

Financial Analysis

Every company, regardless of its size, keeps track of its accounting, whether there is an accounting department within the organization, or someone outside the company is in charge of carrying out this control. In microenterprises there may not be an accounting department or you do not have contracted the services of someone external, but very surely the owner has a record of what he sells and what he buys, we also call this accounting.

The interpretation of accounting is not easy, and hardly people who are not familiar with it can understand or interpret what the operations of the company throw at us.

Not all managers of companies know how to make the accounting movements of the organization, likewise, it is difficult for them to interpret the results of the financial statements, but this is not a problem since there is financial analysis that is very useful when interpreting the results.

Financial analysis is the interpretation of the company's accounting, with the help of indicators and financial ratios. There is a wide variety of these to know in a detailed and precise way some data that you want to know about the company.

The way to perform a financial analysis is using the methodologies of horizontal analysis and vertical analysis. We will not go into these definitions as it is somewhat extensive and would have to be explained in a practical way with financial statements.

Normally in companies there are few people who can interpret accounting, and that is why financial analysis is very useful since without this analysis it is difficult to know how the company is, and if you do not know with certainty this, much less you know where you have to go. Problems in the company can be detected in time and therefore corrected, for this reason it is said that financial analysis is closely linked to accounting since one complements each other and at the time of making decisions the information is reliable.

Reference:

Gerencie.com. (2013). Qué es el análisis financiero. [Http://www.gerencie.com/que-es-el-analisis-financiero.html](http://www.gerencie.com/que-es-el-analisis-financiero.html)