

Question 1

Which of the following is *incorrect* about the statement of cash flows?

- It provides information about the operating, investing, and financing activities of the business.
- It is a fourth basic financial statement.
- It reconciles the ending cash account balance to the balance per the bank statement.
- It provides information about cash receipts and cash payments of an entity during a period

Question 2

Which of the following will *not* be reported in the statement of cash flows?

- How acquisitions of plant assets during the year were financed.
- The net change in plant assets during the year.
- Cash payments for plant assets during the year.
- Cash receipts from sales of plant assets during the year.

Question 3

The statement of cash flows classifies cash receipts and cash payments by these activities:

- investing, financing, and nonoperating.
- operating and nonoperating.
- investing, financing, and operating.
- financing, operating, and nonoperating.

Question 4

Which is an example of a cash flow from an operating activity?

- Payment of cash to lenders for interest.
- Receipt of cash from the sale of capital stock.
- Payment of cash dividends to the company's stockholders.
- None of the above.

Question 5

Which is an example of a cash flow from an investing activity?

- Receipt of cash from the issuance of bonds payable.
- Payment of cash to repurchase outstanding capital stock.
- Receipt of cash from the sale of equipment.
- Payment of cash to suppliers for inventory.

Question 6

Cash dividends paid to stockholders are classified on the statement of cash flows as:

- a. operating activities.
- b. investing activities.
- c. financing activities.
- d. a combination of (a) and (b).

Question 7

Which is an example of a cash flow from a financing activity?

- Receipt of cash from sale of land.
- Issuance of debt for cash.
- Purchase of equipment for cash.
- None of the above.

Question 8

Which of the following is *incorrect* about the statement of cash flows?

- The statement shows the cash provided (used) for three categories of activity.
- The indirect method may be used to report cash provided by operations.
- The operating section is the last section of the statement.
- The direct method may be used to report cash provided by operations.

Question 9

Net income is \$132,000, accounts payable increased \$10,000 during the year, inventory decreased \$6,000 during the year, and accounts receivable increased \$12,000 during the year. Under the indirect method, what is net cash provided by operations?

- \$124,000
- \$136,000