Financial Analysis: A short note on the tools and techniques. Financial statement analysis can be performed by employing a number of methods or techniques. The following are the important methods or techniques of Financial Analysis:

1. Ratio Analysis: This method involves the calculation of financial ratios to understand the financial health of a company. Ratios are used to compare the financial statements with those of other companies or with industry standards.

2. DuPont Analysis: DuPont analysis is a method of breaking down a company's return on equity into three components: net profit margin, asset turnover, and financial leverage.

3. Horizontal Analysis: This method involves comparing financial statements over multiple periods to identify trends and changes in financial performance.

4. Vertical Analysis: Vertical analysis involves expressing each item in a financial statement as a percentage of a total. This method helps in understanding the composition of financial statements.

5. Financial Forecasting: Financial forecasting involves predicting future financial data based on historical trends and other relevant factors.

6. Financial Planning: Financial planning involves setting financial goals and developing strategies to achieve them.

7. Financial Decision Making: Financial decision making involves making choices about how to allocate resources to maximize shareholder value.


9. Corporate Valuation: Corporate valuation involves determining the current market value of a company's stock or other securities.


These methods and techniques are used to perform financial statement analysis for businesses, depending on what you are trying to achieve. Financial statement analysis is a systematic approach to evaluating a company's past financial performance and predicting future performance.