

Module 4 – Financial Statement Analysis & Valuation, 4th Edition by Easton, McAnally, Sommers & Zhang

Practice Quiz

The following is select financial information for **Kohl's Corporation** for fiscal 2011 (\$ millions). Use this table to answer quiz questions 1, 2, and 3.

Current assets	\$4,775
Current liabilities	2,590
Interest expense	303
Total liabilities	7,586
Shareholders' equity	6,508
Earnings before interest and taxes	2,158

1. Compute the current ratio using **Kohl's** reported financial information.
 - a. 0.542
 - b. 1.844
 - c. 0.734
 - d. 0.949

2. Compute the liabilities-to-equity ratio using **Kohl's** reported financial information.
 - a. 1.166
 - b. 0.858
 - c. 1.773
 - d. 0.949

3. Compute the times interest earned ratio using **Kohl's** reported financial information.
 - a. 0.140
 - b. 0.022
 - c. 7.122
 - d. 21.48

4. The following is selected financial information for Mouse Company for 2011.

Working capital	\$ (30)
Retained earnings	(500)
Earnings before interest and tax	250
Market value of equity	100
Sales	3,000
Total assets	1,000
Total liabilities	1,500

Compute the Altman Z-score for Mouse Company.

- a. 2.35
- b. 2.89
- c. 3.10
- d. 4.62

The following is selected financial information for Joker Company for 2011. Use this table to answer quiz questions 5, 6, 7, and 8.

Cash	\$ 13,000
Accounts receivable	11,000
Current asset	36,000
Current liabilities	33,000
Long-term debt	170,000
Short-term debt	10,000
Total liabilities	230,000
Interest expense	15,000
Capital expenditures	16,000
Equity	46,000
Cash from operation	1,000
Earnings before interest and taxes	16,000

5. Compute the quick ratio for Joker Company.

- a. 0.727
- b. 1.091
- c. 0.394
- d. 0.333

6. Compute the long-term debt to equity ratio for Joker Company.

- a. 3.913
- b. 3.696
- c. 0.739
- d. 2.425

7. Compute the cash from operations to total debt for Joker Company.
- a. 0.004
 - b. 0.060
 - c. 0.055
 - d. 0.006
8. Compute the free operating cash flow to total debt for Joker Company.
- a. 0.094
 - b. 0.739
 - c. -0.094
 - d. -0.083