

1-C 2-B 3-A 4-C 5-A 6-B 7-C 8-D 9-A 10-D

سلم علامات المجموعة الثانية: (35<sup>0</sup>)

1- (20<sup>0</sup>)

Comparative income statements of X&O Co				
Items	2018	2019	Change in Sp	Change %
Sales revenues	150.000	125.000	- 25.000	% - 16.666
Cost of goods sold	80.000	90.000	+10.000	% 12.5
Gross profit	70.000	35.000	- (35.000)	- (%50 )
Sales and general expenses	20.000	15.000	(5000 -)	- (%25)
Research and development	5.000	3.000	- (2000)	- (%40)
Operating income	45.000	17.000	(28.000)	- (% 62 )
Other income (Including interest income)	6.000	5.000	- (1000)	- (%16.66)
Other expenses including interest expense	7.000	4.000	- (3000)	(% 42.85)
Income before income taxes	32.000	8.000	- (24.000)	- (%75)

#### Comments (15<sup>0</sup>)

Notice that net income decreases 75% as a result of decreases in sales revenues and increases in cost of goods sold. In spite of decreases in SGE and decreases in R&D the operating income decreases by 62%. On the other hand, other income decreases by 16.66% and other expenses decreases by 42.85% < net income continue decreases by 75%

2- المجموعة الثانية (35<sup>0</sup>)

3- Ratios calculation and comments: (35<sup>0</sup>)

1- Current ratio = Current Assets/ Current Liabilities

$$= 215.000 / 185.000 = 162 \% \text{ less than one that's means the}$$

2- Acid test ratio = current assets - Inventories/ current liabilities

$$215.000 - 45.000 / 185.000 = .9189\%$$

3- Cash ratio = cash and cash equivalent + marketable securities / current liabilities

$$= 40.000 / 185.000 = .216\%$$

4- Account receivable turnover = net credit sales / average account receivable

$$= 100.000 / 35.000 = 2.857$$

5- Inventory turnover = Cost of goods sold/ average inventory = 55.00 ÷ 045.000 = 1.222

سليم

### Comments (15<sup>0</sup>)

- 1-the liquidity of inventory. I found that the inventory was managed very well.
- 2-The situation getting worse
- 3-The entity almost getting bankruptcy
- 4-This ratio represent numbers of times A/R are collected. Our company collect its receivable around three times a year:
- 5-Inventory turnover measure the efficiency of managing the inventory, that's mean

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