THE STAGES OF THE DEVELOPMENT OF ISLAMIC FINANCIAL ANALYSIS

TAMARA YAHYA MALKAWI

[1]AlSanabel Islamic Company, Amman, Jordan
Email: tamaramalkawi@sanabel.com

Abstract - Financial services are one of the most important economic activities in light of financial globalization. This is due to its diversity and multiplicity. Islamic financial analysis has been one of the most important financial services. In recent decades, the Islamic economic system has witnessed a remarkable development in Islamic financial analysis. This analysis is used as a guide for investors to develop their strategies and investment objectives in addition to choosing companies to invest in their shares and knowing the things that undermine their legitimacy, which allows the heads of companies to benefit from the results of analysis and create opportunities for companies and institutions. The results of the analysis are characterized by accuracy, credibility and transparency, which qualify to take the right judgment of the company free of usury or determine the proportion of usury, if any, depending on the selection of trained persons. The aim of this research is to follow the path of the legal stages of the development of financial analysis from setting goals and objectives of companies to the establishment of legal standards and ending with finding a methodology for financial analysis.

Index terms - Islamic, Financial, Analysis, Binary to excess one converter, Multiplexer.

I. INTRODUCTION

Praise be to Allah, the Lord of the worlds and the best prayer and delivery to the master of the messengers, and his companions and followers, and after:

The existence of financial markets based on the foundations of the capitalist system in each country is inevitable and cannot be dispensed with the establishment of companies that do not adhere to most of the Islamic method. And found that most Muslim investors are confused about how to deal with financial markets, so the subject of Islamic financial analysis is one of the most important topics in the field of Islamic economics.

The Islamic analyst represents the leader of the vehicle and the passengers are the investors, the companies and the Islamic financial analysis are the vehicle, and the need to manage the captain for his vehicle successfully, there must be legitimate analysts trained to study the financial statements in a detailed and accurate to reach the results of sound free of interest money.

Islamic financial analysis has been carried out in various stages, from the company's knowledge phase (without reference to the founding text) or the issuing of annual financial reports, the creation of legitimate financial ratios based on Shari'a standards for Islamic indicators, and the final stage in the development of a standard methodology for Islamic financial analysis. The aim of this research is to provide a service to the financial markets by providing clear steps to the Islamic financial analyst and to encourage the companies to be recognized and to guide their investors to sound investments of a legitimate nature. The research plan is as follows:

Introduction: importance, problem, and objectives of the study and previous studies.
First requirement: definition of financial analysis (types, importance, sources)
Second requirement: Follow the steps of the development of Islamic financial analysis
Third requirement: The methodology of the Islamic analyst

Conclusion: The most important results
I ask God Almighty to help me in his satisfaction and praise God, Lord of the Worlds

Importance of study

1. The use of Islamic financial analysts of Islamic methods and methods in the analysis of financial statements.
2. Benefiting from the results of the analysis of financial statements legally from many parties including investors, speculators and companies.
3. Benefiting students of science in developing a unified Islamic model in the analysis of financial statements.

Problem of study

We find that the Islamic investor has difficulty in choosing the investment free of usury, especially in light of the globalization of financial markets, so he needs a legal analyst to guide him to legitimate investments, and the problem of research in the main question the following:

What are the steps in the development of Islamic financial analysis?
It has the following sub-questions:
1. What types of financial analysis?

2. What are the steps of the development of Islamic financial analysis?
3. What is the methodology of Islamic financial analysis?

Objective of study

The study aims to achieve the following objectives:

1. Define financial analysis (types, importance, and used tools).
2. define the steps of the development of Islamic financial analysis.
3. Define methodology of Islamic financial analysis.

Previous studies

The following are some studies that relate to the subject of research, as the researcher was able to reach:

Al-Faqir [1] explained the legitimacy criteria adopted by the Sharī'ah bodies when constructing an Islamic index, and setting the standards in terms of proposed formulas and estimations for each criterion.

The shares of companies whose activity is in the taboo and the ruling on investing in it is haraam and the shares of companies that are active in pure Halal and the rule of investing in them is permissible and the shares of companies are the place of their activity but in its statute it deals with haraam and the ruling on investing therein is permissible, The entry of the shareholder in these companies shall be for the purpose of changing the company and its delivery [2].

