

SCF Extra Practice Quiz **Key**

1. The following events occurred last year at Dorder Corporation:

Purchase of plant and equipment.....	\$45,000
Sale of long-term investment	\$24,000
Dividends received on long-term investments	\$9,000
Paid off bonds payable.....	\$12,000
Depreciation expense	\$32,000

Based on the above information, the cash provided (used) by investing activities for the year on the statement of cash flows would net to:

- A.** \$(21,000)
- B. \$(12,000)
- C. \$(32,000)
- D. \$(69,000)

Investing activities:	
Purchase of property, plant, and equipment.....	\$(45,000)
Sale of long-term investments.....	24,000
Net cash provided by (used in) investing activities.....	<u>\$(21,000)</u>

2. Klicker Corporation's most recent balance sheet appears below:

Comparative Balance Sheet		
	Ending Balance	Beginning Balance
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 27	\$ 30
Accounts receivable.....	37	31
Inventory.....	<u>61</u>	<u>58</u>
Total current assets	<u>125</u>	<u>119</u>
Property, plant, and equipment.....	593	480
Less accumulated depreciation.....	<u>223</u>	<u>205</u>
Net property, plant, and equipment	<u>370</u>	<u>275</u>
Total assets.....	<u>\$495</u>	<u>\$394</u>
 Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 39	\$ 38
Accrued liabilities.....	15	18
Income taxes payable.....	<u>28</u>	<u>28</u>
Total current liabilities	82	84
Bonds payable.....	<u>107</u>	<u>120</u>
Total liabilities.....	<u>189</u>	<u>204</u>
Stockholders' equity:		
Common stock	34	30
Retained earnings.....	<u>272</u>	<u>160</u>
Total stockholders' equity	<u>306</u>	<u>190</u>
Total liabilities and stockholders' equity	<u>\$495</u>	<u>\$394</u>

The company's net income for the year was \$152 and it did not issue any bonds or repurchase any of its common stock during the year. Cash dividends were \$40. The net cash provided by (used in) financing activities for the year was:

- A. (\$49)
- B. (\$40)
- C. \$4
- D. (\$13)

Financing activities:	
Repaying principal on bonds payable (\$107 – \$120).....	\$(13)
Issuance of common stock (\$34 – \$30)	4
Paying a dividend	<u>(40)</u>
Net cash provided by (used in) financing activities.....	<u>\$(49)</u>

3. Illies Corporation's comparative balance sheet appears below:

	Ending Balance	Beginning Balance
Assets:		
Current assets:		
Cash and cash equivalents.....	\$ 40,000	\$ 33,000
Accounts receivable.....	19,000	21,000
Inventory.....	<u>67,000</u>	<u>69,000</u>
Total current assets	<u>126,000</u>	<u>123,000</u>
Property, plant, and equipment.....	358,000	339,000
Less accumulated depreciation.....	<u>156,000</u>	<u>132,000</u>
Net property, plant, and equipment	<u>202,000</u>	<u>207,000</u>
Total assets.....	<u>\$328,000</u>	<u>\$330,000</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 18,000	\$ 19,000
Accrued liabilities.....	54,000	59,000
Income taxes payable	<u>48,000</u>	<u>42,000</u>
Total current liabilities	<u>120,000</u>	<u>120,000</u>
Bonds payable.....	<u>82,000</u>	<u>86,000</u>
Total liabilities.....	<u>202,000</u>	<u>206,000</u>
Stockholders' equity:		
Common stock	23,000	22,000
Retained earnings.....	<u>103,000</u>	<u>102,000</u>
Total stockholders' equity	<u>126,000</u>	<u>124,000</u>
Total liabilities and stockholders' equity	<u>\$328,000</u>	<u>\$330,000</u>

The company did not dispose of any property, plant, and equipment during the year. Its net income for the year was \$5,000 and its cash dividends were \$4,000. The company did not issue any bonds payable or purchase any of its own common stock during the year. Its net cash provided by operating activities and net cash used in financing activities are:

- A. net cash provided by operating activities, \$33,000; net cash used in financing activities, \$1,000
- B. net cash provided by operating activities, \$35,000; net cash used in financing activities, \$7,000
- C. net cash provided by operating activities, \$33,000; net cash used in financing activities, \$7,000
- D. net cash provided by operating activities, \$35,000; net cash used in financing activities, \$1,000

Operating activities

Net income.....		\$5,000
Adjustments to convert net income to a cash basis:		
Depreciation (\$156,000 – \$132,000).....	\$24,000	
Decrease in accounts receivable (\$19,000 – \$2,000).....	2,000	
Decrease in inventory (\$67,000 – \$69,000).....	2,000	
Decrease in accounts payable (\$18,000 – \$19,000).....	(1,000)	
Decrease in accrued liabilities (\$54,000 – \$59,000).....	(5,000)	
Increase in income taxes payable (\$48,000 – \$42,000).....	6,000	28,000
Net cash provided by operating activities.....		<u>\$33,000</u>

Financing activities:

Repaying principal on bonds payable (\$82,000 – \$84,000)....	\$(4,000)	
Issuance of common stock (\$23,000 – \$22,000).....	1,000	
Paying a dividend.....	(4,000)	
Net cash used in financing activities.....		<u>\$(7,000)</u>

SCF Extra Practice Quiz Summary

<u>Category</u>	<u># of Question</u>
AACSB: Analytic	3
AICPA BB: Critical Thinking	3
AICPA FN: Measurement	3
Blooms: Apply	3
Difficulty: 2 Medium	3
Garrison - Chapter 14	3
Learning Objective: 14-01 Classify cash inflows and outflows as relating to operating; investing; or financing activities.	3
Learning Objective: 14-02 Prepare a statement of cash flows using the indirect method to determine the net cash provided by operating activities.	1