

AUSTIN'S CYCLE SHOP - ANSWER KEY & EXPLANATIONS

STATEMENT OF CASH FLOWS

After a one-minute look at their respective cash flows statements, what would you say about the cash flow performance of Austin's and Cam's in 2013?

The correct answer is: Cam's performed better than Austin's because its Net Cash Flow from Operating Activities had improved from 2012 and was higher than its Net Income.

Which of the following is true about the Statement of Cash Flows?

The correct answer is: All of the above. These are all accurate statements about the Statement of Cash Flows.

In 2013, both Cam's and Austin's had positive cash flow from operations, negative cash flow from investing activities, and negative cash flow from financing activities. Which of the following statements is true?

The correct answer is: Cam's invested more cash in its business, \$324.4M versus 212M for Austin's. Cam's invested \$112.4 more than Austin's in assets in 2013.

Which of the following would you expect to see in a healthy, mature company?

The correct answer is: Positive cash flows from operating activities, negative cash flows from investing activities, and negative cash flows from financing activities. A healthy, mature company has to be generating cash from its core business, and you'd expect it to be investing in assets and paying back investors.

If you still have questions about the quiz, or have a different question you would like answered, please visit the discussion board for this lecture and let me know!