NAME

FINANCIAL STATEMENTS

DIRECTIONS: Write on the statement under Bayou Bandits whether it is the **Income Statement or Balance Sheet**. Fill in the **missing numbers** on the Income Statement and Balance Sheet.

BAYOU BANDITS				
**				
January 1, 2008 to December 31,2009				
Gross Sales/Revenue	346,400			
Less returns	1,000			
Net Sales/Revenue				
Cost of Goods Sold	152,000			
Gross Income				
Expenses:				
Salaries	68,250			
Rent	23,000			
Office Supplies	2,250			
Insurance	3,900			
Advertising	8,650			
Telephone	2,700			
Travel and Entertainment	2,550			
Dues & Subscriptions	1,100			
Interest Paid	2,140			
Repairs & Maintenance	1,250			
Taxes & Licenses	11,700			
Total Expenses				
Net Income after				
Operations				
Interest	500			
Net Income before				
I axes	100			
Taxes	400			
Net Income after Taxes				

FINANCIAL STATEMENTS

**

DIRECTIONS: Write on the statement under Bayou Bandits whether it is the **Income Statement or Balance Sheet**. .Fill in the **missing numbers** on the Income Statement and Balance Sheet.

BAYOU BANDITS

For Period Ending December 31, 2009

A\$\$ET\$ Current Assets:		LIABILITIE\$ & EQUITY Current Liabilities:	
		Total Current Liabilities	
Total Current Assets			
		Long Term Liabilities:	
Fixed Assets:			
		Total Long Term Liabilities	
		Total Liabilities	
		Equity:	
Total Fixed Assets			
		Total Equity	
Total Assets		Total Liabilities and Equity	

Notes Payable	700.00	Equipment	43,249.04
Bank Line of Credit	33,800.00	Vehicles	11,385.00
Petty Cash	100.00	Inventory	1,256.00
Mortgages Due	45,554.00	Savings Account	8,600.00
Capital	64,424.96	Buildings	50,483.25
Stocks & Bonds	16,588.00	Furnishings	13,317.67
Account Payable	500.00	8	/

MATCHING

- ____1. Balance Sheet
- _____2. Gross Sales/ revenue
- _____3.Long Term Liability
- ____4. Fixed Asset
- ____5. Income Statement
- ____6. Equity
- ____7. Current Asset
- _____8. Current Liability
- _____9. Net Sales/ revenue
- ____10.Cost of Good Sold
- ____11.Net Loss
- ____12.Expenses
- ____13.Net Income
- 14. Break- Even Point

- a. A business decides how much they want to spend on certain expenses
- b. Ownership in the company
 - c. A negative number at the "bottom line" of I/S
- d. Sales made before returns
- e. Shows your company's profit at then end of the year
- f. The number of items it takes to neither earn profit nor loss
- g. Items you own that can be liquidated quickly
- h. If you own a fast food restaurant., the cost of buns, cheese, lettuce
- i. Items you own that would take longer than a year to liquidate
- j. Salary, Rent, Utilities
- k. Debt due within a year
- 1. Shows your company's worth at that time
- m. The actual amount of cash from sales after returns
- n. Profit

*Calculate the ratio using the Financial Statement from above: Show the formula used, plug in the numbers, give the answer in the correct format and EXPLAIN WHAT THIS NUMBER MEANS.

Show me the formula you are using & then plug in the numbers.

Formula: Net profit on sales= Formula w/ #'s:

EXPLAIN what net profit on sales means in this situation:

BREAK EVEN POINT Directions: Calculate **SHOW YOUR WORK FOR FULL CREDIT!**

**A board game manufacturer is considering selling a new product for \$10 per unit. The cost per unit will be \$6.50. In order to produce the game, the manufacturer will have to buy a new piece of equipment costing \$7,000. How many units would have to be sold at \$10 for the manufacturer to break even?

**Dan owns a shoe store. His equipment cost him \$400/ month and his land \$600/ month. He also incurs cost for the electricity bill \$15 per each item sold and materials \$10 per each item sold. He wants to sell his shoes at either \$60 or \$55. Calculate the break even point for each. What should Dan sell his shoes for to get his money back as quick as possible?

