Closed Book

1. shows how long accounts receivable are outstanding
2. A
3. C
4. D
5. unsecured short term debt issued only by financially strong companies, sold at a discount to par in large denominations
6. False
7. A
8. E.
9. B
10. False
11. E
12. C
13. True
14. False
15. C

Open Book

1. Check sums

<table>
<thead>
<tr>
<th></th>
<th>qtr1</th>
<th>qtr2</th>
<th>qtr3</th>
<th>qtr4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Collections</td>
<td>90.85</td>
<td>76.3</td>
<td>96.75</td>
<td>143.5</td>
</tr>
<tr>
<td>Total Payments</td>
<td>-160</td>
<td>-118</td>
<td>-117</td>
<td>-130</td>
</tr>
<tr>
<td>Net Cash Gain/Loss</td>
<td>-69.15</td>
<td>-41.7</td>
<td>-20.25</td>
<td>13.5</td>
</tr>
<tr>
<td>Cumulative Borrowing</td>
<td>49.15</td>
<td>-90.85</td>
<td>-111.10</td>
<td>-97.6</td>
</tr>
</tbody>
</table>

2. (14 points) Your company has $0 in its checking account. Your company needs to borrow money, such that it has a $150,000 remaining balance at the end of one year. You are offered the following loans, all with a quoted 9% annual interest rate. Two question for each loan. 1) What amount must you borrow today in order to have $150,000 at the end of one year? What is the effective annual interest rate for each loan?

   Simple Interest
   Initial Loan Amount = __150000____ Effective Interest Rate = ___9%____

   Discount Interest
   Initial Loan Amount = ___164835.16__ Effective Interest Rate = ____9.89%__

   Discount Interest with a 10% compensating balance
   Initial Loan Amount = __185185.18____ Effective Interest Rate = ____11.11%__

   Add-on Interest
   Effective Interest Rate = __17.48%___

3 a. $3,428
4. c. 55.67%
5. e. 73.02%