A study showed that the two types of joint stock companies do not have the right to sell and buy, which is forbidden, such as banks and other companies that are haraam in the name of sharee'ah. The second type of companies permissible for the Muslim to engage in investment so that the place of investment is permissible in the origin of the law [3].

The methods of financial analysis and accounting for the financial statements of companies in order to determine the proportion of haraam and follow two methods are analysis of the structure of funding and the method of analysis of elements of the elements and cost elements and expenses and applied both methods on a sample study [4].

The fact that the companies that comply with the provisions of the Sharia are few and that the usury controls the financial system and that there are companies that have activities that are not allowed in the Islamic Sharia and the income must be purified by giving them to charities. However, there are contradictions in the criteria of sorting the legitimate institutions for illegal companies This is due to the lack of universal consensus on a specific set of Islamic examination criteria [5].

The types of companies in the market which are the companies that established their system in the originally prohibited acts and the companies that deal with the permissible and follow the method legitimate and companies with business permissible in the original, but that those who deal with the prohibition sometimes and the researcher Douaz traded in shares such companies But on condition [6].

The most important factors that helped in the emergence of Islamic stock market indices and issues of Islamic stock market indices in the global markets and the steps to choose the components of the index by excluding the shares of industries that are prohibited by Islamic law and applying the standards of financial ratios allowed in indebtedness companies [7].
The researcher proposed to reformulate the criteria of ratios so as not to open the doors of usury in a broad manner and that dealing with mixed companies is limited by need [8].

II. DEFINITION OF FINANCIAL ANALYSIS (TYPES, IMPORTANCE, SOURCES).

Financial analysis is defined as means of communication between the company and the outside world of its investors, shareholders and creditors / creditors, and those who have interests requiring accurate information about the company's financial position.
The financial statements prepare a report summarizing the company's accounting position. The task of the financial analyst is to read the financial statements in a geometrical manner, in which he deconstructs the data and examines them accurately to give the indices and indicators for the various activities of the company.

Types of financial analysis

1. Basic financial analysis:
This type of analysis depends on the calculation of the financial ratios for a given period and the outcome of the financial ratio is derived by comparing any item belonging to the list of accounts such as the value of assets traded at the end of the financial period in another item such as current liabilities [9].
There are many ratios on which the financial analyst depends on[10].

1. The liquidity ratio is used to assess the
2. company's ability to meet its short-term obligations.

3. Profitability ratio is an indicator of the company's ability to generate profits such as earnings per share.
4. The rate of leverage to calculate the degree of risk borne by the company and approved by creditors to evaluate the financing policy of both parties.
5. Activity ratio is used to assess the company's ability to exploit its various resources such as inventory turnover rate.
6. Market ratio is an indicator for investors in financial markets about market value in return and other results that help the investor make his investment decision to buy or sell the stock.

The role of the financial analyst is to determine the appropriate financial ratios to achieve the best results in knowing the position of the company and making the appropriate investment decisions (buying or selling shares, financing and assumption). However, the basic analysis process is static, meaning that the results of analysis are only for the year analyzed. The results for the coming year will be different from previous years. On this basis, the role of the financial analyst in reading the company's financial statements depends on accurate and detailed reading.

The most important sources of financial information on which a financial analyst depends on the analysis of a facility are [11]:

1. The annual financial statements (includingthe balance sheet, income statement andcash flow statement).
2. Reports of the Board of Directors containing information and future plans.
3. Prospectus for modern establishments.
4. Interim reports throughout the year (semi-annually, quarterly).

Due to the importance of the analysis, IAASB has issued the International Standard on Auditing (ISA) 520, which deals with the division of financial information by examining the financial statements and comparing them with information for previous periods[12].

The main objectives of the basic financial analysis can be summarized as follows [13]:

1. Assist in the financial planning process of the company and to infer the future of the company and its prospects.
2. Use it as an indicator of the success or failure of the company's management in achieving the desired objectives.
3. Obtain a suitable and appropriate decision for the conditions of the company.
4. Judging the financial position of the company.
5. Propose financial policies that help in the financial position and profitability of the company.
6. Comparison of the financial position of the company with companies of the same sector.
7. Assess the risks to which the company is exposed and the percentage of expected returns.

The basic financial analysis is divided into two types:

1. Trend analysis. It is concerned with studying the financial ratios of the company for several years and
2. Ratio analysis: It is concerned with studying the relationships between the items of the financial statements in a particular year.

