

CFA® SAMPLE QUESTION - LEVEL I

Corporate Finance

Q: Firm A and Firm B have the same quick ratio but Firm A has a greater current ratio than Firm B.

Compared to Firm B, it is most likely that Firm A has:

CORRECT ANSWER:

(a) greater inventory

Remember that Inventory is in numerator of the current ratio but not in the quick ratio.

Greater inventory for Firm A then will result in a greater current ratio for Firm A.



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