OPDRACHTEN

Opdracht 14:
Current Assets: €2,826 million
Current Liabilities: €1,875 million
Inventory: €833 million

a) What is the current ratio?
b) What is the Quick ratio?

Opdracht 15:
Sales: 113,808 million
Total assets: 167,919 million
Total debt: 69.380 million

a) If the profit margin is 4.173%, what is the net income?
b) What is the ROA?
c) What is the ROE?

Opdracht 16:
Total debt ratio: 0,43

a) Debt to Equity Ratio?
b) Equity multiplier?

Opdracht 17:
Retained earnings: 430,000
Cash dividens: 175,000
Ending total equity: 5,3 million

a) If there are a total of 210,000 shares, what are the earnings per share?
b) Dividends per share?
c) Book value per share?
d) Equity sells for 63 per share. What is the market-to-book ratio?
e) Price-earnings ratio?
f) If the sales are 4,5 million, what is the price-sales ratio?

Some recent financial statements for the luxury goods company LVMH Moet Hennessy Louis Vuitton SA follow.

Income statements	December '08	December '07
	€m	€m
Revenue	17,193	16,481
Cost of revenue	6,012	5,786
Gross profit	11,181	10,695
Selling/general/admin expenses	7,553	7,140
Amortization	0	6
Unusual expense (income)	126	116
Other operating expenses, total	17	4
Operating profit	3,485	3,429
Interest expense	-225	-241
Interest/invest income	15	30
Other, net	-41	-41
Profit before taxes	3,204	3,204
Provision for income taxes	893	853
Profit after taxes	2,311	2,324
Minority interest	-292	-306
Equity in affiliates	7	7
Profit attributable to stakeholders	2,026	2,025

Statement of financial position

	08	07		08	07
Current Assets			Current Liabilities		
Cash and short-term investments	1,013	1,559	Trade payables	2,292	2,095
Trade receivables	1,650	1,595	Accrued expenses	1,866	1,552
Receivables other	229	151	Notes payable/short-term debt	1,571	2,212
Total inventory	5,767	4,812	Current port. Of LT debt/capital leases	276	926
Other current assets	1,695	2,001	Other current liabilities	610	628
Total current assets	10,354	10,118	Total current liabilities	6,615	7,413
Property/plant/equipment	6,081	5,419	Total long-term debt	3,738	2,477
Goodwill, net	4,423	4,818	Deferred income tax	3,113	2,843
Intangibles, net	8,523	7,999	Minority interest	989	938
Long-term investments	591	952	Other liabilities	4,224	5,123
Other long-term assets	1,511	1,078	Total non-current liabilities	12,064	11,381
Total non-current assets	21,129	20,266	Total liabilities	18,679	18,794
			Shareholders' equity		
			Ordinary shares	147	147
			Additional paid-in capital	1,737	1,736
			Retained earnings	12,274	11,192
			Treasury stock – common	-983	-877
			Other equity, total	-371	-608
			Total equity	12,804	11,590
Total assets	31,483	30,384	Total liabilities and shareholders' equity	31,483	30,384

Opdracht 23:
Find the following financial ratios for 2008 and 2007:

a) Current ratio
b) Quick ratio
c) Cash ratio
d) Total asset turnover
e) Inventory turnover
f) Receivables turnover
g) Total debt ratio
h) Debt-equity ratio
i) Equity multiplier
j) Times interest earned ratio
k) Profit margin
l) Return on assets
m) Return on equity

Opdracht 25:
LVMH Hennessy Louis Vuitton SA has 473.06 million ordinary shares outstanding and the market price for share of equity at the end of 2008 was €46.79

a) What is the price-earnings ratio?
b) What is the market-to-book-ratio at the end of 2008?

Opdracht 8.22:
Cash flows: 4,200 – 5,300 – 6,100 – 7,400
Discount rate: 14%

a) What is the present value?

Opdracht 8.26:

Year	cash flow
0	-30,000
1	15,000
2	17,000
3	14,000

a) The required return is 12%. Should you accept the project?
b) The required return is 14%. Should you accept the project?

Opdracht 8.29:

Discount rate: 5%

Year	cash flow
0	-19,500
1	9,800
2	10,300
3	8,600

What is the NPV?

Opdracht 8.18:

Year	cash flow
0	-6,400
1	1,600
2	1,900
3	2,300
4	1,400

What is the payback period?