Both types depend on the creation of ratios and financial indicators, but the financial years vary, and here the financial analyst to choose the method he wants to follow the information required of him.

2. Technical financial analysis

Supporters of this analysis believe that history repeats itself unless there are exceptional changes. The technical analyst relies on the price of the security, which is a mirror that reflects all the changes and economic conditions of the stock[14]. The technical analyst represents stock prices in several forms: Japanese candle, flag, head, shoulders and others, ignoring the basic facts that determine the real value of the share.

The analyst seeks to predict the movement of stock prices in the future without looking at the reasons that led to move as the price of the stock in cycles of time to rise and sometimes lower and then repeat the model several times.

The role of the technical analyst is to know the timing of the beginning of the session if the rise of "bullish" or decrease "Bearish". The most important sources of technical analysis are the historical stock prices, which is based on the fact that the price sums up everything and history repeats itself.

The most important tools of technical analysis [15]:

1. Technical analysis of the chart as the technical analyst relies on graphing the movement of the share prices graphically.
2. Technical statistical analysis, where it works to find technical indicators indicating the timing of the beginning and end of each of the courses and the basis for calculating the digital data of the share price.

The technical analysis approach plays a major role in decision-making among investors in the financial markets and its importance is attributed to[16]:

1. The speed of determining the general trend of stock prices.
2. The ease and simplicity of the methods of calculating the method of technical analysis, especially if compared with the basic analysis and legitimacy.
3. Know the time of buying and selling.
4. Predict the movement of the stock in the future.

5. Interest in the technical analysis of the psychological aspects of investors by knowing the way other investors think.

3. Islamic financial analysis

Globalized financial markets have become mired in mechanisms, transactions and usurytical activities, and the elimination of the scourge of usury has become difficult and God has not promised war, as he promised to interact with usury [17]. The passion of every Muslim investor is that his investments are free of usury. This requires an analysis of the principles and legitimacy of Islam to remove the impurities and achieve sound results. Therefore, there must be a legitimate financial analyst before starting the investment operations so that the Islamic approach can be achieved and the jurisprudential rules in this field is that the duty is not obligatory.

Financial analysis is defined as an analysis of the financial statements, including disclosures according to the Islamic method and its standards, based on the fact that money is God's money and that human ownership is not absolute, so that it works to delineate the financial statements to ensure that companies apply the Islamic method in its transactions and activities and free of usury.

The legitimacy of the use of Islamic financial analysis is based on the principle of cooperation on righteousness and piety and forbidding cooperation in sin and transgression [18]. The contribution of every Muslim as much as he can to the promotion of virtue and the prevention of vice is necessary to eliminate the capital markets and encourage the birth of healthy financial markets of interest transactions.

Islamic financial analysis is based on a set of criteria and principles on which to base its objectives.Perhaps the most important of these objectives:

1. The definition of foreign investments with the advantages and comprehensiveness of the Islamic economy. It depends on a set of fixed rules and regulations. It is also flexible in methods, methods and tools to suit the circumstances of every time and place.
2. Ability to build a valid Islamic index of usury impurity.
3. Encouraging the Islamization of companies and transforming capital markets into Islamic financial markets.
4. To guide financial analysts to follow the methodology of financial analysis and to determine the ease of application.
5. Helping investors, institutions, companies, portfolios, investment funds and other companies that depend on the sale and purchase of shares by guiding them to make the appropriate decision by knowing the companies that can or cannot deal with them.
6. Inhibiting the scourge of usury through the rejection of companies that deal with them and encourage institutions that deal with Islamic companies and banks.
7. Encouraging the investment of financial surplus in Islamic banks and companies through legal means by buying shares of companies or entering as partners in companies recommended by the Islamic analyst.

The most important sources on which the Islamic financial analyst relies are the same sources mentioned in the basic financial analysis. The presence of the financial analysis service for financial markets, to distinguish between the types of companies are:

1. pure companies and are free of investments prohibited in its statute or lists.
2. Companies haraam and deal with the prohibited investments and provides for that its main activity.
3. Mixed companies, which is the activity permitted in the original but deals with some transactions forbidden such as usury and others, has been denied some of the scholars deal with this type and cited the prohibition of evidence that provides for the inviolability of usury. Those who approved the contribution to these companies, but the controls and financial ratios Based on legitimate criteria.

