

Reporting and analyzing cash flows

Finance



Cash Flow Analysis and Report Grade Cash Flow Report Profit Expenses Net
Sales \$ 348 600. 00 Depreciation expense \$ 25 620. 00Cash Collected from
sales
\$ 758 100. 00
Other expenses
\$ 274 995. 00
Cost of goods sold
\$ 409 500. 00
Loss on equipment sale
\$ 1 470. 00
Income from operations
\$ 46 515. 00
Equipment Purchase
\$ 26 775. 00
income tax
\$ 6 615. 00
Net Income
\$ 39 900. 00
Borrowed
\$ 4 200. 00
Shares Issued
\$ 23 100. 00
Total Expenses
\$ 328 860. 00
Net Cash After Operations
\$ 86 940. 00

Assets

Liabilities

Cash

\$ 95 550. 00

Prepaid Expenses

\$ 11 970. 00

Merchandise Inventory

\$ 318 150. 00

Equipment

\$ 194 775. 00

Common shares

\$ 338 100. 00

Accumulated depreciation

\$ 76 125. 00

Retained earning

\$ 8 505. 00

Accounts payable

\$ 82 215. 00

Long-term notes payable

\$ 78 750. 00

Net Income

\$ 86 940, 00

Change in accounts receivable

\$ 11 955, 00

Change in inventory

\$ 43 560, 00

Accounts Payable

\$ 4 200, 00

Notes payable

\$ 25 200, 00

Sale of equipment

\$ 1 470, 00

Prepaid expenses

\$ 1 470, 00

Changes in Common Shares

\$ 23 100, 00

Net Cash Inflow

\$ 100 905, 00

Non-Cash Investing Note

Non-cash investments of the Popowich Inc involve purchase of the equipment, shortening the long-term notes payable, as well as issuing additional common shares. These actions helped the company to decrease the liabilities, and increase the amount of the resources available, which increased the market operation efficiency. In accordance with the statement by Murphy (2000), these investments help the company in setting particular financial ranks for its projects and operations. Therefore, Popowich Inc managed to renovate the equipment basis, and this action is featured with lowering the costs for maintenance. However, the costs of the inventory has increased, which will cause growth of the amortization depreciations (Murphy, 2000). On the other hand, if the equipment is used more effectively, the overall production and operation costs will lower. This non-cash investment is intended to improve the overall performance of the

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Popowich Inc.

Issuing additional shares is the double-end stick. On the one hand, it depreciates the already existing stocks, while on the other hand this will help to improve the company's positions on the market by attracting investments.

Financing Activities Note

Financial activities of the company are mainly associated with the time and money restrictions. Nevertheless, the cash and non-cash investments of the Popowich Inc prevent the company from stagnation. Regardless of the fact that the further financial plans are unknown, if the existing tendency is preserved, the company will shorten the long- and short-term notes that will help to decrease the liabilities. Additionally, the proper capital budgeting will help to control expenditures.

As Murphy (2000) emphasizes, the remaining capital expenses are generally graded in accordance with the profitability reported. Hence, the financing activity of the Popowich Inc is based on the capital budgeting model. The long-term liabilities of the company represent the positive tendency, as the company is aimed at shortening these points of the budget. The stockholders' equities are involved into the strategy of attracting investors. In the light of this fact, it should be stated that the company's financing activities form the positive tendency.

Reference List

Murphy, A. (2000). *Scientific Investment Analysis* (2nd ed.). Westport, CT: Quorum Books.