

A Look at Cash Flow Statements

Condensed Information form George Co

GEORGE COMPANY Comparative Balance Sheets As at Dec 31

<u>Assets</u>	<u>2004</u>	<u>2005</u>
Cash	\$ 92,700	\$ 33,400
Accounts Receivable	80,800	37,000
Inventories	121,900	102,650
Investments	84,500	107,000
Plant assets	310,000	205,000
Accumulted Depreciation	<u>(49,500)</u>	<u>(40,000)</u>
	<u>\$ 640,400</u>	<u>\$ 445,050</u>

Liabilities and Shareholder's Equity

Accounts Payable	\$ 62,700	\$ 48,280
Accrued Expenses Payable	12,100.0	18,830.0
Bonds Payable	140,000.0	70,000.0
Commom Stock	250,000.0	200,000.0
Retained Earnings	175,600.0	107,940.0
	<u>\$ 640,400</u>	<u>\$ 445,050</u>

GEORGE COMPANY Income Statement For Year ended Dec. 31, 2005

Sales		\$ 297,500
Gain on Sale of Plant Assets		<u>5,000</u>
		302,500
Less:		
Cost of Goods Sold	\$ 99,460	
Operating Expense ex Depreciation	14,670	
Depreciation Expense	35,500	
Income Taxes	7,270	
Interest Expense	<u>2,940</u>	<u>159,840</u>
		<u><u>142,660</u></u>

Additional Information :

1. New plant assets for \$141,000 were purchased for cash during the year
2. Investments were sold at cost
3. Plant assets costing \$36,000 were sold for \$15,000 resulting in a gain of \$5,000.
4. A cash dividend of \$75,000 was declared and paid during the year.

Instructions:

Prepare a statement of cash flows using the indirect method

Further information reveals that accounts payable refers to Merchandise creditors.

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