Accordingly, the main task of the financial analyst is to study the financial statements in detail and analyze them according to Shari'a standards, regardless of the different ratios of these standards in many scholars. The goal of the analyst is to reduce the number of prohibited and mixed companies by informing them of reasons of discouragement The shareholders to deal with them and guide them to leave the forbidden transactions taken on them and urged them to hand them over, and also to narrow the door of usury as much as possible, especially in these days. The popularity of Islamic investments has become a prominent feature in the Arab societies and the Arab economy as a whole. The evidence is that there are Islamic banks that serve their interests and the interest of the usury-based banks to provide Islamic services with their windows. In contrast, the Islamic Analyst works to encourage shareholders to deal with licensed companies.

III. DEVELOPMENT STEPS OF THE ISLAMIC FINANCIAL ANALYSIS

The evolution of Islamic financial analysis from an art to a science in itself has steps to guide it to arrive at the right results in buying or selling shares, and even surpassing it to the analyst's book for the legitimate recommendations of companies that deal with usury and warning not to buy or deal with them.

This will be illustrated by two steps in the development of Islamic financial analysis, which is

expected to be examined in the third step, with a separate requirement[15].

1. First Step: Identify the goals and objectives of the companies

Investment strategies in the liberal system focused on return on investment to maximize profits regardless of the investment. A group of investors emerged whose investment goal was to balance social costs (environmental issues, consumer protection, human rights, employment rights and trade equivalent) with the profit side.

There are controls for this category called social responsibility investment (SRI). The SRI (Social Responsible Investment) (SRI), which measures the environment, social and governance, and the number of supporters of these standards.

It means the environment, social and governance, and the number of supporters of these standards has increased. In December 2015, France became the first country in the world to adopt a law requiring large institutional investors to disclose information on how climate risks are managed and how to integrate ESG into their investment strategies [19].

In 2004, SRI, the global stock index made up of advanced market countries excluding arms, nuclear power, tobacco, alcohol, gambling and the most important financial markets in the index, began to be the financial markets of developed countries (France, Britain, Japan, And other States[20].

However, the existence of the SRI phenomenon is no longer sufficient to meet the needs of religious leaders. In the beginning of the emergence of financial markets, Muslims face the problem of choosing the share that approves the Shari'a. The Islamic analysis process initially included avoiding the usury-based banks and companies that produce cigarettes, Manufacturing and packing of pig and traditional insurance companies. This means prohibiting companies whose primary activity is haraam. All these shares cannot be disposed of by selling or buying, nor by contributing to the establishment of such companies.

Companies that deal with Al-Mabhalah permissible, and their Articles of Association and Articles of Association, stipulate activities within the limits of Halal.

2. Second step: Shariah Standards for Islamic Indicators

The emergence of Social Responsibility for Investment (SRI) has helped meet the needs of a certain class of conservatives for their environmental beliefs and ethics, but Islamic investment has been faster in meeting its needs.

The Islamic indicators show the conditions of entry of companies in the index so that there are mechanisms to control whether the company's activity is permissible and its statute is based on the legitimate principles. These companies are called pure companies[21].This type of companies is not disputed because it has a legitimate body that sponsors its business.The second type of companies is that its statute stipulates that prohibited acts such as usury-based banks, liquor companies, hotels, traditional insurance companies, etc. are not allowed to be dealt with, and they are forbidden to participate in establishing them or to dispose of selling and buying by consensus of the nation's scholars. Cooperation on sin and aggression[6].The third type of companies is mixed and it means that the nature of their work and activities are mostly permissible, but they are subject to certain forbidden transactions, and these companies have a difference in the rule of buying them or forbidding them.

The Islamic Fiqh Academy of the Organization of the Islamic Conference (Jeddah)[22]and the Shari'ah Board of the Kuwait Finance House (KFH) went on to say that these companies are not permitted to deal with these companies[23]. The Shari'a Board of the Islamic Bank of Jordan[24] is a number of contemporary scholars. Mustafa Zarqa[25]and others have allowed to deal with these companies, but under conditions

Islamic Analyst analyzes the financial statements of companies classified as mixed within Islamic Shariah standards. If the company exceeds the financial ratios set by the Standard, it is not permissible to deal with them, but if they are within the financial ratios of the standard, dealing with them is permissible. The Shariah-compliant financial analyst must adhere to Shari'a standards and not exceed the maximum limits to be accepted and deal with these criteria[26].

