

# [Acc 206 complete course material essay](https://assignbuster.com/acc-206-complete-course-material-essay/)

ACC 206 Complete Course MaterialACC 206 Week 1 Assignment Chapter One ProblemsWhy are noncash transactions, such as the exchange of common stock a building, included on a statement of cash flows? How are these noncash transactions disclosedChapter 1 Exercise 1: 1. Classification of activitiesClassify each of the following transactions as arising from an operating (O), investing (I), financing (F), or noncash investing/financing (N) activity. a. \_\_\_\_\_\_\_\_ Received $80, 000 from the sale of land. b.

\_\_\_\_\_\_\_\_ Received $3, 200 from cash sales. c. \_\_\_\_\_\_\_\_ Paid a $5, 000 dividend. d. \_\_\_\_\_\_\_\_ Purchased $8, 800 of merchandise for cash.

e. \_\_\_\_\_\_\_\_ Received $100, 000 from the issuance of common stock. f. \_\_\_\_\_\_\_\_ Paid $1, 200 of interest on a note payable. g. \_\_\_\_\_\_\_\_ Acquired a new laser printer by paying $650.

h. \_\_\_\_\_\_\_\_ Acquired a $400, 000 building by signing a $400, 000 mortgage note. Chapter 1 Exercise 4: 4. Overview of direct and indirect methods Evaluate the comments that follow as being True or False. If the comment is false, briefly explain why.

a. Both the direct and indirect methods will produce the same cash flow from operating activities. b. Depreciation expense is added back to net income when the indirect method is used. c. One of the advantages of using the direct method rather than the indirect method is that larger cash flows from financing activities will be reported.

d. The cash paid to suppliers is normally disclosed on the statement of cash flows when the indirect method of statement preparation is employed. e. The dollar change in the Merchandise Inventory account appears on the statement of cash flows only when the direct method of statement preparation is…