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This package contains only questions that relate to the ***CASH FLOW STATEMENT*** module.

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**Fall 2015 Final Exam****Financial statements – Income statement for 2014 and Comparative Balance Sheet for ABC Manufacturing as at December 31, 2014 and 2013**

The income statement for the year ended December 31, 2014, for ABC Manufacturing Inc contains the following information:

ABC Manufacturing Inc.  
Income Statement  
Year Ended December 31, 2014

Sale		\$	200,000
Cost of goods sold		\$	120,000
Gross Profit		\$	80,000
Operating Expenses	\$	40,000	
Loss on Sale of equipment	\$	2,000	
Profit from Operations		\$	38,000
Other expenses			
Interest Expense		\$	2,000
Profit before Income Tax		\$	36,000
Income Tax Expense		\$	8,000
Profit		\$	28,000

ABC Manufacturing Inc. comparative balance sheet at December 31

	2014	2013
Cash	\$ 4,500	\$ 4,300
Accounts Receivable	\$ 72,000	\$ 6,500
Inventory	\$ 110,000	\$ 140,000
Prepaid Expenses	\$ 1,550	\$ 1,020
Equipment	\$ 98,000	\$ 100,000
Accumulated Depreciation - equipment	\$ (50,000)	\$ (42,000)
<b>Total Assets</b>	<b>\$ 236,050</b>	<b>\$ 209,820</b>
Account Payable	\$ 15,330	\$ 9,900
Interest Payable	\$ 510	\$ 10
Income taxes payable	\$ 10,800	\$ 9,500
Dividends Payable	\$ 1,800	\$ 3,800
Long-term Notes Payable	\$ 50,000	\$ 65,000
Common shares	\$ 130,000	\$ 120,000
Retained Earnings	\$ 27,610	\$ 1,610
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 236,050</b>	<b>\$ 209,820</b>

Additional Information:

- 1 Operating expenses include depreciation expense of \$10,000
- 2 Accounts Payable related to the purchase of inventory
- 3 Equipment that cost \$8,000 was sold at a loss of \$2,000
- 4 New equipment was purchased during the year for \$6,000
- 5 Dividends declared and paid in 2014 totalled \$2,000
- 6 Common shares were sold for \$10,000 cash
- 7 Interest payable in 2014 was \$500 greater than interest payable in 2013

Questions 1 to 9 are for the Cash Flow statement for ABC Manufacturing Inc prepared using the indirect method

1) What is the Total adjustment to reconcile profit to net cash?

- A) \$ (16,800)
- B) \$ (82,300)
- C) \$ (87,730)
- D) \$ (17,830)
- E) none of the above

- 2) What is the Net cash used by Investing activities?  
A) \$ (52,000)  
B) \$ (67,500)  
**C) \$ (2,000)**  
D) \$ 8,000  
E) none of the above
- 3) What is the Net Cash used by financing activities?  
A) \$ (15,000)  
**B) \$ (9,000)**  
C) \$ (5,000)  
D) \$ (17,000)  
E) none of the above
- 4) What is the Accumulated Depreciation of the machinery sold?  
A) \$ (8,000)  
**B) \$ 2,000**  
C) \$ 16,000  
D) \$ 10,000  
E) none of the above
- 5) What is the Carrying amount for the machinery that was sold?  
A) \$ 8,000  
B) \$ 10,000  
C) \$ (2,000)  
**D) \$ 6,000**  
E) none of the above
- 6) What were the proceeds of the sale of the machinery?  
A) \$ 8,000  
**B) \$ 4,000**  
C) \$ (4,000)  
D) \$ (2,000)  
E) none of the above

7) What is the Net Cash provided by Operations?

- A) \$ **11,200**
- B) \$ 13,200
- C) \$ 6,300
- D) \$ 8,100
- E) none of the above

8) By how much has the changes in Working Capital generated or (used) cash?

- A) \$ (60,600)
- B) \$ (35,500)
- C) \$ **(28,800)**
- D) \$ 31,800
- E) none of the above

9) By how much the change in Accounts Payable has generated or (used) cash?

