



Q3. List any three objectives of analyzing financial statement?

Solution: Objectives of Financial Statements

Various objectives for preparing financial statements:

1. It enables meaningful comparisons of financial data. It provides better and easy understanding of the changes in the financial data overtime.
2. It helps in designing effective plans and better execution of plans by enabling control and checks over the use of financial resources.
3. Analysis of financial statements helps to know the earning capacity and profitability of a business firm. It also evaluates the efficiency of business operations.

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