

Operational Level 1

Fundamentals of Financial Accounting

[illegible]

1	Cash Collection from Customers:						
	Net Sales		1,200,000		1,200,000		
	Accounts Receivable(Beg)		100,000		100,000		
	Accounts Receivable(End)		120,000		40,000		
			1,080,000		1,160,000		
			100,000		100,000		
	Cash Collection		1,180,000		1,260,000		
	Cash Collection from Customer = Net Sales +[-Increase in Accounts Receivable +Decrease in Accounts Receivable]						
6	Commission Collection:						
	Commission Income		100,000		100,000		
	Commission Receivable-Beg		10,000		10,000		
	Commission Receivable-End		15,000		2,000		
	Cash Collection		95,000		108,000		
	Commission Collection = Commission Income +[-Increase in Commission Receivable +Decrease in Commission Receivable]						

2	Cash Paid to Supplier:					
1	Net Purchases:					
	Cost of Goods Sold	200,000	200,000			
	Inventory-Beg	20,000	20,000			
	Inventory-End	35,000	2,000			
	$\text{Net Purchases} = \text{Cost of Goods Sold} + [\text{+Increase in Inventory} - \text{Decrease in Inventory}]$					
2	Cash Paid to Supplier:					
	Net Purchases		140,000	140,000		
	Accounts Payable-Beg		10,000	10,000		
	Accounts Payable-End		20,000	1,000		
	$\text{Cash Paid to Supplier} = \text{Net Purchases} + [-\text{Increase in Accounts Payable} + \text{Decrease in Accounts Payable}]$					
	$\text{Cash Paid to Supplier} = \text{Cost of Goods Sold} + [\text{+Increase in Inventory} / -\text{Decrease in Inventory}] + [-\text{Increase in Accounts Payable} / +\text{Decrease in Accounts Payable}]$					

3	Cash Paid for Expenses:						
$\text{Cash Paid for Expenses} = \text{Operating Expenses} - \text{Non Cash Expenses (Bad Debts/Dep/Amortization)} + [+ \text{Decrease in Accrued Expense} / - \text{Increase in Accrued Expenses}] + [+ \text{Increase in Prepaid Expense} / - \text{Decrease in Prepaid Expenses}]$							
4	Interest Paid:						
$\text{Interest Paid} = \text{Interest Expense} + [+ \text{Decrease in Accrued Interest} / - \text{Increase in Accrued Interest}]$							
5	Tax Paid:						
$\text{Tax Paid} = \text{Tax Expense} + [+ \text{Decrease in Accrued Tax} / - \text{Increase in Accrued Tax}] + [+ \text{Increase in Prepaid Tax} / - \text{Decrease in Prepaid Tax}]$							