- A) \$ **5,430**
- B) \$ (5,430)
- C) \$ 110,000
- D) \$ 140,000
- E) none of the above

Questions 10 to 15 are for the Cash Flow statement for ABC Manufacturing Inc prepared using the direct method

10) What was the total payment of Cash Dividends?

- A) \$ 2,000
- B) \$ (2,000)
- C) \$ **(4,000)**
- D) \$ 2,000
- E) none of the above

11) What was the total Cash Receipts from Customers?

- A) \$ 200,000
- B) \$ 120,000
- C) \$ **134,500**
- D) \$ 94,500
- E) none of the above

12) What is the total cash payment to suppliers?

A) \$ (120,000)

**B) \$ (84,570)**

C) \$ (150,000)

D) \$ (155,430)

E) none of the above

13) What is the total Cash Payments for operating expenses?

A) \$ (50,000)

B) \$ (30,000)

C) \$ (10,000)

**D) \$ (30,530)**

E) none of the above

14) What is the total cash payment for interest?

**A) \$ (1,500)**

B) \$ (2,000)

C) \$ (2,500)

D) \$ 2,000

E) none of the above

15) What is the total Cash payment for Income Taxes?

A) \$ (9,300)

B) \$ (8,000)

**C) \$ (6,700)**

D) \$ (6,200)

E) none of the above

## Fall 2016 Final Exam

The income statement for the year ended December 10, 2016, for  
ABC Manufacturing Inc  
contains the following information:

ABC Manufacturing Inc.  
Income Statement  
Year Ended December 10, 2016

Sale		\$	250,000
Cost of goods sold		\$	115,000
Gross Profit		\$	135,000
Operating Expenses	\$ 100,000		
Gain on Sale of equipment	\$ (5,000)	\$	95,000
Profit from Operations		\$	40,000
Other expenses			
Interest Expense		\$	5,000
Profit before Income Tax		\$	35,000
Income Tax Expense		\$	15,000
Profit		\$	20,000

ABC Manufacturing Inc. comparative balance sheet at December 10, 2016

	2016	2015
Cash	\$ 2,000	\$ 1,000
Accounts Receivable	\$ 12,000	\$ 7,000
Inventory	\$ 102,000	\$ 84,000
Prepaid Expenses	\$ 2,000	\$ 5,000
Equipment	\$ 84,000	\$ 100,000
Accumulated Depreciation - equipment	\$ (40,000)	\$ (42,000)
Total Assets	\$ 162,000	\$ 155,000
Account Payable	\$ 12,000	\$ 9,000
Interest Payable	\$ 5,000	\$ 2,000
Income taxes payable	\$ 1,000	\$ 7,000
Dividends Payable	\$ 1,000	\$ 4,000
Long-term Notes Payable	\$ 23,000	\$ 51,000
Common shares	\$ 97,000	\$ 77,000
Retained Earnings	\$ 23,000	\$ 5,000
Total Liabilities & Shareholders' Equity	\$ 162,000	\$ 155,000

Additional Information:

1	Operating expenses include depreciation expense of \$30,000
2	Equipment that cost \$36,000 was sold at \$9,000 cash
3	New equipment was purchased during the year for \$20,000
4	Dividends declared and paid in 2016 totaled \$2,000
5	Common shares were sold for \$20,000 cash

Question 1 – 9 relates to the Indirect Method.

