

TOPIC VI: INTRODUCTION TO FINANCIAL ANALYSIS

- 1) The ratio "Total liabilities/Total Equity"
  - a) Is a measure of solvency
  - b) Is a measure of liquidity
  - c) Must maintain the same amount along the company's life
  - d) Provides information about the profitability of the company.
  
- 2) The horizontal analysis:
  - a) Compares the structures of the balance sheet along two consecutive years.
  - b) Different liability items are compared with each other.
  - c) The Income Statement of a period is compared with the Balance Sheet in the same period.
  - d) Only compares percentages.
  
- 3) Which is the best tool to analyze the financial statements?
  - a) The ratios
  - b) The horizontal analysis
  - c) The vertical analysis
  - d) They are all useful depending on the information sought.
  
- 4) The ratio analysis:
  - a) Is enough to diagnose the financial situation of the Company
  - b) Must be completed with other tools to diagnose the financial situation of the Company
  - c) Is enough to diagnose the financial situation of small Companies
  - d) Provides little information in big companies.
  
- 5) The vertical analysis:
  - a) Compares the structures of the balance sheet along two consecutive years.
  - b) Different asset items are compared with each other
  - c) The total asset is compared with the total liabilities.
  - d) Provides information about the evolution of the Company's Equity over the time.
  
- 6) One the following proceedings is not the purpose of the financial analysis:
  - a) Know the economic and financial situation of the company.
  - b) Diagnose the situation of the company's equity.
  - c) Recommend to solve financial problems.
  - d) Establish the margin of the merchandises.
  
- 7) One the following statements is correct:
  - a) Customers are the real users of the financial analysis
  - b) Directors are the only users of the financial analysis
  - c) Shareholders are the only users of the financial analysis
  - d) Stakeholders are the users of the financial analysis.
  
- 8) The working capital:
  - a) Measures the number of shares outstanding
  - b) Measures the property, plant & equipment used in manufacturing goods
  - c) Is a measure of the liquidity of the Company
  - d) It's a measure of the profitability of the Company.

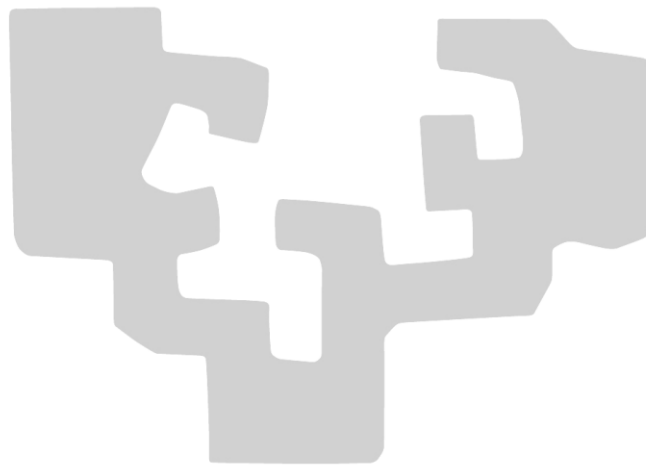
9) Profitability ratios:

- a) Indicate if the Company is paying its debts on time
- b) Measure the ability of the company to generate positive results
- c) Provide information about the structure of the debts
- d) Provide higher amounts in bigger companies.

10) The dependence ratio:

- a) Complements the Quick ratio
- b) Is related to the results of the period
- c) Complements the autonomy ratio
- d) Provides information about the distribution of shareholders.

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