Chapter 17 · Statement of Cash Flows — Exercise (Ridgeline Outfitters)

Print this sheet and follow along with Parts 1–5. Taught under US GAAP.

Requirement: Prepare the statement of cash flows (indirect method), then prepare the operating activities section using the direct method. Follow along: Part 1 · Part 2 operating · Part 3 investing · Part 4 financing · Part 5 direct method.

RIDGELINE OUTFITTERS, INC.
Comparative Balance Sheet
December 31, Y2 and Y1

	Y2	Y1
Cash	$ 88,100	$ 35,900
Accounts receivable	54,700	45,100
Inventory	52,600	62,300
Prepaid expenses	5,700	4,300
Land	80,900	80,900
Equipment	267,700	221,100
Accumulated depreciation	(67,900)	(57,200)
Total assets	**$ 481,800**	**$ 392,400**
Accounts payable	$ 39,900	$ 28,600
Income taxes payable	3,800	7,100
Bonds payable	44,400	89,300
Common stock	184,400	149,200
Retained earnings	209,300	118,200
Total liabilities and stockholders' equity	**$ 481,800**	**$ 392,400**

RIDGELINE OUTFITTERS, INC.

Income Statement

For the Year Ended December 31, Y2

Revenues		
Sales revenue		$ 725,200
Expenses		
Cost of goods sold	$ 406,700	
Operating expenses	149,500	
Depreciation expense	24,500	
Loss on disposal of equipment	3,700	
Interest expense	6,700	
Income tax expense	16,200	
Total expenses		**607,300**
Net income		**$ 117,900**

ADDITIONAL INFORMATION (Y2)

1. Equipment that cost **$26,600**, with accumulated depreciation of **$13,800**, was sold for **$9,100** cash.
2. New equipment was bought for **$73,200** cash.
3. Bonds payable of **$44,900** were paid off in cash.
4. Common stock of **$35,200** was issued for cash.
5. There were no dividends payable at the end of Y1 or Y2.