Problem 1

Company A purchases goods from its supplier on terms of 2/10, net 40. The effective annual cost to Company A if it chooses not to take advantage of the trade discount offered and stretches the accounts payable to 60 days is closest to: What is the EAR, effective annual rate?

Problem 2

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|  | Company A had sales of $980 million and a cost of goods sold of $560 million in 2006. A simplified balance sheet for the Company A appears below:   Company A Balance Sheet As of December 31, 2006 (millions of dollars)   http://online.columbiasouthern.edu/CSU_Content/MBA6081/MBA6081_test7_q3.jpg  Company A cash conversion cycle is closest to: (Number of days) |  |  |  |

Problem 3

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|  | Company A had sales of $980 million and a cost of goods sold of $560 million in 2006. A simplified balance sheet for the firm appears below:   Company A Balance Sheet As of December 31, 2006 (millions of dollars)   http://online.columbiasouthern.edu/CSU_Content/MBA6081/MBA6081_test7_q3.jpg  Company A Accounts Payable days is closest to: (Number of days) |