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12 - ABM

Accounting 2

Juana's Sari-Sari Store
Cash Flow Statement
For the year ended December 2019

Cash Flows from Operating Activities

Sales of Goods	₱150,000
Purchase of Goods	(100,000)
Paid Utilities	(30,000)
Paid Rent	(10,000)

Net Cash generated by Operating Activities ₱10,000

Cash Flows from Investing Activities

Sold Equipment	<u>₱100,000</u>
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Net Cash generated by Investing Activity ₱100,000

Cash Flows from Financing Activities

Owner's Withdrawal	<u>(₱10,000)</u>
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Net Cash generated by Financing Activity (₱10,000)

Net Change in cash ₱100,000

Cash, January 1, 2019 50,000

Cash, December 31, 2019 ₱150,000

Critical Thinking Questions:

1. How do you distinguish the accounts under Operating Activities?

- Operating activities include cash activities related to net income. Cash flows from operating activities are a section of a company's cash flow statement that explains the sources and uses of cash from ongoing regular business activities in a given period. This typically includes net income from the income statement, adjustments to net income, and changes in working capital. For example, cash generated from the sale of goods (revenue) and cash paid for merchandise (expense) are operating activities because revenues and expenses are included in net income.

2. How do you distinguish the accounts under Financing Activities?

- Financing activities include cash activities related to noncurrent liabilities and owners' equity. Financial activities are activities that companies undertake to help achieve their economic goals and objectives. Purchasing and selling assets or products, organizing accounts, and maintaining accounts, for example, are financial activities. Arranging loans, selling bonds or stocks are also financial activities. Also, noncurrent liabilities and owners' equity items include the principal amount of long-term debt, stock sales and repurchases, and dividend payments.