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| The income statement of Elbert Company is presented here.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | |  | | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | |  | | --- | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | | **ELBERT COMPANY** | | | | --- | --- | --- | | **Income Statement** | | | | **For the Year Ended November 30, 2008** | | | | Sales |  | $7,700,000 | | Cost of goods sold |  |  | | Beginning inventory | $1,900,000 |  | | Purchases | 4,400,000 |  | | Goods available for sale | 6,300,000 |  | | Ending inventory | 1,400,000 |  | | Total cost of goods sold |  | 4,900,000 | | Gross profit |  | 2,800,000 | | Operating expenses |  |  | | Selling expenses | 450,000 |  | | Administrative expenses | 700,000 | 1,150,000 | | Net income |  | $1,650,000 | | | |  | | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif |   Additional information:   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | |  |  | | --- | --- | | **1.** | Accounts receivable increased $250,000 during the year, and inventory decreased $500,000. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | **2.** | Prepaid expenses increased $150,000 during the year. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | **3.** | Accounts payable to suppliers of merchandise decreased $340,000 during the year. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | **4.** | Accrued expenses payable decreased $100,000 during the year. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | | **5.** | Administrative expenses include depreciation expense of $90,000. | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | |   **Hint:**  *Prepare the operating activities section—indirect method.* |
| http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif |

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| **Instructions**  Prepare the operating activities section of the statement of cash flows for the year ended November 30, 2008, for Elbert Company, using the indirect method.   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | |  | | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif |  |  | | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | |  | | --- | |  | |  |  | | --- | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | http://edugen.wiley.com/edugen/courses/crs1865/common/art/pixel.gif | | |