Opdracht 8.20:

Cash inflows 765 per year for 8 years

a) What is the payback period if the initial costs is 2,400?
b) What is the payback period if the initial costs is 6,500?
c) What is the payback period if the initial costs is 3,600?

Opdracht 8.24:

Plant initial cost: 15 million
Years life: 4
Net income over 4 years: 1,938,200 – 2,201,600 – 1,876,000 – 1,329,500.
What is the AAR?

Opdracht SE4:

Inter-Finance Corporation had a net income of 16,500 during 20x7. During the year, the company had depreciation expense of 7,000. Accounts receivable increased by 5,500, and accounts payable increased by 2,500. Those were the company's only current assets and current liabilities. Use the indirect method to determine net cash flows from operating activities

Opdracht SE5:

During 20x7, Minh Corporation had a net income of 144,000. Included on its income statement were depreciation expense of 16,000 and amortization expense of 1,800. During the year, accounts receivable decreased by 8,200, inventories increased by 5,400, prepaid expenses decreased by 1,000, accounts payable decreased by 14,000 and accrued liabilities decreased by 1,700. Use the indirect method to determine net cash flows from operating activities.

Opdracht SE6:
During 20x7, Howard Company purchased land for 375,000. It paid 125,000 in cash and signed a 250,000 mortgage for the rest. The company also sold a building that originally cost 90,000, on which it had 70,000 of accumulated depreciation, for 95,000 cash, making a gain of 75,000. Prepare the cash flows from investing activities section and the schedule of noncash investing and financing transactions of the statement of cash flows

Opdracht SE7:
During 20x7, Arizona Company issued 500,000 in long-term bonds at 96, repaid 75,000 of bonds at face value, paid interest of 40,000 and paid dividends of 25,000. Prepare the cash flows from the financing section of the statement of cash flows.

Opdracht E5:
The condensed single-step income statement for the year ended December 31, 20x9 of Sunderland Chemical Company, a distributor of farm fertilizers and herbicides, appears as follows:

Sales		13,000,000
Less: Cost of goods sold	7,600,000	
Operating expenses (including depreciation of 820,000)	3,800,000	
Income taxes expense	400,000	
		11,800,000
Net income		1,200,000

Selected accounts from Sunderland Chemical Company's balance sheet for 20x9 and 20x8 are as follows:

	20x9	20x8
Accounts receivable	2,400,000	1,700,000
Inventory	840,000	1,020,000
Prepaid expenses	260,000	180,000
Accounts payable	960,000	720,000
Accrued liabilities	60,000	100,000
Income taxes payable	140,000	120,000

a) Present in good form a schedule of cash flows from operating activities using the indirect method
b) Present the cash flows from operating activities using the direct method

Opdracht E6:
During 20x7, Linz Corporation had net income of 82,000. Included on its income statement were depreciation expense of 4,600 and amortization expense of 600. During the year, accounts receivable increased by 6,800, inventories decreased by 3,800, prepaid expenses decreased by 400, accounts payable increased by 10,000 and accrued liabilities decreased by 900. Determine net cash flows from operating activities using the indirect method.

Opdracht E11:

Marisol Corporation's income statement for the year ended June 30, 20x9 and its comparative balance sheet for June 30, 20x9 and 20x8

	20x9	20x8		20x9	20x8
Cash	69,900	12,500	Accounts payable	13,000	14,000
Accounts receivable (net)	21,000	26,000	Income taxes payable	1,200	1,800
Inventory	43,400	48,400	Notes payable (long-term)	37,000	35,000
Prepaid expenses	3,200	2,600	Common stock 10 par value	115,000	90,000
Furniture	55,000	60,000	Retained earnings	17,300	3,700
Accumulated depreciation, furniture	(9,000)	(5,000)			
Total assets	183,500	144,500	Total liabilities and stakeholders' equity	183,500	144,500

Sales	234,000
Cost of goods sold	156,000
Gross margin	78,000
Operating expenses	45,000
Operating income	33,000
Interest expense	2,800
Income before income taxes	30,200
Income taxes expense	12,300
Net income	17,900

Marisol issued a 22,000 note payable for purchase of furniture; sold furniture that cost 27,000 with accumulated depreciation of 15,300 at carrying value; recorded depreciation on the furniture for the year; 19,300; repaid a note in the amount of 20,000; issued 25,000 of common stock at par value; and paid dividends of 4,300. Prepare Marisol's statement of cash flows for the year 20x9 using the indirect method.

