

### FILL IN THE BLANK *(note: some terms will not be used)*

account receivable	current assets	payroll record
accounts payable	current liabilities	salary
aging of accounts receivable	current ratio	unsecured loans
breakeven point	direct deposit	variable costs
capacity	direct materials	wages
cash budget	finished goods	work in process
compensation	fixed costs	working capital
credit policy	inventory	
credit terms	inventory turnover	

1. Wages or salary along with other financial benefits paid to employees is called \_\_\_\_\_.
  2. \_\_\_\_\_ are the conditions under which credit is extended by a lender to a borrower.
  3. \_\_\_\_\_ are products that have completed the manufacturing process and are ready to sell.
  4. Amounts owed that need to be paid within the next year are \_\_\_\_\_.
  5. \_\_\_\_\_ is calculated by dividing current assets by current liabilities.
  6. Loans that have no specific collateral are called \_\_\_\_\_.
  7. Business expenses that do not change as the level of production changes are considered to be \_\_\_\_\_.
  8. \_\_\_\_\_ represents the money owed to the business for the purchases customers make on credit.
  9. \_\_\_\_\_ is the difference between current assets and current liabilities.
  10. \_\_\_\_\_ represents the raw materials used by a manufacturer.
  11. \_\_\_\_\_ represents manufactured items in various stages of completion.
  12. \_\_\_\_\_ represents amounts owed for items bought on credit.
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### **THINK CRITICALLY**

13. A cash budget and an income statement have many similarities. What are the main differences between these two documents?
14. When an organization is preparing a cash budget and expects to encounter a shortage, what actions might it take to avoid the shortage?

15. Create a list of procedures you would recommend to a company to prevent the theft of cash and inventory.
16. In the breakeven analysis, fixed costs are constant. Over time, these expenses can change. Give some examples of fixed costs that change over time.
17. Describe the pay system that you believe would be the best for both the workers and the company.
18. What do you believe is the most important factor to be considered when deciding to grant credit to a customer? Explain your answer.



#### **EXCEL PROBLEMS**

Use Excel to solve the problems below and email the spreadsheet as an attachment.  
**MAKE SURE TO USE FORMULAS IN YOUR WORK!**  
(don't just type the answers)

19. In preparing its cash budget, Ying Electronics projected cash receipts of \$47,890 and cash payments of \$41,674. Do these amounts represent a cash excess or shortage? For what amount?
20. Hamilton Auto Parts has current assets of \$789,500 and current liabilities of \$688,560. What is the amount of working capital? What is the company's current ratio?
21. Marge Rodriguez earns \$14 per hour plus time and a half for any hours she works over 40 in a pay period. In a recent pay period, she worked 46 hours.
  - a. How much is her regular pay?
  - b. How much is her overtime pay?
  - c. If Marge had \$172 deducted for income taxes and \$54 for Social Security and Medicare, what is the amount of her net pay?
22. Manor Industries issued an invoice to a customer on March 17 for \$560 with credit terms of 3/10, n/45.
  - a. If the customer wishes to take the discount, by what date must the invoice be paid?
  - b. If the customer takes the discount, what amount will be paid?
  - c. If the discount is not taken, by what date must this invoice be paid?
23. In preparing an aging of accounts receivable report, the credit manager determined that 0.04 percent of amounts due were more than 90 days overdue. If the company had accounts receivable of \$456,773, what amount was more than 90 days overdue?