1. The first criterion: The company's main objectives and activities are to be legitimate and permissible. It excludes companies whose activity is prohibited such as the manufacture of alcohol and tobacco, products related to pig meat, traditional banks, traditional insurance companies and others.
2. The second criterion:The ratio of the total interest income in the company. This ratio is based on the calculation of all the interest sources used by the company, divided by the total revenues, not exceeding 2.5% (in Malaysia, this percentage increased to 25%). When an interest rate is found in the company, it is necessary to calculate the ratio of Cleansing[27].
3. The third criterion:Ratio of the total interest-bearing debts on the company to the average market value of the company. In calculating this ratio, the financial statements must be studied in a precise manner to determine the sources of loans of the interest company, provided that they do not exceed 30%.

4. The fourth criterion: Proportion of assets, benefits and financial rights to total assetsin the company. This is particularly important when the company's listing in the financial markets is new. The company's study is directed to the percentage of funds invested and the use of capital in its activities, projects and plans, provided that the company's money is not frozen and has not yet started with its investments. The ratio should not be less than 10%.
5. The fifth criterion:The researcher proposes the fifth criterion "the ratio of total prohibited investment to totalinvestments of the Company". The calculation of this ratio is due to the fact that some prohibited investments are realized in the income statement losses and have no effect in the Islamic financial analysis and these investments are off-balance sheet. But must be taken into account, so the researcher advised to calculate them to reach more accurate results and purity.

These standards are used during the analysis of companies but their ratios differ from one index to another and from one legal analyst to another. The Accounting and Auditing Organization for Islamic Financial Institutions stated that the amount of income derived from the prohibited component should not exceed 5%. The ratio of usury company loans to the average market value of the company does not exceed 33% and the ratio of assets, assets and benefits to the average market value of the company is not less than 33%[28].

IV. DEVELOP UNIFIED METHODOLOGY FORISLAMIC ANALYST

In the cases of mixing between halal and haram money in financial transactions, and this has been proven in most companies contributing to the financial markets, and as the proportion of haram to halal varies from one company to another, here comes the role of the financial analyst in the determination of the rates of Haram for the purposes of cleansing and encourage the Islamization of companies to reach To a pure financial market devoid of usury-based transactions as much as possible, in addition to encouraging the Islamic financial markets to deal with them.

The method of Islamic financial analysis is based on the idea of analyzing the elements of the financial statements in a precise manner in order to reach clear and precise results based on Shari'a standards and finding the percentages of each.

The investor's financial analyst provides all types of investment packages to the investor. The classification of these baskets is based on an essential basis as follows:

1. Diamond basket: These companies that have a legitimate supervision and recommended to invest and deal with them.
2. The Golden Basket: These companies do not contain a legitimate control body, but they are free of usury-based transactions and it is recommended to deal with them.
3. The Silver Basket: These companies are covered by some of the funds and interest loans but did not exceed the financial ratios. In addition, it is necessary to calculate the percentage of disinfection, and the analyst recommends that investors not to deal with these companies in the case of dealing with them must be removed the percentage of disinfection, and also the role of the Islamic analyst to inform the companies in this basket as incomplete and not recommended to buy them This encouraged the Islamization of companies and the rise of the Islamic economy because of encouraging institutions to deal with Islamic banks.

Therefore, the development of the researcher to find a methodology for the Islamic financial analyst is due to the analysis of some companies in the financial markets. If the results are prohibited companies, it is not permissible to deal with them even if they exist within an Islamic index.
The methodology of the Islamic financial analyst governs some general principles that must be taken into consideration to complete the process of Islamic financial analysis. This is to examine the financial statements in details starting with:

1. Company's prospectus (primary system).
The item of the company's activity and its objectives for which it is not limited to know the main purpose only, but must be informed the Islamic analyst of all activities and goals contained in its statute.
Example: If the objective of the company is to invest in real estate, buy land, buy bonds and work within the illegal sectors such as the insurance sector, the legal analyst should study the financial statements to see if the activity of buying bonds and working with illegal sectors is operational. If the company's goals are not legitimate, the analyst must inform the company of any method (telephone, email, fax) to inform them that the company (after completion of the analysis and all ratios were intact) were not among the first companies to be recommended (ie, Golden Basket), due to some of the existing goals, the company must take caution.

