Quick Question On Cash Flows Part II

Prepare a statement of cash flows using the direct method for the IOU Company, which had income in 1995 of \$50,000. Depreciation expense for 1995 was \$30,000. Analyze the results.

IOU Company Partial Balance Sheet December 31, 1995

Assets	12/95	12/94	ANALYSIS:
Cash Accounts Receivable Inventory Depreciable Assets (NET) Total Assets	\$ 23,000 122,000 100,000 230,000 \$475,000	\$ 20,000 82,000 53,000 250,000 \$405,000	
Liabilities Accounts Payable Notes Payable Total Liabilities	\$ 90,000 _155,000 \$245,000	\$ 70,000	
Owner's Equity Common Stock Retained Earnings Total Owner's Equity	\$200,000 30,000 \$230,000	\$190,000 10,000 \$200,000	
Total Liabilities and Owner's Equity	\$475,000	\$405,000	

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