Financial et al, 2015):1. the effectiveness of financial

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Financialanalysis shows that the collections are operating in a very efficient manner andthe overall liquidity is also in a favorable state. While the current ratioshows Pro Diver may face difficulty in meeting short term obligations as &when they are due, the quick ratio shows that in case of an emergency the overallliquidity of the firm is quite strong.

To improve the asset turnover ratio thefirm needs to efficiently deploy its assets to generate higher revenue. Currentratio can be improved by slightly increasing the current assets and decreasingthe current liabilities. The expense turnover of the company is within theindustry benchmarks.

Through profit margins it can be concluded that companyhas high profitability but is unable to generate enough revenue from utilizing theassets. Overall the position of the company looks promising but there arecertainly some areas for improvement. As far as the new opportunities areconcerned, pro diver must:- Look at the past turnaround of customers& current competitors in the market & evaluate how many divers it canattract with the novel changes. – Increase earnings as it will increasethe equity, profit margins & will ensure quick repayment of the mortgages.- Maximize focus on advertising about thenew developments to increase the revenue. Theabove analysis must be interpreted considering these limitations (Hoggett et al, 2015): 1.

The effectiveness of financial analysisis best measured when there is data available for prior years to do acomparison and see the actual increase or decrease in company’s revenue, profits, debts or expenses. 2. Ratios like ROA, ROE, Assets turnoverratio, receivable turnovers are computed using

the average assets, equity orreceivable balance. Due to unavailability of other period balances, the ratiosare computed taking into consideration available year end balances only. 3. Due to absence of sufficientinformation, the monthly or quarterly average could not be taken to minimizethe effects of seasonal fluctuations. 4.

The analysis is done basis theassumption that all the non-current assets are reported at fair value. If anyasset is at historical dollars, then some ratios may produce false picture. 5. Cash flows sufficiency could not bemeasured due to the absence of cash flow statements.