Opdracht P2:

The comparative balance sheet for Sharma Fabrics Inc., for December 31, 20x8 and 20x7 are presented. Additional information about Sharma Fabrics's operations during 20x8 is as follows: (a) net income, 56,000 (b) building and equipment depreciation expenses amounts, 30,000 and 6,000, respectively; (c) equipment that cost 27,000 with accumulated depreciation of 25,000 sold at a gain of 10,600; (d) equipment purchases, 25,000; (e) patent amortization 6,000; purchase of patent 2,000; (f) funds borrowed by issuing notes payable, 50,000; notes payable repaid, 30,000; (g) land and building purchased for 324,000 by signing a mortgage for the total cost; (h) 3,000 shares of 20 par value common stock issued for a total of 100,000; and (i) paid cash dividends, 18,000.

	20x8	20x7		20x8	20x7
Cash	189,120	54,720	Accounts payable	21,500	73,500
Accounts receivable (net)	204,860	150,860	Notes payable (long-term)	20,000	-
Inventory	225,780	275,780	Accrued liabilities	-	24,600
Prepaid expenses	-	40,000	Mortgage payable	324,000	-
Land	50,000	-	Common stock 10 par value	360,000	300,000
Building	274,000	-	Additional paid-in capital	114,400	74,400
Accumulated depreciation, building	(30,000)	-	Retained earnings	118,860	80,860
Equipment	66,000	68,000			
Accumulated depreciation, equipment	(29,000)	(48,000)			
Patents	8,000	12,000			
Total assets	958,760	553,360	Total liabilities and shareholders' equity	958,760	553,360

Opdracht E7:
For the year ended June 30, 20xx, net income for Freed Corporation was 14,800. Depreciation expense was 4,000. During the year, accounts receivable increased by 8,800, inventories increased by 14,000, prepaid rent decreased by 2,800, accounts payable increased by 28,000, salaries payable increased by 2,000 and income taxes payable decreased by 1,200. Use the indirect method to prepare a schedule of cash flows from operating activities.

Opdracht P3:
The comparative balance sheet for Karidis Ceramics Inc. for December 31, 20x9 and 20x8 are presented. During 20x9, the company had net income of 96,000 and building and equipment depreciation expenses of 80,000 and 60,000, respectively. It amortized intangible assets in the amount of 20,000; purchased investments for 116,000; sold investments for 150,000, on which it recorded a gain of 34,000; issued 240,000 of long-term bonds at face value; purchased land and a warehouse through a 320,000 mortgage; paid 40,000 to reduce the mortgage; borrowed 60,000 by issuing notes payable; repaid notes payable in the amount of 180,000; declared and paid cash dividends in the amount of 36,000; and purchased treasury stock in the amount of 20,000.

	20x9	20x8		20x9	20x8
Cash	257,600	305,600	Accounts payable	470,800	660,800
Accounts receivable	738,800	758,800	Notes payable	40,000	160,000
Inventory	960,000	800,000	Accrued liabilities	10,800	20,800
Prepaid expenses	14,800	26,800	Mortgage payable	1,080,000	800,000
Long-term investments	440,000	440,000	Bonds payable	1,000,000	760,000
Land	361,200	321,200	Common stock	1,300,000	1,300,000
Building	1,200,000	920,000	Additional paid-in capital	80,000	80,000
Accumulated depreciation, building	(240,000)	(160,000)	Retained earnings	254,800	194,800
Equipment	480,000	480,000	Treasury earnings	(120,000)	(100,000)
Accumulated depreciation, equipment	(116,000)	(56,000)			
Intangible assets	20,000	40,000			
Total assets	4,116,400	3,876,400	Total liabilities and shareholder's equity	4,116,400	3,876,400

Opdracht P4:

Flanders Corporation's income statement for the year ended June 30, 20x8 and its comparative balance sheets as of June 30, 20x8 and 20x7 are presented. During 20x8, the corporation sold equipment that cost 48,000, on which it had a accumulated depreciation of 34,000, at a loss of 8,000. It also purchased land and a building for 200,000 through an increase of 200,000 in mortgage payable; made a 40,000 payment on the mortgage; repaid notes but borrowed an additional 60,000 through the issuance of a new note payable; and declared and paid a 120,000 cash dividend. Using the indirect method, prepare a statement of cash flows.

