

## Slingy Case

**Submitted By:**  
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### QUESTIONS:

You have been hired by Singy to assist them in the preparation of their Statement of Cash-Flow (using the indirect method). You can find the balance sheet and the income statement below.

	N	N+1			N	N+1
Cash	2,700	300		Accounts Payable	3,000	2,800
Accounts Receivable	1,500	10,300		Long Term Notes Payable	0	10,000
Inventory	1,300	2,000		Common Stock	2,000	4,000
PPE (net)	0	4,500		Retained earnings	500	300
<b>Assets</b>	<b>5,500</b>	<b>17,100</b>		<b>Liabilities &amp; Owners' Equity</b>	<b>5,500</b>	<b>17,100</b>

### Income Statement for the year ended December 31, N+1

Credit sales		13,500
COGS:		
Beginning inventory	1,300	
Purchases	<u>9,800</u>	
Goods available for sale	11,100	
- Ending inventory	<u>(2,000)</u>	
COGS		<u>9,100</u>
Gross profit		4,400
Depreciation expense		<u>500</u>
Operating income		3,900
Interest expense		<u>800</u>
Net income		<u><u>3,100</u></u>

A. Use the above information to calculate the following cash flows:

1. Collections from customers
2. Payment to suppliers
3. Interest payments
4. Purchase of PPE
5. Issuance of long term notes
6. Issuance of common stock

7. Dividends payments

B. Prepare the Statement of Cash flows using the indirect method.

# SOLUTIONS:

BB	Cash	
	2,700	
	<u>Operating</u>	
	3 100 (1)	
	500 (7)	8,800 (4)
		700 (5)
		200 (8)
	<u>Investing</u>	
		5,000 (6)
	<u>Financing</u>	
EB	2 000 (3)	3,300 (2)
	10 000 (9)	
	300	

A/R	
1,500	
(4) 8 800	
10,300	

Inventory	
1,300	
(5) 700	
2,000	

PPE (Gross)	
0	
(6) 5,000	
5,000	

Accumulated Depreciation	
	0
	500 (7)
	500

A/P	
	3,000
(8) 200	
	2,800

Notes payable	
	0
	10,000 (9)
	10,000

R. E.	
	500
(2) 3 300	3,100 (1)
	300

C. S.	
	2,000
	2,000 (3)
	4,000