# Limitations of Ratio Analysis

Read the information sheet on this subject, and then fill in the table below in your own words.

|  |  |
| --- | --- |
| **Limitation of Ratio Analysis** | **Your explanation of what this means and why it is a limitation** |
| Firms can use different accounting policies |  |
| Outdated information in financial statements |  |
| Use of Creative Accounting |  |
| Summarised information in Accounts |  |
| Interpretation of Ratios is not a science |  |
| Inflation |  |
| Impact of seasonality on trading |  |
| Different market, and financial risk profiles |  |