Quick Question On Cash Flows Part I

Prepare a statement of cash flows using the direct method for the ABC Company. Income was \$40,000 in 1995, and depreciation expense was \$20,000. Analyze the results.

ABC Company Partial Balance Sheet December 31, 1995

Assets	12/95	12/94	ANALYSIS:
Cash Accounts Receivable Inventory Depreciable Assets (NET) Total Assets	\$ 48,000 112,000 85,000 230,000 \$475,000	\$ 20,000 82,000 53,000 250,000 \$405,000	
Liabilities Accounts Payable Notes Payable Total Liabilities	\$ 90,000 _135,000 \$225,000	\$ 70,000	
Owner's Equity Common Stock Retained Earnings Total Owner's Equity	\$200,000 <u>50,000</u> \$250,000	\$190,000 10,000 \$200,000	
Total Liabilities and Owner's Equity	\$475,000	\$405,000	