

### Question 1

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Comparisons of data within a company are an example of the following comparative basis:

- Industry averages.
- Intracompany.
- Intercompany.
- Both intracompany and intercompany.

### Question 2

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In horizontal analysis, each item is expressed as a percentage of the:

- base year amount.
- net income amount.
- stockholders' equity amount.
- total assets amount.

### Question 3

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In vertical analysis, the base amount for depreciation expense is generally:

- fixed assets.
- net sales.
- depreciation expense in a previous year.
- gross profit.

#### Question 4

The data in the schedule is a display of vertical analysis because the individual asset items are expressed as a percentage of total assets.

The following schedule is a display of what type of analysis?

	<u>Amount</u>	<u>Percent</u>
Current assets	\$200,000	25%
Property, plant, and equipment	600,000	75%
Total assets	<u>\$800,000</u>	100%

- ratio analysis
- horizontal analysis
- differential analysis
- vertical analysis

#### Question 5

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Sammy Corporation reported net sales of \$300,000, \$330,000, and \$360,000 in the years, 2009, 2010, and 2011, respectively. If 2009 is the base year, what is the trend percentage for 2011?

- 77%
- 108%
- 120%
- 130%

#### Question 6

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Which of the following measures is an evaluation of a firm's ability to pay current liabilities?

- Acid-test ratio
- Current ratio
- Both acid-test ratio and current ratio
- None of the above

#### Question 7

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A measure useful in evaluating the efficiency in managing inventories is:

- a. inventory turnover.
- b. average days to sell inventory.
- c. Both (a) and (b).
- d. None of the above.

#### Question 8

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Financial statement information follows as of the end of each year.

	<u>2011</u>	<u>2010</u>
Inventory	\$54,000	\$48,000
Current assets	81,000	106,000
Total assets	382,000	326,000
Net sales	784,000	697,000
Cost of goods sold	306,000	277,000

Compute the days in inventory for 2011.

- 64.4 days
- 6 days
- 60.8 days
- 24 days