Read this conversation then answer the questions

**Ali :** Hi, I’m Ali, a financial analyst at ABC Company. What about you ?

**Sara :** Hi, I’m Sara, a manager at XYZ Company. Nice to meet you.

**Ali :** Nice to meet you too. So, what does your company do ?

**Sara :** We make and sell electronic devices like laptops, tablets, and smartphones.

**Ali :** That sounds cool. How’s your company doing financially ?

**Sara :** We use financial ratios to check our performance and finances. We compare numbers from our financial statements like income, balance, and cash flow.

**Ali :** I get it. What kinds of ratios do you use ?

**Sara :** We look at liquidity, leverage, value, profit, and activity ratios. For example, liquidity helps us see if we can pay our bills on time, and profit ratios show how well we’re making money.

**Ali :** Impressive ! What do you do with all this info ?

**Sara :** We use it to make smart decisions and improve how we work. We also see how we’re doing compared to other companies, and we share updates with everyone involved.

**Ali :** Sounds like a smart approach. Financial ratios really help understand how a company is doing. Thanks for sharing !

**Sara :** No problem. It was nice chatting with you !

Questions:

What are Financial ratios, and why do we use them?

What’s :Linquidity, profit ratios ?