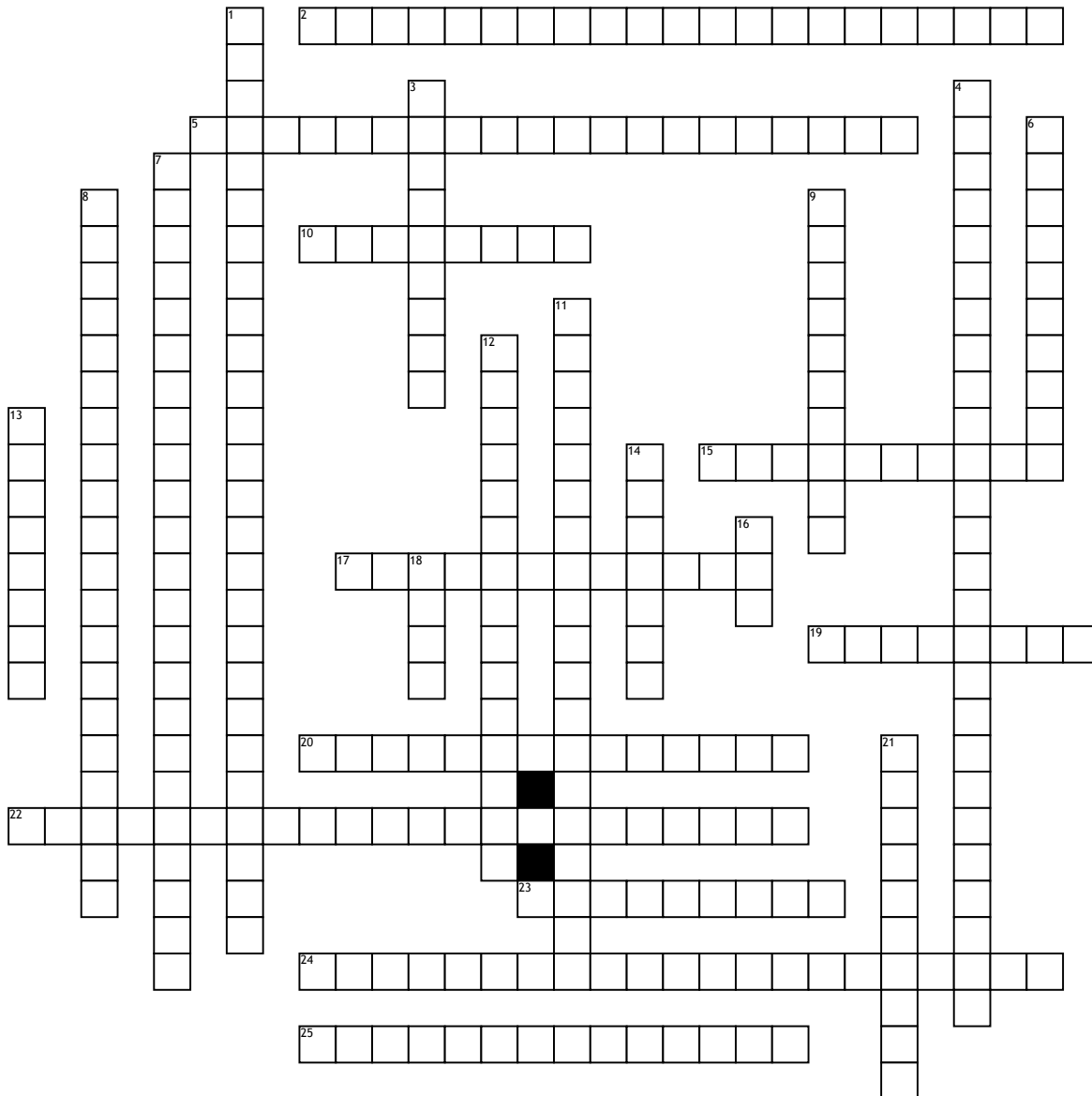


# Chapter 5



## Across

2. a ratio that captures information about property, plant, and equipment utilization  
 5. companies that consistently earn rates of return above the floor  
 10. tell us how efficiently the company is using its assets  
 15. provide information about the amount of long-term debt in a company's financial structure  
 17. current assets divided by current liabilities  
 19. refers to the long-term ability to generate cash internally or from external sources to satisfy plant capacity needs, fuel growth, and repay debt when due  
 20. intended to help lenders assess a borrower's default risk or the likelihood of loan default  
 22. an activity ratio that tells analysts how effectively inventories are managed

23. a type of comparison that measures a company's performance or health against some predetermined standard

24. a financial ratio that indicates how many times interest expense is covered by operating profits before taxes and interest are factored in

25. a type of analysis that helps identify similarities and differences across companies or business units

## Down

1. an activity ratio that helps analysts determine whether receivables are excessive when compared to existing levels of credit sales  
 3. refers to the company's short-term ability to generate cash for working capital needs and immediate debt repayment needs  
 4. income statements that recast each statement item as a percentage of sales  
 6. a type of analysis that helps identify financial trends over time for a single company or business unit

7. a ratio that helps analysts understand the company's pattern of payment suppliers

8. a ratio that helps the analyst spot efficiency gains from improved accounts receivable and inventory management

9. a more short-run reflection of liquidity

11. arise when what is good for one party isn't necessarily good for another party

12. a strategy that focuses customer attention on "unique" product or service attributes to gain brand loyalty and attractive profit margins

13. the acquisitions price premium paid for a target company over and above the fair value of its identifiable assets

14. a company's status when it fails to make a required loan payment on time

16. Return on Assets

18. Return on Common Equity

21. refers to the risk of nonpayment by the borrower, and the resulting loss to the lender of interest and loan principal