Warf computer cash flow

Student’s Name

Institution

Date

**Warf computer cash flow**

**Accounting Cash flow statements**

**The following tabulation will be made:**

1. **Operating Cash Flow:**

= EBIT + Depreciation –Tax

= 1332 + 159 -386

= 1,105

1. **Net capital Expenditure:**

= Ending Net Fixed Assets –Beginning Net Fixed Assets + Depreciation

= 2,280 –1,792 + 159

= 747

1. **Changes in Net Working Capital:**

= Ending NWC –Beginning NWC

= (1219-491) - (1154-568)

= 728 -586

**= 142**

1. **Cash Flow from Assets**

= Cash Flow Paid To Creditors + Cash Flow Paid

To Equity Investor Cash Flow from Assets =

Operating Cash Flow –Net Capital Spending –Changes in Net Working Capital

**Q1: How would you describe Warf Computers’ cash flows?**

It is established that the company generates $47,000 and its net cash flow increases its cash and its equivalent account as well. Warf computers utilizes its revenue generated to increases its fixed assets at approximated rate of 30%. The analysis Warf’s financing cash flow show there is an increase in its long term liabilities and dividend which are paid out for majority of its negative cash flow financing. Therefore, the Warf Computers Cash flow can be described that, the company is having cash inflow from operating activities and on the other hand it is having outflow from most of its financing activities. Above, there is indication of cash flow in the company which is a good signs that Warf Computers has the ability to generate cash (Nordås, 2008). Warf Computers cash flows are positive and therefore, there is less chances of the company falling into bankruptcy hence many financial investors can seriously consider investing into the firm because of less of chances of losing their investment as well.

**Q2: Which cash flow statement more accurately describes the cash flows at the company?**

It is evident from an investor or investment point of view, the accounting cash is more accurate compared to the rest and it describes the cash flow available at the company. It indicates each investor activities, and also the cash which is generated from each activity on the separate sheet. Accounting cash also indicates some of the benefits to investors and therefore, the statement can attract an investor to become the stakeholder or a debt holder (Enrico, 2015). The analysis of accounting cash flow also indicates that all the investments expenses and revenue for year plus the financial position of the company is clear indicated. Therefore, it is easy to be used since the investment can easily make decision just by having a glance to the statement.

**Q3: In light of your previous answers, comment on Nick’s expansion plans**

Finally, the financial plan designed by Nick is the most favorable because even after raising the amount of debts increasing investing in fixed assets and increasing equity as well, the company still registered a positive cash flows according to the cash flow statement of the company. Therefore, Nick should just proceed and continue to implement the plan because it is likely to generate a lot of revenue for the company after duration.

# References

Enrico, F. (2015). Research on Overcoming Digital Divides: Constructing an . *Journal of*

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Nordås, H. K. (2008). Trade and Regulation: Computer Services and other Business Services .

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