

# Working Capital and Liquidity

(Crossword Puzzle)

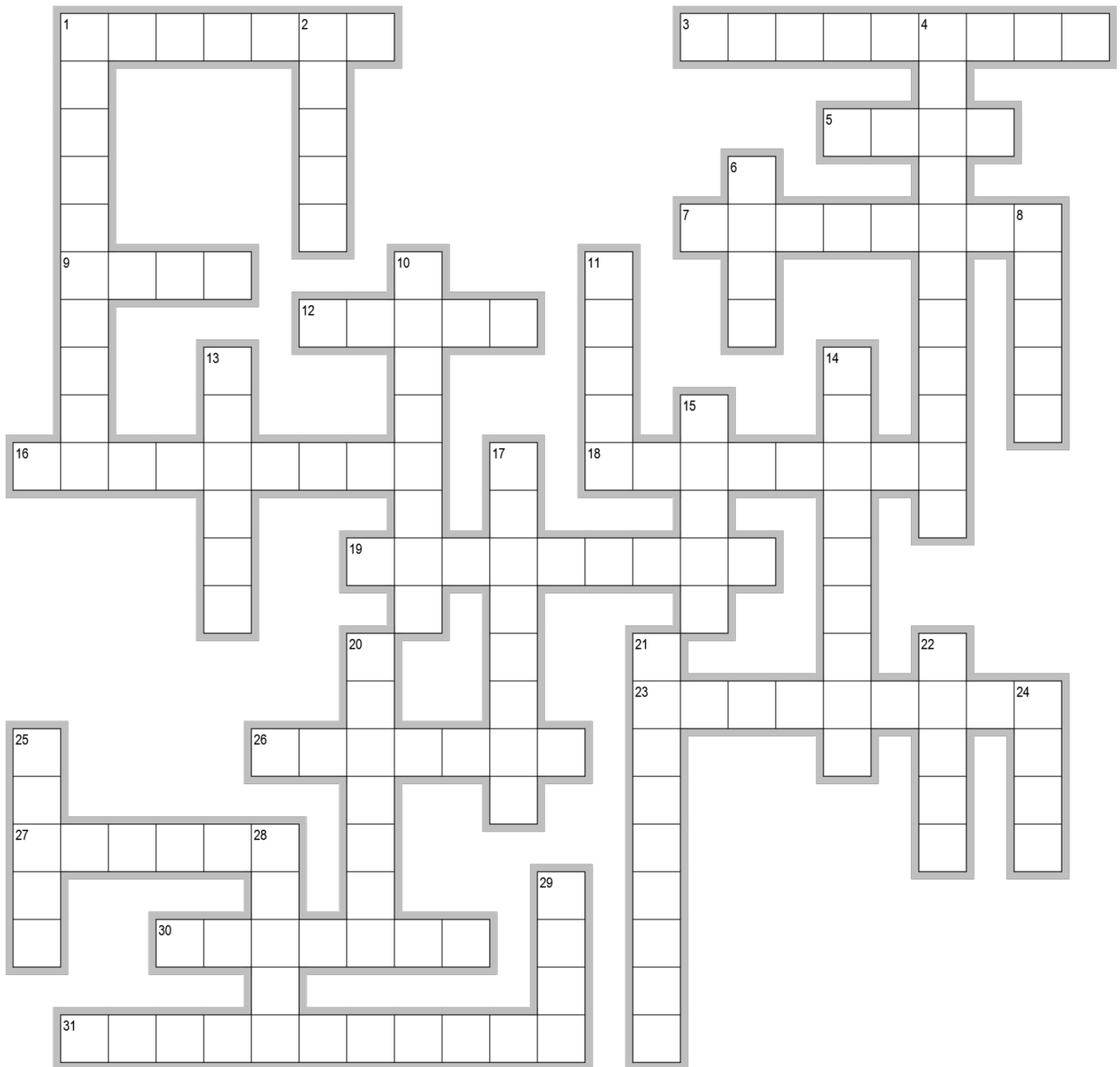


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# Crossword Puzzle (Working Capital and Liquidity)



## **ACROSS** (Working Capital and Liquidity)

1. *Current assets* minus *current liabilities* equals working \_\_\_\_\_.
3. Deferred revenues are reported on the balance sheet as a current \_\_\_\_\_ until they are earned.
5. A company may have to maintain a specified amount of working capital to comply with the covenants contained in its bank's \_\_\_\_\_ agreement.
7. The amount of a decrease in a company's accounts receivable will appear on the statement of cash flows as a \_\_\_\_\_ amount.
9. The most liquid asset.
12. The \_\_\_\_\_ ratio is a better indicator of liquidity than the current ratio.
16. From the time a company sells goods on credit until the money is received, the company is an \_\_\_\_\_ creditor.
18. The term used to describe an inventory item that can no longer be sold due to changes in technology and/or demand.
19. When the change in inventory appears in parentheses on the statement of cash flows, the inventory must have \_\_\_\_\_ during the accounting year.
23. This current asset is not included when calculating the quick ratio.
26. The word to describe a company's accounts receivable that serve as collateral for a bank loan.
27. When calculating the accounts receivable turnover ratio, a company's net \_\_\_\_\_ sales should be divided by the average amount of accounts receivable.
30. The amount of a company's \_\_\_\_\_ liabilities are used in the calculation of the current ratio.
31. Temporary \_\_\_\_\_ will be listed after cash on a company's balance sheet.

## Down (Working Capital and Liquidity)

1. Another description for the *days' sales in accounts receivable* is the *average* \_\_\_\_\_ *period*.
2. The internal report that sorts a company's receivables according to how long they have been unpaid is the \_\_\_\_\_ of accounts receivable.
4. The operating cash flow ratio is the net cash provided by operating activities divided by the average amount of current \_\_\_\_\_.
6. The inventory turnover calculation is most accurate when the \_\_\_\_\_ of goods sold is divided by the average inventory.
8. Credit terms such as *1/10, net 30* will be described as a cash discount or an \_\_\_\_\_ payment discount.
10. The current ratio is calculated by \_\_\_\_\_ the amount of current assets by the amount of current liabilities.
11. A turnover \_\_\_\_\_ is likely to involve an amount from the income statement and from the balance sheet.
13. A company that purchases other companies' accounts receivable.
14. Changes in the amounts of most of the working capital accounts are usually shown in the \_\_\_\_\_ activities section of the cash flow statement.
15. Prepaid expenses are reported on the financial statements as a current \_\_\_\_\_ until they are used up.
17. The cost of goods sold divided by the average inventory is the inventory \_\_\_\_\_ ratio.
20. Because of seasonal fluctuations, it is best to use the \_\_\_\_\_ amounts of the receivables throughout the year when calculating the receivables turnover ratio.
21. Having cash to pay obligations when they come due.
22. The approximate number of days' sales in inventory indicated by an inventory turnover ratio of 9 is \_\_\_\_\_ days.
24. In industries where the operating cycle is less than 365 days, this period of time is used to determine if an asset is a current asset.

## **Down** (Working Capital and Liquidity)

- 25. The time it takes for a retailer's cash that was used to purchase inventory to return to cash is the operating \_\_\_\_\_.
- 28. A company's liquidity can be affected by the credit \_\_\_\_\_ offered by its vendors.
- 29. Dividing 360 by the inventory turnover ratio is the \_\_\_\_\_ sales in inventory.

# Solutions (Working Capital and Liquidity)

