

## STATEMENT OF CASH FLOWS

1. Use the following information to calculate cash received from dividends:

Dividends revenue	\$29,800
Dividends receivable, January 1	2,600
Dividends receivable, December 31	3,400

- A. \$26,400
- B. \$29,000
- C. \$29,800
- D. \$30,600
- E. \$32,400

2. Use the following information to calculate cash paid for wages and salaries:

Salaries expense	\$168,000
Salaries payable, January 1	6,400
Salaries payable, December 31	10,600

- A. \$157,400
- B. \$163,800
- C. \$168,000
- D. \$172,200
- E. \$174,400

3. Use the following information and the indirect method to calculate the net cash provided or used by operating activities:

Net income	\$12,300
Depreciation expense	12,000
Payment on mortgage payable	15,000
Gain on sale of land	7,500
Increase in merchandise inventory	2,050
Increase in accounts payable	6,150
Proceeds from sale of land	8,000

- A. \$12,700
- B. \$13,900
- C. \$20,900
- D. \$28,400
- E. \$35,900

4. A company reported that its bonds with a par value of \$50,000 and a carrying value of \$57,000 are retired for \$60,000 cash, resulting in a loss of \$3,000. The amount to be reported under cash flows from financing activities is:

- A. \$3,000 outflow.
- B. \$60,000 outflow.
- C. \$57,000 outflow.
- D. Zero. This is an operating activity.
- E. Zero. This is an investing activity.

5. Which of the following items is reported on the statement of cash flows under financing activities?

- A. Declaration of a cash dividend.
- B. Payment of a cash dividend.
- C. Declaration of a stock dividend.
- D. Payment of a stock dividend.
- E. Stock split.

6. The following information pertains to Alpha Computing at the end of 2012:

Assets	\$970,000
Liabilities	\$560,000
Net Income	\$90,000
Common Stock	\$350,000

Alpha Computing's Retained Earnings account had a zero balance at the beginning of 2012.

What amount of dividends did the company declared in 2012?

- A. \$280,000.
- B. \$150,000.
- C. \$30,000.
- D. \$80,000.

7. The beginning balance of Dividends payable was 0, the ending balance \$20,000. What amount of dividends the company paid?

8. A machine with a cost of \$175,000 and accumulated depreciation of \$94,000 is sold for \$87,000 cash. The amount reported as a source of cash under cash flows from investing activities is

- A.\$81,000.
- B.\$6,000.
- C.\$87,000.
- D.Zero; this is a financing activity.

9. Kela Corporation reports net income of \$450,000 that includes depreciation expense of \$70,000. Also, cash of \$50,000 was borrowed on a 5-year note payable. Based on this data, total cash inflows from operating activities are:

- A. \$380,000.
- B. \$470,000.
- C. \$520,000.
- D. \$570,000.

10. During 2012, Victoria Group: (1) received cash of \$5,000 billed to a customer in 2011; (2) earned \$20,000 of net income; (3) paid interest of \$6,000 on a corporate bond issued; (4) paid dividends of \$8,000 to its stockholders; (5) borrowed \$40,000 from a local bank; and (6) purchased its own shares of common stock for \$10,000. What is Victoria Group's cash flow from **financing activities** in 2012?

- A. \$40,000.
- B. \$30,000.
- C. \$22,000.
- D. \$16,000.

11. Data Solutions reports operating expenses of \$5 million. Operating expenses include rent expense. Prepaid rent at the beginning and end of the year are \$120,000 and \$80,000, respectively. All other operating expenses were paid in cash as incurred. What is the amount of cash paid for operating expenses?

- A. \$5,000,000.
- B. \$5,040,000.
- C. \$4,960,000.
- D. \$5,080,000.

12. Schneider Inc. purchases its inventory from suppliers on account. During the year, its Inventory account increased by \$10 million and its accounts payable to suppliers decreased by \$3 million. Cost of goods sold was \$440 million, its cash outflows to inventory suppliers totaled:

- A. \$453 million.
- B. \$447 million.
- C. \$433 million.
- D. \$427 million.