	20x8	20x7		20x8	20x7
Cash	334,000	40,000	Accounts payable	128,000	84,000
Accounts receivable	200,000	240,000	Notes payable	60,000	160,000
Inventory	360,000	440,000	Income taxes payable	52,000	36,000
Prepaid expenses	1,200	2,000	Mortgage payable	720,000	560,000
Property, plant and equipment	1,256,000	1,104,000	Common stock, 5 par value	400,000	400,000
Accumulated depreciation, PPE	(336,000)	(280,000)	Retained earnings	452,200	306,000
Total assets	1,785,200	1,546,000	Total liabilities and stockholders' equity	1,785,200	1,546,000

Sales		8,081,800
Cost of goods sold		7,312,600
Gross margin		769,200
Operating expenses (including depreciation expenses of 120,000)		378,400
Income from operations		390,800
Other income (expenses)		
Loss on sale of equipment	(8,000)	
Interest expense	(75,200)	
		(83,200)
Income before income tax		307,600
Income taxes expense		68,400
Net income		239,200

UITWERKINGEN

Opdracht 14:

a) Current ratio = Current assets/current liabilities = 2,826 million/1,875 million= **1.51 times**
b) Quick ratio = Current assets -/- inventory/current liabilities= 2,826 million -/- 833 million/1,875 million= **1.06 times**

Opdracht 15:
A:
Profit Margin= Net income/net sales x 100= ?/113,808 million x 100 = 4.173%
4.173/100 = 0.04173
0.04173*113.808= **4,749.21**

B:
ROA = Net income/total assets * 100 = 4,749.21/167,919 * 100= **2.83%**

C:
ROE = Net income/owner's equity * 100 = 4,749.21/98,539 * 100= **4.82%**

Opdracht 16:
A:
Debt-to-equity ratio= total liabilities/owner's equity: 0.43/0.57= **0.75** (0.57= 1-/-0.43)

B:
Equity multiplier= 1 + debt-to-equity ratio= 1 + 0.75= **1.75**

Opdracht 17:
A:
Earnings per share: retained earnings + dividends/total shares= 430,000+175,000/210,000= **2.88**

B:
Dividends per share: dividends/total shares= 175,000/210,000= **0.83**

C:
Book value per share: total equity/total shares= 5,300,000/210,000= **25.24**

D:
Market-to-book ratio= market share per value/book value per share= 63/25.24= **2.50 times**

E:
Price-earnings ratio= market value per share/earnings per share= 63/2.88= **21.88 times**

F:
Price-sales ratio= price per share/sales per share= 63/21.43= **2.94** (21.43= 4,500,000/210,000)

Opdracht 23:
A:
Current ratio= current assets/current liabilities
08: 10,354/6,615= **1.57 times**
07: 10,188/7,413= **1.36 times**

B:
Quick ratio= current assets -/- inventory/current liabilities
08: 10,354-/-5,767/6,615= **0.69 times**
07: 10,118-/-4,812/7,413= **0.72 times**

C:
Cash ratio= cash/current liabilities
08: 1,013/6,615= **0.15 times**
07: 1,559/7,413= **0.21 times**

D:
Total asset turnover= sales/total assets
08: 18,679/31,483= **0.55**
07: 16,481/30,384= **0.54**

E:
Inventory turnover= cost of goods sold/inventory
08: 6,012/5,767= **1.04 times**
07: 5,786/4,812= **1.20 times**

F:
Receivables turnover= sales/trade receivables
08: 17,193/1,650= **10.42 times**
07: 16,481/1,595= **10.33 times**

G:
Total debt ratio= total assets -/- total equity/total assets
08: 31,483-/-12,804/31,483= **0.59 times**
07: 30,384-/-11,590/30,384= **0.62 times**

H:
Debt-equity ratio= total debt/total equity
08: 18,679/12,804= **1.46**
07: 18,794/11,590= **1.62**

I:
Equity multiplier = 1+debt-equity ratio
08: 1+1.46= **2.46**
07: 1+1.62= **2.62**

J:
Times interest earned ratio= operating profit/interest
08: 3,485/225= **15.49 times**
07: 3,429/241= **14.23 times**

K:
Profit margin= net income/sales*100
08: 2,026/17,193*100= **11.78%**
07: 2,025/16,481*100= **12.29%**

L
Return on assets= net income/total assets*100
08: 2,026/31,483*100= **6.44%**
07: 2,025/30,384*100= **6.66%**