1. Under the operating activities, what is the Total adjustment to reconcile profit to net cash?

- A) **\$ 5,000**
- B) \$ -
- C) \$ (3,000)
- D) **\$ 5,000**
- E) none of the above

2. What is the Net cash generated or (used) by Investing activities?

- A) \$ 15,000
- B) \$ (16,000)
- C) **\$ (11,000)**
- D) \$ 19,000
- E) none of the above

3. What is the Net Cash generated or (used) by Financing activities?

- A) \$ (28,000)
- B) **\$ (13,000)**
- C) \$ (8,000)
- D) \$ (31,000)
- E) none of the above

4. What is the Accumulated Depreciation on machinery sold?

- A) \$ 2,000
- B) **\$ 32,000**
- C) \$ 33,000
- D) \$ 50,000
- E) none of the above

5. What is the Carrying amount for the machinery that was sold?

- A) \$ 36,000
- B) \$ 30,000
- C) \$ 6,000
- D) **\$ 4,000**
- E) none of the above

6. What were the proceeds of the sale of the machinery?

- A) \$ 36,000
- B) \$ 9,000**
- C) \$ 11,000
- D) \$ 6,000
- E) none of the above

7. What is the Net Cash provided or (used) by Operations?

- A) \$ 25,000**
- B) \$ 20,000
- C) \$ 19,000
- D) \$ 16,000
- E) none of the above

8. By how much has the changes in Working Capital generated or (used) cash?

- A) \$ 1,000
- B) \$ (23,000)
- C) \$ (20,000)**
- D) \$ (21,000)
- E) none of the above

9. By how much the change in Accounts Payable has generated or (used) cash?

- A) \$ 3,000**
- B) \$ (3,000)
- C) \$ 102,000
- D) \$ 84,000
- E) none of the above

Question 10 – 17 relates to the Direct Method.

10. What was the total payment of Cash Dividends?

- A) \$ (3,000)
- B) \$ (2,000)
- C) \$ (5,000)**
- D) \$ (1,000)
- E) none of the above

11. What was the total Cash Receipts from Customers?

- A) \$ 250,000
- B) \$ 115,000
- C) **\$ 245,000**
- D) \$ 145,000
- E) none of the above

12. What is the total Cash payments to suppliers?

- A) \$(115,000)
- B) **\$(130,000)**
- C) \$ (97,000)
- D) \$(133,000)
- E) none of the above

13. What is the total Cash Payments for operating expenses?

- A) \$(130,000)
- B) \$ (70,000)
- C) \$(118,000)
- D) **\$ (67,000)**
- E) none of the above

14. What is the total Cash payments for interest?

- A) **\$ (2,000)**
- B) \$ (5,000)
- C) \$ (8,000)
- D) \$ (2,500)
- E) none of the above

15. What is the total Cash payments for Income Taxes?

- A) \$ (9,000)
- B) \$ (15,000)
- C) **\$ (21,000)**
- D) \$ (18,000)
- E) none of the above

16. What is the Free Cash for the year 2016?

- A) \$ 36,000
- B) \$ 7,000
- C) **\$ 14,000**
- D) \$ 21,000
- E) cannot be determined with the data provided

17. What is the Free Cash for the year 2015?

- A) \$ 23,000
- B) \$ 20,000
- C) \$ (42,000)
- D) \$ (28,000)
- E) **cannot be determined with the data provided**

### Summer 2017 Final Exam

The income statement for the year ended December 31, 2016, for *Company Inc.*, contains the following information:

	<b>2016</b>
	<b>\$</b>
Sales	200,000
Cost of goods sold	123,000
Amortization expense	-15,000
Insurance expense	-11,000
Wage expense	-50,000
Loss on sale of capital asset	-7,000
<b>Net loss</b>	<b><u>-6,000</u></b>

*Company Inc.* comparative balance sheet at December 31, 2016 contained the following account balances:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash	24,000.00	14,000.00
Accounts receivable	25,000.00	32,500.00
Prepaid insurance	5,000.00	7,000.00
Inventory	37,000.00	34,000.00
Capital assets	266,000.00	270,000.00
Accumulated amortization	- 22,000.00	- 30,000.00
<b>Total assets</b>	<b><u>\$335,000.00</u></b>	<b><u>\$327,500.00</u></b>
Accounts payable	18,000.00	16,000.00
Wages payable	4,000.00	7,000.00
Note payable	173,000.00	160,000.00
Common shares	88,000.00	84,000.00
Retained earnings	52,000.00	60,500.00
<b>Total liabilities and shareholders' equity</b>	<b><u>\$335,000.00</u></b>	<b><u>\$327,500.00</u></b>

Additional information:

1. During 2016 Company Inc. declared and paid dividends of \$2,500
2. Company Inc. paid \$46,000 in cash to purchase new capital assets
3. The accounts payable was used only for the purchase of inventory
4. During 2016 a capital asset with an original cost of \$50,000 was sold for cash.

