Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Chapter 2 Part 1

Metal Fabricators, Inc. manufactures file cabinets. Some of the company's activities are listed below. Identify the phase of the management cycle in which each activity occurs. Use (PL) for planning, (PR) for performing, and (E) for evaluating.

 \_\_\_\_\_\_ (a.) Management sets a goal of obtaining a 22% share of the total market.

 \_\_\_\_\_\_ (b.) A new customer purchases 3,000 file cabinets.

 \_\_\_\_\_\_ (c.) Based on less than expected sales volume, production of a four-drawer file

 cabinet is discontinued.

 \_\_\_\_\_\_ (d.) The building of a new warehouse is being considered.

 \_\_\_\_\_\_ (e.) Management decides to add desks to the product line.

 \_\_\_\_\_\_ (f.) Raw materials are purchased for production.

 \_\_\_\_\_\_ (g.) A review of customers' payment schedules reveals several problems

 requiring corrective action.

 \_\_\_\_\_\_ (h.) Executive salaries are paid.

 \_\_\_\_\_\_ (i.) The company decides a distribution center in Alabama is unnecessary, so it

 will be closed.

 \_\_\_\_\_\_ (j.) Payment is received from a customer.

Extreme Enterprises, which manufactures mountain climbing tools, engaged in the following activities. Identify the subprocess in operating process the following activities are associated with. Use (MS) for marketing/sales/collection/customer service, (P) for purchase/human resources/payment, and (C) for conversion.

 \_\_\_\_\_\_ (a.) Purchased raw materials for production.

 \_\_\_\_\_\_ (b.) Factory employees worked in production.

 \_\_\_\_\_\_ (c.) Sold $10,000 of its product to EMS on account, terms 2/10, n/30.

 \_\_\_\_\_\_ (d.) Clips were installed on belts in the production process.

 \_\_\_\_\_\_ (e.) Paid $5,000 for an advertisement in a trade journal.

 \_\_\_\_\_\_ (f.) Requisitioned raw materials for production.

 \_\_\_\_\_\_ (g.) Received $9,800 payment from EMS (see above).

 \_\_\_\_\_\_ (h.) Belts were finished and sent to the warehouse.

 \_\_\_\_\_\_ (i.) Paid the cost to repair a machine used in production.

 \_\_\_\_\_\_ (j.) Paid the president's salary.

Fit for Fun, Inc. sells fitness equipment. The company has 75 stores located in malls throughout the country. The company recently engaged in the following activities. Identify each activity as part of the (B) Business Organization and Strategy Process (O) operating process, (CR) capital resources process (P) Performance Measurement and Management

 \_\_\_\_\_\_ (a.) Purchased 300 treadmills for resale.

 \_\_\_\_\_\_ (b.) Borrowed $50,000 from the bank.

 \_\_\_\_\_\_ (c.) Sold 45 stepping machines.

 \_\_\_\_\_\_ (d.) Purchased 10 new cash registers.

 \_\_\_\_\_\_ (e.) Made a $4,000 payment on the mortgage.

 \_\_\_\_\_\_ (f.) Purchased office supplies for cash.

 \_\_\_\_\_\_ (g.) Paid employees' salaries.

 \_\_\_\_\_\_ (h.) Developed operating budget.

 \_\_\_\_\_\_ (i.) Calculated ratio analysis.

 \_\_\_\_\_\_ (j.) The owners invested an additional $100,000 into the business.

Find the following Ratios using the Balance Sheet Attached:

1. A/R Turnover
2. Inventory Turnover
3. A/P Turnover
4. Return on Investment Turnover
5. Quick Ratio
6. Return on Equity Ratio
7. Gross Margin Ratio