IN PROGRESS AND STOCK IN TRADE

Change in inventories of finished goods refers to the costs of manufacturing incurred by the company in the past, but the goods manufactured in the past were sold in the present/current financial year.

EMPLOYEE BENEFITS EXPENSES:

Employee benefits in accounting refer to the costs and financial reporting requirements related to the benefits provided by an entity to its employees.

FINANCE COST

Financing cost (FC) also known as the cost of finance (COF) is the cost, interest, and other charges involved in the borrowing of money to build or purchase assets.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

The term depreciate means to diminish in value over time, while the term amortize means gradually write off a cost over a period. An impairment cost must be included under expenses

When the book value of an assets exceeds the recoverable amount.

OTHER EXPENSES

Administrative expenses like depreciation costs, employee costs, marketing and distribution cost, selling cost, research and development cost.

PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX AND BEFORE SHARE OF EQUITY ACCOUNTED INVESTEE

Profit Before Taxes and Extraordinary items means on a consolidated basis for any fiscal period of the company, earnings of the company and its subsidiaries [exclusive of Extraordinary items] before provision for taxes in respect of, or measured by, incomes or ~~excess~~ profits for such period.

SHARE OF LOSS OF EQUITY ACCOUNTED INVESTEE NET OF TAX

Equity in Net Earnings / Loss represents a reversal of non-cash earnings / losses from investments under the Equity Method.

EXCEPTIONAL ITEMS

Exceptional items are costly events that have a impact on a company's bottom line but must not be misread as gains or losses in routine business operations.

PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax accounts for all the profits that a company generates, whether through continuing operations or non-operating activities.

TAX EXPENSES

Tax expenses are the total amount of taxes owed by an individual, corporation, or other entity to a taxing authority.

CURRENT TAX

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

DEFERRED TAX CREDIT

Deferred tax (DT) means DTA can be realised only when the company reliably estimates sufficient future taxable income.

PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX

A discontinued operation may still make a gain or loss in the accounting period it ceased operations in. These gains or losses must be reported. However, often a discontinued operation was operating at a loss, so there may be some money realized from taxes at tax time.

EXPENSES OF DISCONTINUED OPERATIONS

"Tax Expense of discontinued operations" refers to the income tax expenses related to discontinued operations. Discontinued operations are parts of a company's business that have been terminated and are no longer operational. They are listed separately on financial statements from continuing operations, to prevent confusion amongst stakeholders such as investors or shareholders.

PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS AFTER TAX

Profit / (loss) from discontinued operations after tax represents the net gain or loss from discontinued operations, net of income taxes. It shows the financial impact of selling, shutting down, or disposing of a business or product line that is no longer part of a company's ongoing operations.

PROFIT FOR THE YEAR

The profit and loss for the year measure net resources (after consideration of capital depreciation) staying in the company at the conclusion of the exercise.