Name: _____   Section: _____
Date: _____   Score: _____

Directions: Read the instructions and all the items in each test type carefully. You may use your calculators and an additional sheet of paper for this quiz. **(40 points)**

I. **MATCHING TYPE:** Match the formulas in **COLUMN A** with the financial ratio terms in **COLUMN B**. Write the letter of your answer in the space provided. **(10 items x 2 points)**

COLUMN A	COLUMN B
_____ 1. Current assets / Current liabilities	A. Acid-test ratio
_____ 2. Current assets – Inventories / Current liabilities	B. Debt ratio
_____ 3. Cash and Cash equivalents / Current liabilities	C. Return on equity ratio
_____ 4. Total liabilities / Total assets	D. Asset turnover ratio
_____ 5. Total liabilities / Shareholder's equity	E. Interest coverage ratio
_____ 6. Net income / Shareholder's equity	F. Cash ratio
_____ 7. Net income / Total assets	G. Inventory turnover ratio
_____ 8. Cost of goods sold / Average inventory	H. Debt to equity ratio
_____ 9. Net sales / Total assets	I. Return on assets ratio
_____ 10. Operating income / Interest expenses	J. Current ratio

II. **COMPUTATION:** Perform what is being asked**. (4 items x 5 points)**

A. Analyze the balance sheet and income statement and compute the following financial ratios:
   1. Acid-test ratio
   2. Asset turnover ratio.

Danski Computer Shop and Café
Balance Sheet
December 31, 201X

Assets		Liabilities and Capital	
Cash	P200,000	Accounts Payable	P800,000
Temporary Investments	150,000	Mortgage Payable – 5 years	400,000
Accounts Receivable (net)	450,000	Owner's Equity	1,400,000
Inventories	400,000		
Equipment (net)	1,100,000		
Other Assets (non-current)	300,000		
	P2,600,000		P2,600,000

Danski Computer Shop and Café
Income Statement
December 31, 201X

Sales		P2,000,000
Less: Cost of Sales		1,200,000
Gross Income from Sales		800,000
Less: Expenses:		
Selling Expense	P200,000	
Administrative Expenses	100,000	300,000
Net Income		P500,000

B. Analyze the given problems and compute for **break-even units**.

1. DanTechno is a Filipino-owned company specializing in making DJ turntables and music boards. It costs P20,000 to create a turntable, and the company sells it for P55,000. DanTechno pays P100,000 for the rent and P80,000 for utilities. How many units should the company sell to break-even?

2. Mech War Systems Philippines is in the business of making missiles for the Philippine Army. Its newest model, an air-to-surface missile called the PH-170, is priced at P285,000 per unit and costs P60,000 to produce. How many missile units should Mech War Systems sell to break-even?

   Here are the other costs that the company incurred:
   a. Rent – P200,000 at a 4-story building
   b. Wages – P700,000
   c. Taxes – P80,000

Rubric for grading

PERFORMANCE INDICATORS	POINTS
Complete solution with the correct answer	5
Incomplete solution with the correct answer	3
No solution with the correct answer	1