

Cash Flow Statement Analysis

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The cash flow statement is important financial statement of the corporation. The cash flow statement states from where cash has come and where cash has been gone. Thus the cash flow statement makes a relationship between beginning balance and ending balance of cash. The cash flow statement is prepared on the basis of income statement and balance sheet of the company. The Little Bit Inc's beginning cash balance including marketable securities was \$24000. On the other hand, the ending cash balance including marketable securities of the company was \$40000 (Weygandt, Kimmel & Kieso, 2009).

The net income of the company was \$5500 during 2009. The company generated cash inflow from operating activity is less as compared cash out flow from operating activities. The company generated \$9000 negative cash balance in operating activity section of the cash flow statement. On the other hand, in the investment section, the firm has also negative cash balance. The firm has \$7000 negative balance in investment section of the cash flow statement. The Little Bit Inc made investment during the year instead of selling of assets. Last section of the cash flow statement is financing activity section. In which, all finance related activities come. The corporation sold some shares and borrowed some money from outside lenders therefore the company has positive case balance by \$32000 in financing activity section.

Reference

Weygandt, J.J., Kimmel, P.D. & Kieso, D.E. (2009). *Managerial Accounting: Tools for Business Decision Making*. John Wiley and Sons.