

# 101 Financial Solutions: Diagnosis and Remedy

## Chapter1:

### Pricing, Sales, and Advertising Miss Margins

#### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize signs in the concept of revenue base erosion.
2. Identify irrelevant cost factors when evaluation special orders.
3. Identify causes of a high level of merchandise returns that can affect business profits.

## Chapter2:

### Inventory and Production Shortfalls

#### Learning Objectives

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After studying this chapter, you will be able to:

1. Identify the causes of low turnover of merchandise.
2. Recognize trade-offs between excessive inventory ordering and carrying costs.
3. Identify order costs and carrying costs associated with inventory management.
4. Recognize how the economic order quantity (EOQ) applies to inventory management.
5. Identify technologies used to improve inventory tracking and management.
6. Recognize reasons that create a lack of inventory storage space.

## **Chapter3:** **Profit Targets Are Off**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify concepts used in the analysis of profitability.
2. Recognize ways to reduce the break-even point, and limitations of break-even analysis.
3. Recognize how to apply cost-volume-profit analysis.
4. Identify the problems of a weak sales mix and the causes of falling sales or profits.

## **Chapter4:** **Risk-Return Unbalance**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify the risk-return trade-off.
2. Recognize components of interest rate risk.
3. Identify factors relating to a lack of diversification and increased risk.
4. Recognize signs of existing or potential financial problems.

## **Chapter5:** **Inability to Finance Weakens Business Development**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize influences that can adversely affect the market price of a stock.
2. Identify the objectives of debt rating services and some bond terminology.

3. Recognize characteristics of evaluating stock prices.

## **Chapter6:** **Business Control Threatened**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify the conditions when bankruptcy looms.
2. Recognize steps management can take to avoid business failure.
3. Recognize uses of the Altman Z-Score for spotting risky companies.
4. Identify measures that a company can take to avoid a takeover threat.

## **Chapter7:** **Cash Flow Disturbances**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize common ratios used by companies to help manage cash positions.
2. Identify ways to improve cash flow and return on surplus funds.
3. Identify early warning signs of a company going broke.

## **Chapter8:** **Mess in Accounts Payable and Receivable**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify ways to minimize the impact of vendor's price increases.
2. Calculate the advantage of accepting vendor terms and discounts.
3. Recognize the reasons for poor credit ratings.
4. Identify methods to prevent check signing fraud and improper payments.

## **Chapter9:** **Lackluster Financial Statements**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize commonly used financial ratios that help spot liquidity problems.
2. Identify early warning signals for inadequate liquidity.
3. Recognize ways to improve return on investment and how return on equity is calculated.
4. Identify methods to identify a low rate of return and the signs for poor quality of earnings.

## **Chapter10:** **Costs Out Of Control**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize how to determine the stability/instability in product revenue over time.
2. Identify the causes for excessive labor costs.
3. Recognize the concept associated with operating leverage.
4. Recognize the applications of activity-based costing.
5. Understand how a profit-maximizing firm would adjust prices at different levels of demand.

## **Chapter11:** **Budgeting and Cost Control Problems**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify how actual costs can exceed standard (budgeted) costs.
2. Recognize how to compute an efficiency variance.

## **Chapter12:** **Fragile Internal Controls**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize ways to spot record-keeping errors.

## **Chapter13:** **Tax Planning and Preparation**

### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize the characteristics of different corporate structures used to affect tax planning and preparation.