Please prepare both an Indirect and Direct Cash Flow Statement to answer the questions below.

**Questions 1-7** are for the Cash Flow statement for *Company Inc.* prepared using the **direct method**.

**1) The total amount of cash receipts from customers is:**

- A) **\$207,500**
- B) \$257,500
- C) \$142,500
- D) \$192,500
- E) None of the above

**2) The total amount of cash payments for inventory is:**

- A) \$160,000
- B) \$92,000
- C) \$192,000
- D) **\$124,000**
- E) None of the above

**3) The total amount of cash payments for insurance is:**

- A) \$1,000
- B) **\$9,000**
- C) \$23,000
- D) \$10,000
- E) None of the above

**4) The total amount of cash payments for wages is:**

- A) **\$53,000**
- B) \$61,000
- C) \$39,000
- D) \$25,000
- E) None of the above

**5) The total “Net Cash used by Investing Activities” is:**

- A) **Negative \$26,000**
- B) Positive \$26,000
- C) Negative \$20,000
- D) Positive \$20,000
- E) None of the above

- 6) The total “Net Cash used by Financing Activities” is:
- A) Positive \$10,500
  - B) Positive \$17,000
  - C) Positive \$14,500**
  - D) Negative \$2,500
  - E) None of the above
- 7) The total “Net Cash used by Operating Activities” is:
- A) Negative \$21,500
  - B) Positive \$83,500
  - C) Positive \$74,500
  - D) Positive \$21,500**
  - E) None of the above

**This is the end of Direct Method cash flow statement questions.**

**Questions 8-15** are for the Cash Flow statement for *Company Inc.* prepared using the **indirect method**

- 8) At what price did the capital asset sell for?
- A) \$23,000
  - B) \$30,000
  - C) \$20,000**
  - D) \$17,000
  - E) None of the above
- 9) The accumulated amortization for the capital asset sold was:
- A) \$23,000**
  - B) \$30,000
  - C) \$37,000
  - D) \$16,000
  - E) None of the above
- 10) What is the adjustment in Accounts Receivable to calculate cash from operating activities?
- A) No adjustment
  - B) Cash outflow for \$7,500
  - C) Cash inflow for \$7,500**
  - D) Cash outflow for \$8,500
  - E) None of the above

- 11) What is the adjustment in Accounts Payable to calculate cash from operating activities?
- A) No adjustment
  - B) Cash inflow for \$2,000**
  - C) Cash outflow for \$2,000
  - D) Cash inflow for \$1,000
  - E) None of the above
- 12) Which of the following is reported in the Financing activities section?
- A) Cash inflow for issuance of common shares for \$2,500
  - B) Cash outflow for payment of dividends for \$2,000
  - C) Cash inflow for issuance of note payable \$13,000**
  - D) All of the above
  - E) None of the above
- 13) Which of the following is reported in the Investing activities section?
- A) Cash inflow for purchase of a new capital asset for \$46,000
  - B) Cash outflow for the loss on the sale of a capital asset for \$7,000
  - C) Cash outflow for sale of a capital asset for \$50,000
  - D) All of the above
  - E) None of the above**
- 14) Loss on sale of the capital asset should be:
- A) Included as a negative amount in the Investing activities section
  - B) Included as a negative amount in the Financing activities section
  - C) Included as a negative amount in the Operating activities section
  - D) Included as a positive amount in the Operating activities section**
  - E) None of the above
- 15) Amortization expense should be:
- A) Included as a negative amount in the Investing activities section
  - B) Included as a negative amount in the Financing activities section
  - C) Included as a negative amount in the Operating activities section
  - D) Included as a positive amount in the Operating activities section**
  - E) None of the above.