

Exercise 9-7 (20 minutes)

	<i>Quarter (000 omitted)</i>				<i>Year</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	
Cash balance, beginning	\$ 6 *	\$ 5	\$ 5	\$ 5	\$ 6
Add collections from customers	<u>65</u>	<u>70</u>	<u>96</u> *	<u>92</u>	<u>323</u> *
Total cash available	<u>71</u> *	<u>75</u>	<u>101</u>	<u>97</u>	<u>329</u>
Less disbursements:					
Purchase of inventory	35 *	45 *	48	35 *	163
Operating expenses	28	30 *	30 *	25	113 *
Equipment purchases	8 *	8 *	10 *	10	36 *
Dividends	<u>2</u> *	<u>2</u> *	<u>2</u> *	<u>2</u> *	<u>8</u>
Total disbursements	<u>73</u>	<u>85</u> *	<u>90</u>	<u>72</u>	<u>320</u>
Excess (deficiency) of cash available over disbursements	<u>(2)</u> *	<u>(10)</u>	<u>11</u> *	<u>25</u>	<u>9</u>
Financing:					
Borrowings	7	15 *	—	—	22
Repayments (including interest)	<u>—</u>	<u>—</u>	<u>(6)</u>	<u>(17)</u> *	<u>(23)</u>
Total financing	<u>7</u>	<u>15</u>	<u>(6)</u>	<u>(17)</u>	<u>(1)</u>
Cash balance, ending	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 8</u>	<u>\$ 8</u>

*Given.