2. Balance Sheet List
The following is included in the elements of the asset
1. Cash and cash equivalents item: It is necessary to refer to the study of clarifications to study this item accurately and as follows:
A. Cash in the Fund: This amount is in the fund of the company and has no suspicion.

B. Criticism What is the ruling: Either the cash in the accounts of conventional or Islamic banks or subsidiaries and the analyst know in which bank was deposited funds as well as the study of subsidiaries and analysis. If the company takes in return for the deposit of interest interest, it is necessary to collect the amount in the prohibited income, but in the absence of clarifications on this item, the analyst to communicate with the company and in the absence of cooperation is notified that it is not within the golden basket and this is due to lack of transparency.

2. Various investment accounts: such as the purchase of shares and here it is necessary to analyze the companies to find out their ruling with the Islamic analyst.

3. Receivables: Some companies take interest on this item in the event of payment delay, here it is necessary to study the clarifications and company policy with this item.

ELEMENTS OF LIABILITIES

1. Loans: This item contains the funds that the company resorted to. Therefore, recourse is made to clarifying the source of the loans if they are interest or non-interest.
2. Issuing the bonds and confirming the clarifications to study this item and knowing the value of interest paid.
3. Short overdraft (short term loan) and check the source and value of the loan.
4. Miscellaneous accounts payable (amounts due to related parties are included in interest bearing loans).
5. Contracts (derivative financial instruments) such as an exchange contract for hedging interest rates and the contract is conditional on future interest rate swap contracts expected at the LIBOR rate. Such contracts have no effect on the balance sheet because any losses or profits are not realized until the end of the contract And when this item is in the budget, it does not have any effect when the analysis is within the legal criteria because it is unrealized profits or losses. Therefore, the researcher proposed the fifth criterion (mentioned previously), which takes into consideration the off balance sheet investments because most of them Investments in financial derivatives The ungodly. Investments in financial derivatives, which are haraam

STATEMENT OF INCOME

1. Revenue: This is the most important item in the income statement and includes the operating income of the company such as sales or a share of rents etc. This is not particularly problematic if the company's activity is legitimate. Dividend income from financial assets, interest income, delay or interest income, etc. The income must be examined in detail, with reference to clarifications.
2. Dividend distribution stocks: Here we need to analyze the shares owned in order to know their legitimacy.
3. Income of non-core activities: study the Islamic analyst for the purposes of the company and its basic and subsidiary activities. To know the intended item. If one of the activities is illegal, he should study this item in detail in order to know whether the sub-activity is prohibited or not.

Cash Flow Statement

The leaststatement that analyst relies on the interpretation of the company's cash flow (ie, money received and paid during the financial period). This list is used when examining an item in the statement of income that has no explanation or is ambiguous. The cash flow statement is referred to the item

CONCLUSIONS

1. The results of the Islamic financial analysis were not accurate, but when they adopted a unified methodology for the financial analyst (to obtain accurate, correct and transparent results), it helps to make investment decisions according to the Shari'ah vision
2. The researcher added the criterion of the total amount of money invested in illegal ways to the total invested money to the Shari'ah standards followed. This is due to the illegal investments of some companies that did not generate revenue but losses and also to invest some companies in financial derivatives, which makes their profits or losses unrealized. And have no impact on the balance sheet.
3. The steps of the methodology of financial analysis must be clear and transparent to assist the Shari'a Supervisory Board when reviewing the methodology and also if investors are aware of it to verify the correctness of the results of the analysis.
4. The researcher proposes the existence of three baskets, which are classified according to the results of Islamic financial analysis, namely the diamond, gold and silver basket.
5. The methodology of Islamic financial analysis encourages the Islamization of companies and the reconsideration of their activities and transactions when reporting to the financial analyst of companies that they belong to any basket and why they belong to it.
6. When analyzing the financial statements, it is necessary to study their items in detail because it is possible to manipulate their numbers through the presence of a mysterious item in their financial statements. There are clarifications about the role of the Islamic financial analyst to

disclose these quirks and communicate with the company to clarify.

7. The researcher recommends giving intensive courses to legal analysts to clarify the method of financial analysis and identify the legal steps to achieve sound results that keep investors from falling into usury.
8. The most important statements on which the financial analyst is based are the balance sheet and income lists. The cash flow statement that explains the cash flow of the company is referred to in the absence of an item in one of the two lists (balance sheet and income).

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