THINK CRITICALLY
Handwrite your responses in the space below; 2 sentences each.

1. How is a cash excess (or shortage) calculated?

2. How is working capital calculated?

3. The major source of cash receipts for most companies is _____
   a. borrowing
   b. sales
   c. money from the government
   d. earnings from interest and dividends

4. The difference between current assets and current liabilities is _____
   a. a cash excess
   b. a cash shortage
   c. the current ratio
   d. working capital

5. True or False? _____ A loan due in five years is an example of a current liability.

6. True or False? _____ A current ratio of 0.94 indicates that a company has current assets that exceed its current liabilities.

7. In a cash budget, a shortage would occur when _____
   a. cash receipts exceed cash payments
   b. working capital is declining
   c. current assets are less than current liabilities
   d. cash payments exceed cash receipts

8. An example of a current asset is _____
   a. a building
   b. equipment
   c. inventory
   d. land

TEAMWORK
Discuss in pairs or small groups and then write your conclusions below.

9. In your team, select a business in your community. Create a list of possible cash receipts and cash payments for this organization.