



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

FINANCIAL STATEMENTS ANALYSIS

Multiple Choice Questions

1. Feature of financial analysis is to present the data contained in financial statements in

A. Easy form

B. Convenient and rational groups

C. Comparable form

D. All of the Above

Answer: D



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2. Which analysis is considered as dynamic :

A. Horizontal Analysis

B. Vertical Analysis

C. Internal Analysis

D. External Analysis

Answer: A



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3. Which analysis is considered as static :

A. Horizontal Analysis

B. Vertical Analysis

C. Internal Analysis

D. External Analysis

Answer: B



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4. Which analysis is based only on one year's data :

A. 1 - Cash Flow Statement

B. 2 - Dividend Analysis

C. 3 - Vertical Analysis

D. 4 - Horizontal Analysis

Answer: C



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5. Main objective of analysis of financial statements is

A. To know the financial strength

B. To make a comparative study with other firms

C. To know the efficiency of management

D. All of the Above

Answer: D



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6. Analysis of Financial Statements is significant :

A. For Creditors

B. For Managers

C. For Employees

D. For all of the above

Answer: D



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7. Financial analysis becomes significant because it :

A. Ignores price level changes

B. Measures the efficiency of business

C. Lacks qualitative analysis

D. Is effected by personal bias

Answer: B



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8. What bad position of the business is tried to be depicted as good, it is known as

.....

A. Personal Basis

B. Price Level Changes

C. Window Dressing

D. All of the Above

Answer: C



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9. For whom the analysis of financial statements is not significant?

A. Investor

B. Government

C. Ambassador of India

D. Company's Employee

Answer: C



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10. Main limitation of analysis of financial statements is

- A. Affected by window dressing
- B. Difficulty in forecasting
- C. Do not reflect changes in price level
- D. All of the Above

Answer: D



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11. Which of the following is not a limitation of analysis of financial statements ?

- A. Affected by personal bias
- B. To know the financial strength
- C. Lack of Qualitative Analysis
- D. Based on accounting concepts

Answer: B



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12. Financial analysis become useless because it :

A. Measures the profitability

B. Measures the Solvency

C. Lacks Qualitative Analysis

D. Makes a comparative study

Answer: C



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13. Parties interested in financial statement analysis are :

A. Investors

B. Government

C. shareholders

D. All of the Above

Answer: D



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14. Main limitation of financial analysis is :

A. To know earning capacity

B. To know financial strength

C. Do not reflect changes in price level

D. Comparative study with other firms

Answer: C



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15. For whom analysis of financial statements is not significant?

A. Political Adviser of Prime Minister

B. Investors

C. Management

D. Financial Institutions

Answer: A



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