

OPERATING ACTIVITIES CASH FLOWS DETERMINATION

INFLOW(+) FROM SALES	AMOUNT	ACCOUNT ADJUSTMENT	NET INFLOWS and OUTFLOWS
Assume all Sales were for Cash	\$450,000		
Adjust for Accounts Receivable Increases by (-)			
Adjust for Accounts Receivable Decreases by (+)	<u>+30,000</u>	(A)	
Inflows from Sales	<u>\$480,000</u>		#1
OUTFLOW(-) FROM COST OF GOODS SOLD			
Assume all Cost of Goods Sold were Cash	\$270,000		
Adjust for Inventory Increases by (+)	+30,000	(B)	
Adjust for Inventory Decreases by (-)			
Adjust for Accounts Payable Increases by (-)			
Adjust for Accounts Payable Decreases by (+)	<u>+20,000</u>	(C)	
Outflows(-) from Cost of Goods Sold	<u>\$320,000</u>		#2
OUTFLOWS(-) FROM OPERATING EXPENSES			
Assume all outflows from Operating Expenses were Cash	\$100,000		
Adjust for Prepaid Expense Increases by (+)			
Adjust for Prepaid Expense Decreases by (-)	- 5,000	(D)	
Adjust for Accrued Liability Increases by (-)			
Adjust for Accrued Liability Decreases by (+)	+ 2,000	(E)	
Adjust for Non-Cash expenses like depreciation by (-)	<u>-20,000</u>	(F)	
Outflows from Operations	<u>\$ 77,000</u>		#3
OUTFLOWS(-) FROM INCOME TAXES			
Assume all income taxes were an outflow	\$ 15,000		
Adjust for Increases in income taxes payable by (-)	- 2,000	(G)	
Adjust for Decreases in income taxes payable by (+)			
Outflows from Income Taxes	<u>\$ 13,000</u>		#4

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		
Sales	#1	\$480,000
Interest Income		<u>2,000</u>
Cash Payments For		\$482,000
Cost of Goods Sold	#2	\$320,000
Operating Expenses	#3	77,000
Income Taxes	#4	13,000
Interest Expense		<u>8,000</u>
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)	\$ 30,000
Inventory Increased	(B)	(30,000)
Accounts Payable Decreased	(C)	(20,000)
Prepaid Expenses Decreased	(D)	5,000
Accrued Liabilities Decreased	(E)	(2,000)
Depreciation a Non-Cash Expense	(F)	20,000
Income Taxes Payable Increased	(G)	2,000
Non-Operating Adjustments		
Loss on Sale of Investment		5,000
Gain on Sale of Plant Assets		(1,000)
Cash Flows from Operating Activities		+ 9,000 <u>\$64,000</u>