

Ex. 8–24

a.	Petty Cash.....	800	
	Cash		800
b.	Office Supplies	295	
	Miscellaneous Selling Expense	120	
	Miscellaneous Administrative Expense	75	
	Cash Short and Over	16	
	Cash		506

Ex. 8–25

Toy manufacturers and retailers experience a seasonal trend in cash flows from operating activities. Mattel, Inc., experiences negative cash flows during the periods when merchandise is ordered for the holiday season. Mattel, Inc., generates positive cash flows during the holiday season, November–December. As a result, Mattel, Inc., reports overall positive net cash flows from operating activities for the year.

Ex. 8–26

- a. 7 months (\$1,750,000/\$250,000)
- b. At the current rate of operations, Bezel has 7 months of cash remaining. Bezel should either restructure its operations or begin planning on raising additional financing in order to continue in business.

Ex. 8–27

- a. \$93.6 (\$1,123/12)
- b. 19.3 months (\$1,811/\$93.6)
- c. During 2004, Delta suffered from rising fuel prices and increasing competition from discount airlines. Delta was able to negotiate wage concessions from its pilots and employees. However, Delta declared bankruptcy in fall 2005. Eventually, Delta reorganized its operations and emerged from bankruptcy and generated \$175 million of positive cash flows from operations in 2005 and almost \$1 billion (\$993 million) of positive cash flows from operations in 2006.