EXHIBIT 10-5

ILLUSTRATIVE PROCESS PERFORMANCE RATIOS

Sales, Accounts Receivable, and Cash Receipts:

Net Sales ÷ Average or Year-end Net Accounts Receivable (Accounts Receivable Turnover)

365 ÷ Accounts Receivable Turnover (Average Days to Collect)

Net Sales ÷ Square Footage of Sales Space

On-time Deliveries to Customers ÷ Total Deliveries to Customers

Bad Debt Expense ÷ Net Sales

Year-end Allowance for Bad Debts ÷ Year-end Accounts Receivable

Purchases, Accounts Payable, and Cash Disbursements:

Raw Materials Purchased ÷ Cost of Finished Goods Produced

On-time Deliveries from Suppliers ÷ Total Deliveries from Supplies

Purchase Returns ÷ Total Purchases or Cost of Goods Sold

Cost of Goods Sold or Net Purchases ÷ Average or Year-end Accounts Payable (Accounts Payable Turnover)

Inventory and Cost of Goods Sold:

Cost of Goods Sold ÷ Average or Year-end Inventory (Inventory Turnover)

365 ÷ Inventory Turnover (Average Days to Sell)

Number of Defective Units Produced ÷ Total Units Produced

Cost or Scrap/Waste/Spoilage ÷ Net Sales or Cost of Goods Sold

Gross Profit ÷ Net Sales (Gross Profit Percentage)

Human Resources and Payroll:

Number of Employees Leaving Voluntarily and/or Involuntarily During the Year ÷ Average or Year-end Number of Employees (Employee Turnover)

Man Days Lost to Absenteeism ÷ Total Man Days

Number of Overtime Hours Worked ÷ Total Hours Worked

Payroll Expense ÷ Average or Year-end Number of Employees

Generalized Audit Software (GAS)

Multipurpose software that can be used for audit purposes such as record selection, matching, recalculation, and reporting.

assisted audit technique (CAAT), as "any automated audit technique, such as generalized audit software, test data generators, computerized audit programs and specialized audit systems." Some of the more common CAATs are defined by ISACA as follows:

> *Generalized audit software* (GAS) is "multipurpose software that can be used for [general purposes] such as record selection, matching, recalculation and reporting."
>
> *Utility software* is comprised of "computer programs provided by a computer hardware manufacturer or software vendor and used in running the system . . . This technique can be used to examine processing activities; to test programs, system activities, and operational procedures; to evaluate data file activity; and, to analyze job accounting data."
>
> *Test data* are "simulated transactions that can be used to test processing logic, computations and controls actually programmed in computer applications. Individual programs or an entire system can be tested . . . This technique includes integrated test facilities (ITFs) and base case system evaluations (BCSEs)."