

# OPERATING ACTIVITIES CASH FLOWS DETERMINATION

INFLOW(+) FROM SALES	AMOUNT	ACCOUNT ADJUSTMENT	NET INFLOWS and OUTFLOWS
Assume all Sales were for Cash			
Adjust for Accounts Receivable Increases by (-)			
Adjust for Accounts Receivable Decreases by (+)			
Inflows from Sales	<u>\$480,000</u>		
<b>OUTFLOW(-) FROM COST OF GOODS SOLD</b>			
Assume all Cost of Goods Sold were Cash			
Adjust for Inventory Increases by (+)			
Adjust for Inventory Decreases by (-)			
Adjust for Accounts Payable Increases by (-)			
Adjust for Accounts Payable Decreases by (+)			
Outflows(-) from Cost of Goods Sold	<u>\$320,000</u>		
<b>OUTFLOWS(-) FROM OPERATING EXPENSES</b>			
Assume all outflows from Operating Expenses were Cash			
Adjust for Prepaid Expense Increases by (+)			
Adjust for Prepaid Expense Decreases by (-)			
Adjust for Accrued Liability Increases by (-)			
Adjust for Accrued Liability Decreases by (+)			
Adjust for Non-Cash expenses like depreciation by (-)			
Outflows from Operations	<u>\$ 77,000</u>		
<b>OUTFLOWS(-) FROM INCOME TAXES</b>			
Assume all income taxes were an outflow			
Adjust for Increases in income taxes payable by (-)			
Adjust for Decreases in income taxes payable by (+)			
Outflows from Income Taxes	<u>\$ 13,000</u>		

The Computer Warehouse Operating Activities Cash Flows Schedule (Direct Method) For the Year Ended December 31, 2002	
Cash Flows From Operating Activities	
Cash Receipts from	
Cash Payments For	\$482,000
Cash Flows from Operating Activities	<u>\$64,000</u>
The Computer Warehouse Operating Activities Cash Flows Schedule (Indirect Method) For the Year Ended December 31, 2002	
Cash Flows From Operating Activities	
Net Income	\$55,000
Adjustments to Income	
Accounts Receivable Decreased (A)	
Inventory Increased (B)	
Accounts Payable Decreased (C)	
Prepaid Expenses Decreased (D)	
Accrued Liabilities Decreased (E)	
Depreciation a Non-Cash Expense (F)	
Income Taxes Payable Increased (G)	
Non-Operating Adjustments	
Loss on Sale of Inventory	
Gain on Sale of Plant Assets	+ 9,000
Cash Flows from Operating Activities	<u>\$64,000</u>

Note: A Quick question for this Learning Unit is on page 116.