



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A Study on Financial Statement Analysis of Parimal Ram and Pattabhi Chartered Accountants

SPOORTHI GS

PES

ABSTRACT :

Ratio analysis is a fundamental tool used in financial analysis to assess the performance, profitability, and financial health of a company. It entails computing ratios and applying them to meaningful interpretations in order to assess the link between various financial statistics and indicators. The link between various financial factors can be quantitatively represented using ratios, which are mathematical expressions. Data from financial statements of a business, including the cash flow, income, and balance sheets, can be used to compute them. Analysts and investors can learn more about a company's liquidity, solvency, profitability, and operational efficiency by using ratios.

A financial analysis method called ratio analysis is used to assess a company's profitability, performance, and overall financial health. It entails figuring out different ratios using financial statements including the cash flow, income, and balance sheets.

OBJECTIVE OF RATIO ANALYSIS :

Ratio analysis's goal is to assess a company's financial status and performance by looking at the connections between different financial data. Financial ratios are mathematical indicators that shed light on a company's profitability, liquidity, solvency, efficiency, and general financial health. Calculating and evaluating financial ratios is the process of ratio analysis.

The following are some of ratio analysis's main goals:

1. Evaluating profitability
2. Liquidity evaluation
3. Analysing the solvency
4. Efficient analysis
5. Performance comparison
6. Finding trends and patterns
7. Aiding in decision-making

SCOPE OF RATIO ANALYSIS :

One of the most effective methods for financial analysis is the ratio analysis. The owners, creditors, and employees are the people to whom the company answers. The company has access to multiple parties. However, those who are interested in the company can compute ratios using the company's financial documents. The analysis is comprehensive and considers all relevant factors, including the firm's earning capacity, financial obligations, liquidity and solvency elements, and profitability principles.

Ratio analysis examines line-item data from the financial statements of an organisation to provide information about solvency, profitability, liquidity, and operational effectiveness. Ratio analysis is a useful tool for comparing one company to another within the same industry or sector and gauging its performance over time.

FEATURES OF RATIO ANALYSIS :

Ratio analysis is a technique that looks at the correlations between various financial statement items to assess a company's health and financial performance. A vital tool in financial analysis, ratio analysis offers insights into the performance and financial well-being of a business. It makes it possible to compare data across time periods, businesses, or industries, which makes it easier to see trends and compare performance. In order to obtain understanding of various facets of a business's operations and financial status, it entails computing and evaluating a variety of ratios. Among the essential components of ratio analysis are:

1. Evaluation of Financial Performance
2. Comparison and Benchmarking
3. Trend Analysis
4. Support for Decision Making
5. Standardised style
6. Financial Problem Diagnosis
7. Communication and Reporting
8. Comprehensive Assessment:

IMPORTANCE OF RATIO ANALYSIS :

Businesses, investors, and financial analysts use ratio analysis as a critical tool to assess a company's financial performance and health. It entails the computation and interpretation of a number of financial ratios that are obtained from the balance sheet, income statement, and cash flow statement of a business. Here are several justifications for the significance of ratio analysis:

1. Assessment of performance
2. Benchmarking and comparison
3. Evaluation of financial health
4. Forecasting and decision-making
5. Communication and reporting
6. Early warning indicators

ADVANTAGES OF RATIO ANALYSIS :

An essential tool for examining a company's financial performance is ratio analysis. Thus, the following are some benefits of ratio analysis:

- Practical instruments for analysing financial statements.
- Simplifies accounting data.
- Improves in evaluating a company's operational effectiveness.
- Useful in predicting.
- Helps in identifying weak areas.
- Beneficial for both intra- and inter-firm comparison.

OBJECTIVES OF STUDY ON RATIO ANALYSIS ARE :

- Simplify accounting information.
- Assess the operating efficiency of the business.
- Analyse the profitability of the business.
- Measuring Efficiency
- Solvency of the Business

INDUSTRY PROFILE :

Chartered accountant (CA) firms assume a significant part in the monetary biological system, offering a scope of administrations including examining, tax collection, monetary warning, counselling, and bookkeeping. Here is an industry profile of our CA firm:

Key Services offered:

1.Audit and assurance:

- Statutory audit
- Internal audit

2.Taxation:

- Direct taxation (Income tax, corporate tax)
- Indirect taxation (GST, VAT, service tax)
- International Taxation

3.Advisory and Consulting:

- Financial Advisory
- Strategic planning

4. Other services:

- Regulatory compliance
- Due diligence

CHALLENGES :

- Regulatory compliance: Staying aware of administrative changes across various locales.
- Fee Pressure: Serious contest prompting lower strain on expenses.
- Talent Shortage: Trouble in drawing in and holding gifted experts.
- Cyber security: Expanding chance of digital assaults and information breaks.

OPPORTUNITIES :

- **Advisory Services Growth**

Warning Administrations Development: This alludes to the extension and improvement of counselling administrations gave to organizations. These administrations incorporate key preparation, monetary counsel, and functional enhancements, pointed toward assisting organizations with accomplishing their objectives and further develop execution.

- **SME Sector**

SME Area: Little and Medium-sized Undertakings (SMEs) are organizations with restricted income and labour force contrasted with bigger companies. The SME area is critical for financial development, advancement, and occupation creation, frequently filling in as the foundation of numerous economies.

- **Technological Advancements**

Mechanical Progression: This incorporates the turn of events and execution of new advances that further develop items, administrations, and cycles. Mechanical progressions drive effectiveness, development, and upper hand across different enterprises.

- **Stability and ESG**

Stability and ESG In a business setting, dependability alludes to the consistency and unwavering quality of an organization's exhibition and tasks. ESG (Natural, Social, and Administration): ESG addresses the measures used to assess an organization's tasks and execution in light of its ecological effect, social obligation, and administration rehearses. Stressing ESG factors assists organizations with working economically and morally, drawing in socially cognizant financial backers and clients.

CONCLUSION :

Chartered accountant firms are essential to the monetary strength of organizations and people. With the business developing quickly because of mechanical progressions and administrative changes, firms should adjust and improve to remain cutthroat and fulfil the developing needs of their clients. The CA business is ready for development, driven by expanding intricacy in the worldwide monetary scene and the interest for specific monetary aptitude. Firms that adjust to mechanical changes, administrative conditions, and client assumptions will flourish in this advancing business sector.