# Case 4– Statement of cash flows

**Part 1: Data:** Balance sheets and an income statement for the fictional company XYZ are attached.

**Requirement**

Prepare the statement of cash flows of XYZ for 2011. Please only prepare the operating section of the CF statement showing **both** the direct and indirect formats. Do not prepare the investing and financing sections of the CF statement.

Also assume that the following occurred during 2011:

* Purchased $10 of plant assets during the year
* Depreciation of $8 is included in selling, general and administrative expenses (SG&A)



Indirect method:

Net Income: 72

: -(60 – 95)

: -(95 – 62)

: 36 – 50

: 40 - 42

+Noncash expense: 8 + 3

Cash flow = 72 – (60 – 95) – (95 – 62) + (36 – 50) + (40 – 42) + 8 + 3 = 39

Direct method:

**Part 2:**



The balance sheet belongs to an international shipping company. The Company was engaged primarily in the operation of oil tankers and oil/bulk/ore, or OBO carriers, which were configured to carry dry cargo.

**Please indicate which of the balance sheet accounts will appear in the CF from operations section.**

Related party receivables

Other receivables

Inventories

Prepaid expenses and accrued income

Related party payables

Trade account payable

Accrued expense