

Dr. Babasaheb Ambedkar Open University
Term End Examination February – 2026

Course	: PGDF	Date	: 14-Feb-26
Subject Code	: PGDF-203	Time	: 03:00pm to 05:15pm
Subject Name	: Financial Statement Analysis	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three) (30)

1. Discuss the Benefits and limitations of Financial Accounting.
2. Explain Last in First out (LIFO) method with example.
3. Explain the Key Steps in Stress Testing.
4. Explain three economic assumptions to determine pension costs.
5. Discuss the Characteristics of Financial Statements.

Section B

Answer the following (Attempt any four) (20)

1. Explain the Nature of Financial Statements.
2. Explain Accounting Equation.
3. Explain the Limitations of Ratio Analysis.
4. Write a note on Liquidity Analysis and Credit Ratings.
5. Explain Gross profit ratio with example.
6. Write a short note on Accrual Accounting Concept.

Section C

Part – A (Multiple Choice Questions) (10)

1. _____statement that give only the vertical percentage or ratios for financial data without giving rupee value are known as common size statement.
A Comparative B income
C trend D None of the above
2. The companies inform about the accounting policies used in the preparation of _____.
A financial statements B ledgers
C balance sheet D Cash flow
3. _____Report is used only when the auditor believes that the overall financial statements are misstated and misleading.
A Positive B Adverse
C indifferent D Income
4. _____tax is created due to taxes paid or carried forward but not yet recognized in the income statement.
A Deferred B Indirect
C Weighted Average D HIFO

- 5 _____turnover ratio shows relationship between costs of goods sold and average stock.
 A Stock B Assets
 C Operating Profit D Liability
- 6 _____ratio indicates the relationship between operating profit and net sales.
 A Operating profit B stock turnover
 C Cash Profit D Assets Turnover
- 7 According to the _____of accounting, income and expenses are recognized in the accounting periods to which they relate, rather than on cash basis.
 A Accrual Concept B Cash system
 C Money measurement concept D Monetary concept
- 8 _____= Liabilities + Shareholders' Equity.
 A Liability B Assets
 C Income D Loss
- 9 _____method is considered more suitable during the periods of falling prices.
 A FIFO B HIFO
 C Weighted average D LIFO
- 10 _____= current assets/ current liabilities.
 A Current ratio B Liquid ratio
 C Cash ratio D Assets ratio

Part – B (Do as Directed)

(10)

Explain the following terms:

- 1 Book-keeping
- 2 Trend analysis
- 3 Profit and Loss account
- 4 Obsolescence
- 5 Flow of funds
- 6 Bear
- 7 Allowance for Bad Debts
- 8 GAAP
- 9 Pension
- 10 Transaction
