

# Warf computer case study essay sample

[Finance](#)



The cash flow at Warf Computers, Inc. is as follows:

#### Operations

Net Income \$896

Depreciation \$191

Deferred Taxes \$13

#### Changes in assets and liabilities

Accounts receivables -\$37

Inventories -\$17

Accounts payable \$20

Accrued expenses -\$118

Other -\$11

Total cash flow from operations \$937

#### Investing Activities

Acquisition of fixed assets -\$786

Sale of fixes Assets \$139

Total cash from investing activities -\$647

#### Financing Activities

Retirement of long term debt -\$98

Proceeds from long term debt sales \$118

Change in notes payable \$5

Dividends -\$212

Repurchase of stock -\$40

Proceeds from new stock issue \$11

Total cash from financing activities -\$216

Change in cash \$39

Description of Cash Flow for Warf Computers, Inc.

Overall company cash flows is positive. The company has positive outcome in regards to its earnings. The company has the monetary means to invest in the future, and was able to return money to its shareholders and pay its creditors/lenders. The company appears as it will be able to cover payroll and immediate expenses. It is appealing to potential lenders, investors, employees and shareholders. Cash Flow Statement that Accurately Describes the Cash Flow at the Company According to Jaffe, et al. (2012), “ perhaps the most important item that can be extracted from financial statement is the actual cash flow of a firm” (p. 29). It seems there are several methods of manipulating data to increase operating cash in order to increase the value of the firm and its perceived ability to produce more cash flow. An accurate statement that describes the cash flow at the company is “ cash flow is not the same as net working capital” (Jaffe, et al. 2012 p. 29). Cash flow utilizes both inventory and cash as current assets. In regards to Warf Computer’s, Inc., financial decisions within the company provides a positive insight to the management of the company. Expansion Plans of Nick Warf

The expansion plans incorporating virtual keyboards, a high level of technology, seems to be a promising idea. The company was able to provide a return to their shareholders. Reallocation of the company cash flow may have been put to better use in regards to Mr. Warf’s expansion plans.

Conclusion

The financial statement of cash flows for Warf Computers, Inc. indicates that the company is moving in a positive direction in regards to management of its resources. This document is important due to being “ statement that tracks all the money coming into your business and all the money flowing out from it” (Carabelli 2013, p. 1). In reviewing the balance sheet and income statement for this company, it has a positive cash flow and is able to provide a return to stockholders and lenders.