M:
Return on equity= net income/total equity*100
08: 2,026/12,804*100= **15.82%**
07: 2,025/11,590*100= **17.47%**

Opdracht 25:
A:
Price-earnings ratio= market price per share/earnings per share= 46.79/4.28= **10.93 times**

B:
Market-to-book ratio= market value per share/book value per share= 46.79/27.07= **1.73 times**

Opdracht 8.22:
A:
4,200 * (1.14^{-1}) = 3,684.210526
5,300 * (1.14^{-2}) = 4,078.177901
6,100 * (1.14^{-3}) = 4,117.326249
7,400 * (1.14^{-4}) = 4,381.394053 +
16,261.10873

Opdracht 8.26:
A:
15,000 * 1.12^{-1}= 13,392.85714
17,000 * 1.12^{-2}= 13,552.29592
14,000 * 1.12^{-3}= 9,964.923469 +
36,910.07653 -/- 30,000 = 6,910.07653
Project is accepted

B:
15,000 * 1.14^{-1}= 13,157.89474
17,000 * 1.14^{-2}= 13,080.94798
14,000 * 1.14^{-3}= 9,449.601227 +
35,688.44395 -/- 30,000 = 5,688.44395
Project is accepted

Opdracht 8.29:
9,800 * 1.05^{-1} = 9,333.333333
10,300 * 1.05^{-2}= 9,342.403628
8,600 * 1.05^{-3} = 7,429.003347 +
26,104.74038 -/- 19,500= 6,604.740308

Opdracht 8.18:
1,600+1,900+2,300=5,800
6,400 -/- 5,800= 600
3 years + 600/1,400*1= 3.43 0.43*12= 5
= 3 years + 5 months

Opdracht 8.20:
A:
Payback period= initial investments/net cash inflows= 2,400/765= **3.137254902**

B: 6,500/765= **8.4967**
C: 3,600/765= **4.705**

Opdracht 8.24:
1,938,200+2,201,600+1,876,000+1,329,500=7,345,300/4=1,836,325
15,000,000/2=7,500,000
1,836,325/7,500,000*100= **24.48%**

Opdracht SE4:

Net income		16,500
Adjustments:		
Depreciation	7,000	
Changes in working capital:		
Increase account receivable	(5,500)	
Increase account payable	2.500 +	
		4,000 +
Net cash flow from operating activities		20,500

Opdracht SE5:

Net income		144,000
Adjustments:		
Depreciation	16,000	
Amortization	1,800	
Changes in working capital:		
Decrease account receivables	8,200	
Increase inventories	(5,400)	
Decrease prepaid expenses	1,000	
Decrease account payable	(14,000)	
Decrease accrued liabilities	(1,700) +	
		5,900 +
Net cash flow from operating expenses		149,900

Opdracht SE6:

Purchase land	(125,000)
Sell building	95,000 +
Net cash flow from investing activities	(30,000)
Noncash investing and financing transactions:	
Mortgage	250,000

Opdracht SE7:

Issue of long-term bonds (500,000*96)	480,000
Repaid bonds at face value	(75,000)
Paid interest	(40,000)
Paid dividends	(25,000) +
Net cash flows from financing activities	340,000

Opdracht E5:

A:

Net income		1,200,000
Adjustments:		
Depreciation	820,000	
Changes in working capital:		
Increase account receivable	(700,000)	
Decrease inventory	180,000	
Increase prepaid expenses	(80,000)	
Increase account payables	240,000	
Decrease accrued liabilities	(40,000)	
Increase taxes payable	20,000 +	
		440,000 +
Net cash flow from operating activities		1,640,000

B:
Account receivable: beginning + sales -/- cash received from customers = ending
1,700,000 + 13,000,000 -/- ? = 2,400,000
? = 12,300,000

Inventory: Beginning + purchases -/- cost of goods sold = ending
1,020,000 + ? -/- 7,600,000 = 840,000
? = 7,420,000

Accounts payable: beginning + purchases -/- payments inventory = ending
720,000 + 7,420,000 -/- ? = 960,000
? = 7,180,000

Accrued liabilities: other operating expenses -/- beginning prepaid expenses + beginning accrued expenses -/- cash paid for operating expenses = ending accrued expenses -/- ending prepaid expenses
2,980,000 -/- 180,000 + 100,000 -/- ? = 60,000 -/- 260,000
? = 3,100,000

