

13/5/20

Subj. - Mgt Ac Definition of Financial Statements

Ans. - Business as we know is concerned with the financial activities. In order to ascertain the financial status of the business every Enterprise prepare certain statements, known as financial statement. It at least refer to the two statements which are prepared by a business concern at the end of the financial year. These are (I) Income statement or Trading & Profit Loss Ac which is prepared by a business concern. (II) Balance Sheet which is prepared by business concern on particular date in order to know its financial position.

A financial statement is a collection of data organised according to logical and consistent accounting procedures. In other words financial statements are the outcome of summarising process of accounting.

According to Anthony "Financial statements essentially are interim reports, presented annually and reflects a division of the life an enterprise into more or less arbitrary accounting period, more frequently a year."

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