

Quiz N°5
Finance I

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Name:

1. Using the financial statements provided, please analyze the evolution of Falabella in terms of debt, liquidity, efficiency and profitability (compare 2011 to 2010). Use at least 2 ratios for each attribute and ANALYZE its result. Each attribute will be graded with 10 points for ratio calculations and 10 points for analysis. Total score 80 points.

Debt:

- Long term debt/ Fixed assets
- Debt/Equity
- Debt/Assets
- Times interest (Interest cover) = $(EBIT + Dep) / \text{interest}$
- Or others related to debt
- Analysis consistent with the ratios' results

Liquidity

- Current ratio= current assets/ current liabilities
- Acid test= $(\text{cash} + \text{short term securities} + \text{receivables}) / \text{current liabilities}$
- Cash ratio = $(\text{cash} + \text{short term securities}) / \text{current liabilities}$
- Or others related to liquidity
- Analysis consistent with the ratios' results

Efficiency

- Average collection period: $\text{average receivables} / \text{average sales}$
- Days in inventory: $\text{average inventory} / \text{daily cost of goods sold}$
- Sales/ Average Assets
- Return on Assets = $(EBIT - \text{Tax}) / \text{Av. Assets}$
- Return on Equity = $(\text{Earnings to shareholders}) / \text{Av. Equity}$
- Or others related to efficiency
- Analysis consistent with the ratios' results

Profitability

- Net Profit Margin = $(EBIT - \text{Tax}) / \text{sales}$
- Payout ratio or Dividend ratio = $\text{dividends} / \text{earning to shareholders}$
- Return on Assets = $(EBIT - \text{Tax}) / \text{Av. Assets}$
- Return on Equity = $(\text{Earnings to shareholders}) / \text{Av. Equity}$
- Price/earnings = $\text{Stock Price} / \text{Earnings per share}$
- Or others related to profitability
- Analysis consistent with the ratios' results

2. Using the financial statements provided, please analyze the debt and liquidity of La Polar (Dic 2011). Use at least 2 ratios for each attribute and ANALYZE its result. Each attribute will be graded with 5 points ratio calculations and 5 points for analysis. Total score 20 points.

Debt:

- Long term debt/ Fixed assets
- Debt/Equity
- Debt/Assets
- Times interest (Interest cover) = $(EBIT + Dep) / \text{interest}$
- Or others related to debt
- Analysis consistent with the ratios' results. **MUST mention that Debt is higher than assets and Equity is negative**

Liquidity

- Current ratio= current assets/ current liabilities
- Acid test= $(\text{cash} + \text{short term securities} + \text{receivables}) / \text{current liabilities}$
- Cash ratio = $(\text{cash} + \text{short term securities}) / \text{current liabilities}$
- Or others related to liquidity
- Analysis consistent with the ratios' results **MUST mention that current Liabilities are higher than current Assets**

Bonus questions:

What is the name of the new elected president of France? 5 points

Francois Hollande

What is the name of the President of the Chilean Central Bank/ European Central Bank/ Secretary of the US Department of the Treasury? Pick **one** 5 points

Rodrigo Vergara/ Mario Draghi / Timothy Geithner