Income tax payable: beginning + tax expense -/- cash tax = ending
120,000 + 400,000 -/- ? = 140,000
? = 380,000

Opdracht E6:

Net income		82,000
Adjustments:		
Depreciation	4,600	
Amortization	600	
Changes in working capital		
Increase accounts receivable	(6,800)	
Decrease inventory	3,800	
Decrease prepaid expenses	400	
Increase accounts payable	10,000	
Decrease accrued liabilities	(900) +	
		11,700 +
Net cash flows from operating activities		93,700

Opdracht E11:

Net income		17,900
Adjustments:		
Depreciation	19,300	
Changes in working capital:		
Decrease Accounts receivable	5000	
Decrease Inventory	5000	
Increase Prepaid expenses	(600)	
Decrease Accounts payable	(1000)	
Decrease income tax payable	(600	
		27,100 +
Net cash flows from operating activities		45,000
Cash flows from investing activities		
Sale of furniture	11,700	
Cash flows from financing activities		11,700
Repayment of notes payable	(20,000)	
Issue of common stock	25,000	
Payment of cash dividend	(4,300)	
Net cash flow from financing activities		700 +
		57,400

Cash dividend: beginning retained earnings + net income -/- dividend payment = ending retained earnings
3,700 + 17,900 -/- ? = 17,300
? = 4,300

Opdracht P2:

Net income		56,000
Adjustments:		
Depreciation building	30,000	
Depreciation equipment	6,000	
Amortization	6,000	
Gain on sale equipment	(10,600)	
Changes in working capital:		
Increase account receivables	(54,000)	
Decrease inventory	50,000	
Decrease prepaid expenses	40,000	
Decrease account payables	(52,000)	
Decrease Accrued liabilities	(24,600)	
Total adjustments		(9,200)
Net cash flows from operating activities		46,800
Cash flows of investing activities:		
Purchase equipment	(25,000)	
Sale of equipment	12,600	
Purchase patent	(2,000)	
Net cash flows from investing activities		(14,400)
Cash flows of financing activities		
Issue notes payable	50,000	
Repayment notes payable	(30,000)	
Issue common stock	100,000	
Payment cash dividend	(18,000)	
Net cash flows from financing activities		102,000
		134,400

Opdracht E7:

Net income		14,800
Adjustments:		
Depreciation	4,000	
Changes in working capital:		
Increase account receivables	(8,800)	
Increase inventories	(14,000)	
Decrease prepaid rent	2,800	
Increase accounts payable	28,000	
Increase salaries payable	2,000	
Decrease income taxes payable	(1,200)	
Total adjustments:		12,800 +
Net cash flows from operating activities		27,600

Opdracht P3:

Net income		96,000
Adjustments:		
Depreciation building	80,000	
Depreciation equipment	60,000	
Amortization intangibles	20,000	
Gain sold investments	(34,000)	
Changes in working capital:		
Decrease accounts receivable	20,000	
Increase inventory	(160,000)	
Decrease prepaid expenses	12,000	
Decrease accounts payable	(190,000)	
Decrease accrued liabilities	(10,000	
Total adjustments		(202,000) +
Net cash flows from operating activities		(106,000)
Cash flows from investing activities:		
Purchase investment	(116,000)	
Sold investment	150,000	
Net cash flows from investing activities		34,000
Cash flows from financing activities:		
Issue long-term bonds	240,000	
Repaid notes payable	(180,000)	
Paid mortgage	(40,000)	
Purchase treasury stock	(20,000)	
Paid cash dividend	(36,000)	
Borrowed notes payable	60,000	
Net cash flows from financing activities		24,000 +
		(48,000)

Opdracht P4:

Net income		239,200
Adjustments:		
Depreciation equipment	120,000	
Loss sale equipment	8,000	
Changes in working capital:		
Decrease accounts receivable	40,000	
Decrease inventory	80,000	
Decrease prepaid expenses	800	
Increase accounts payable	44,000	
Increase income taxes payable	16,000	
Total adjustments		308,800
Net cash flows from operating activities		548,000
Cash flows from investing activities:		
Sold equipment (48,000 -/- 34,000 -/- 8,000)	6,000	
Net cash flows from investing activities		6,000
Cash flows from financing activities:		
Repayment mortgage	(40,000)	
Borrowed	60,000	
Paid cash dividends	(120,000)	
Repayment notes payable (200,000 -/- 40,000)	(160,000)	
Net cash flows from financing activities		(260,000)
		294,000