

FA Module 4: The balance sheet (statement of financial position) – homework assignment

(The attached PDF file has better formatting.)

Homework assignment:

Answer the following for the six month illustrative financial statements of the Good Group in 2016 and 2017 (see the attached file to the homework assignment for Module 1):

- A. What is the current ratio?
- B. What is the quick ratio?
- C. What is the cash ratio?
- D. What are the major causes of the changes in the liquidity ratios from 2016 to 2017? Compute the ratios including the assets held for distribution (note 5). What are the changes in the liquidity ratios if the assets held for distribution are excluded? The assets held for distribution affect only 2016, not 2017. They affect the current assets, the quick assets, and the current liabilities.
- E. What is the debt-to-equity ratio (include only interest-bearing liabilities, both current and non-current)?
- F. What is the financial leverage? How do the assets held for distribution affect the ratio in 2016 and the change in the ratio from 2016 to 2017?

Note 5 of the illustrative financial statements discusses the assets held for distribution.