MANAGEMENT 325
THIRD TEST

This test consists of four essay questions. They have equal weight. Answer any three questions. Answer each question completely, using an example to illustrate the point discussed. You are writing for someone who knows nothing of the subject. Tell them what they need to know to understand the subject. This is an open-book, open-note test. The book and notes are for reference only. The answer must be in your words expressing your thoughts. Good Luck!

1. What can be done to shorten the cash conversion cycle? What is the benefit to the Firm from doing so? (DO THE MATH)

2. What is Internal Rate of Return? What is it used for? Why? (DO THE MATH)

3. Why would a company prefer to lease instead of buy an asset? What are the benefits? What is the risk?

4. What are the Five "C"s of Credit? Who uses them and for what?