***ANSWER THE FOLLOWING ON THE SCANTRON:**

TRUE OR FALSE

- 1. Gross profit is found by subtracting sales returns and cost of goods sold from gross sales.
- 2. Analyzing your sales by product can help you make inventory decisions but will not increase sales or profits.
- 3. Comparing the profit ratio for your business to the average profit ratio in your industry can help you set profit goals.

MULTIPLE CHOICE

- 4. You can improve your cash flow by
 - (a) decreasing your cash receipts and increasing your disbursements
 - (b) decreasing the number of hours employees work each week
 - (c) increasing your inventory
 - (d) none of these.
- 5. If annual sales for Department A are \$72,400 and total sales are \$109,800, what percent of sales come from Department A? (a) 65.9 percent (b) 15.2 percent
 - (c) 39.7 percent (d) 61.3 percent.
- 6. To calculate net income after taxes, you must calculate
 - (a) net income before taxes
 - (b) gross profit
 - (c) net income from operations
 - (d) all of these.
- 7. Net profit on sales is found by dividing
 - (a) operating expenses by gross profit
 - (b) net sales by net income after taxes
 - (c) net income after taxes by net sales
 - (d) gross sales by net income from operations.

- 8. Below the breakeven point
 - (a) sales equal expenses
 - (b) you neither make nor lose money
 - (c) expenses exceed revenues
 - (d) revenues exceed expenses.
- 9. Should you increase or decrease your cash disbursements to improve your cash flow?
 (a) Increase (b) Decrease
- 10. Should you increase or decrease your accounts receivable to improve your cash flow?(a) Increase (b) decrease
- 11. What is subtracted from cash receipts to find net cash flow?
 - (a) Cash (b) Cash disbursements (c) COGS (d) Expenses
 - 12. What is the term for the dollar amount of all sales after returns are subtracted?
 - (a) Net sales/revenue
 - (b) Gross Sales
 - (c) Net Income from operations
 - (d) ROE
- 13. What do you get by subtracting operating expenses from gross profit?
 - (a) Net sales/revenue
 - (b) Breakeven point
 - (c) Net Income from operations
 - (d) ROE
- 14. What do you divide net income after taxes by to find net profit on sales?
 - (a) Net sales/revenue
 - (b) Break even point
 - (c) Net Income from operations
 - (d) ROE
- 15. Which is the formula for break even point, the point at which sales equals expenses?
 - (a) Break Even Point =Fixed Cost/(Selling price-Variable Cost)
 - (b) Break Even Point =Selling Cost/(Selling price-Fixed Cost)
 - (c) Break Even Point =(Fixed Cost-Variable Cost)/Selling price
 - (d) Break Even Point =Fixed Cost/(Variable Cost-Selling price)
- 16. What is the point at which sales equal expenses called?
 - (a) NI after taxes
 - (b) NI before taxes
 - (c) Break Even Point
 - (d) ROE

CHAPTER 10 OPERATIONS MANAGEMENT

TRUE & FALSE

- 1. Many retail businesses use point-of-sale software that updates inventory records as each sale happens.
- 2. The physical inventory method keeps track of inventory levels on a daily basis.
- 3. To take a physical inventory, one person counts the items on the shelves and records the information on an inventory form.

MULTIPLE CHOICE

- 4. Planning that involves envisioning where you want your business to be in three to five years is
- (a) strategic planning,
- (b) financial planning,
- (c) tax planning
- (d) investment planning.
- 5. An inventory record in a perpetual inventory system should show
- (a) any receipts of inventory,
- (b) any sales of inventory
- (c) the reorder point
- (d) all of these.
- 6. The periodic inventory method involves
- (a) taking weekly or monthly physical inventories
- (b) using a computer program
- (c) using stock cards
- (d) recording carrying costs.
- 7. If you hold too much inventory, your carrying costs can increase due to
- (a) a high turnover rate
- (b) obsolescence
- (c) out-of-stock situations
- (d) increased accounts receivable.
- 8. An advantage of using computers to track inventory is that
- (a) inventory records are updated as each sale is made
- (b) computers prevent all mistakes
- (c) the computer automatically adds an item to inventory when a sale is made
- (d) none of these.
- 9. What is the process of achieving goals by establishing operating procedures that make effective use of people and resources called?
- (a) Stategy
- (b) Stategic Planning
- (c) Management
- (d) ROE