3. Cash flows arising from the purchase or sale of investments in the stock of other companies are cash flows from _________ activities.

_____ a. financing

_____ b. investing

_____ c. operating

_____ d. research

4. Cash flows arising from the payment of dividends to shareholders are cash flows from _________ activities.

_____ a. financing

_____ b. investing

_____ c. operating

_____ d. research

5. The direct approach and the indirect approach are two alternative methods of presenting cash flows from _________ activities.

_____ a. financing

_____ b. investing

_____ c. operating

_____ d. research

6. SFAS No. 95 requires cash flows from "interest paid" and "interest received" under the direct approach to be shown as __________ activities.

_____ a. financing

_____ b. investing

_____ c. operating

_____ d. research

7. The method of preparing the statement of cash flows used by the majority of companies is the __________ method.

_____ a. direct

_____ b. dividend

_____ c. indirect

_____ d. research

8. Which one of the following represents the most common adjustment under the indirect method because it does not cause cash to increase or decrease?

_____ a. Change in cash

_____ b. Change in fixed assets

_____ c. Depreciation expense

_____ d. Utilities expense