

Toys r us essay

[Business](#), [Accounting](#)



Components of organizations cash and cash equivalents
The cash and cash equivalents, which are fully portrayed in the Cash Flow Statement, are classified under three main components, which encompass the following:
Operating Activities – these outline the cash derived or used in the operations of the company. In this respect, cash derived from revenue income and cash used in operational expenditure, finance costs and taxation payments are considered.

Investing Activities – this section as its name entails, highlights the cash derived or used in the investments of the company. Such investments basically encompass two things, investment or disinvestment in other companies, short or long-term investment in securities/debt and/or investment or disposal of property, plant and equipment. Financing Activities – this concerns factors pertinent to the capital structure of the corporation.

In this respect, money received from issue of stock or receipt of debts is outlined, together with money paid for redemption of stock and repayment of debts. Notes Pertinent to Cash and Cash Equivalents· Note 1 – Summary of Significant Accounting Policies – Investment in Toys R US Japan discussed, in which the process of consolidation is discussed to outline salient policies.· Note 1 – Summary of Significant Accounting Policies – the accounting policy that states what elements are classified under cash and cash equivalents.

· Note 3 – Short-term Borrowings and Long-Term Debt – a schedule of short-term borrowings and long-term debt is provided together with accompanying explanatory notes. This affects the financing activities, which

is a direct element that influences cash and cash equivalents. Payments and receipts derived from movements in debts is outlined in this note. Note 5 – Property and Equipment – a schedule outlining the movement in property and equipment, together with net gains on disposal of property are outlined. These will affect the cash flow statement in a number of sections.

Under the operating activities one has to remove non-cash revenue and expenditure, like depreciation, profit/loss on disposal. In the investing activities the proceeds from such disposals have to be taken into account. Note 7 – Short-Term Investments – under this note the movements in short-term investments is discussed. This will affect the cash and cash equivalents balance under the investing activities section.

Note 8 – Accounts Payable, Accrued Expenses and other Current Liabilities – a schedule outlining the balances of such items over the past 2 years is outlined. The movements in such elements affect the cash from

operations. Note 13 – Merger Transaction – a merger transaction involving the disposal of the entire company and its subsidiaries acquired in 2005 through the “ Merger Agreement” is outlined.

Cash utilized in such exercise is outlined in this note. Note E – Dividends and Capital Contributions – dividends received from subsidiary undertakings are outlined in this note. This will affect cash and cash equivalents as income under the financing activities. Notes Relevant to Accounts Receivables Note 1 – Summary of Significant Accounting Policies – the elements classified under accounts receivables outlined in such policy Notes Relevant to Inventories Note 1 – Summary of Significant

Accounting Policies – the policy pertinent to stock valuation is outlined, which abides with the prudence concept. Note 6 – Change in Accounting Principle – the change of an accounting policy pertinent to merchandise inventory for International wholly-owned subsidiaries is discussed. A change from the retail inventory method to the weighted average cost method is noted.

References: ToysRUs (2008). Form 10-K Toys R Us Incorporation (on line). Available from: <http://phx.corporate-ir.net/phoenix.zhtml?c=120622&p=irol-sec> (Accessed 26th November 2008).