Activity 2.3

Directions: Review the accounts payable aging schedule below. Then, answer each of the following questions. Use a separate sheet of paper to record your responses.

Accounts Payable Aging Schedule
Fortmann's Hawkeye Haven
December 31, 2011

Supplier's Name	*Total Accts. Payable*	*Current*	*1-30 Days Past Due*	*31-60 Days Past Due*	*Over 60 Days Past Due*
Hove Advertising	$1,600	$1,600	----	----	----
Citizen Press Daily	2,800	2,600	200	----	----
Jansa Distributing	1,000	600	100	300	----
Bradley's Bookkeeping	600	300	300	----	----
TrueBrew Unlimited	2,000	1,100	500	400	----
Enneking Insurance Co.	400	400	----	----	----
Roth Office Supply	600	600	----	----	----
Handy Hardware	350	350	----	----	----
Total	**$9,350**	**$7,550**	**$1,100**	**$ 700**	**----**

1. How much income does Fortmann's Hawkeye Haven need to generate to cover the current month's purchases on account?
2. How much income does the company need to generate to pay all of its accounts payable?
3. The company doesn't have enough cash available to pay all of its accounts payable. What advice could you give to the company's owner about determining which accounts payable to pay first?
4. Fortmann's owner has decided to ask three of his suppliers if he can negotiate extended payment terms with them to delay the company's cash outflows. What are the suppliers likely to consider before offering the company any longer credit terms?

15 points