



Financial statement analysis

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Chapter preview

This chapter focuses on interpretation of the accounting and related information contained in financial statements, concentrating on those published by private sector entities. The approach adopted is a review of the use of the information contained in the financial statements, in conjunction with information from other sources, to address key issues regarding past (and potential future) corporate performance.

The first part of the chapter concentrates on identifying potential users of accounting information about corporate entities and the key questions they want answering. It then goes on to review the sources of information available to help answer these questions, and the techniques that can be used to help interpret such information in a meaningful way. It stresses the fact that a full understanding of an entity's financial position requires integration of information drawn from a variety of sources, including, but not limited to, that contained in financial statements.