

Golden Corp., a merchandiser, recently completed its 2015 operations. For the year, (1) all sales are credit sales, (2) all credits to Accounts Receivable reflect cash receipts from customers, (3) all purchases of inventory are on credit, (4) all debits to Accounts Payable reflect cash payments for inventory, (5) Other Expenses are all cash expenses, and (6) any change in Income Taxes Payable reflects the accrual and cash payment of taxes. The company's balance sheets and income statement follow.

Problem 16-6A
Indirect: Statement of cash flows
P1 P2 P3

GOLDEN CORPORATION
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash	\$ 164,000	\$107,000
Accounts receivable	83,000	71,000
Inventory	601,000	526,000
Total current assets	848,000	704,000
Equipment	335,000	299,000
Accum. depreciation—Equipment	(158,000)	(104,000)
Total assets	<u>\$1,025,000</u>	<u>\$899,000</u>
Liabilities and Equity		
Accounts payable	\$ 87,000	\$ 71,000
Income taxes payable	28,000	25,000
Total current liabilities	115,000	96,000
Equity		
Common stock, \$2 par value	592,000	568,000
Paid-in capital in excess of par value, common stock	196,000	160,000
Retained earnings	122,000	75,000
Total liabilities and equity	<u>\$1,025,000</u>	<u>\$899,000</u>

GOLDEN CORPORATION
Income Statement
For Year Ended December 31, 2015

Sales	\$1,792,000
Cost of goods sold	<u>1,086,000</u>
Gross profit	706,000
Operating expenses	
Depreciation expense	\$ 54,000
Other expenses	<u>494,000</u>
Income before taxes	158,000
Income taxes expense	<u>22,000</u>
Net income	<u>\$ 136,000</u>

Additional Information on Year 2015 Transactions

- a. Purchased equipment for \$36,000 cash.
- b. Issued 12,000 shares of common stock for \$5 cash per share.
- c. Declared and paid \$89,000 in cash dividends.

Required

Prepare a complete statement of cash flows; report its cash inflows and cash outflows from operating activities according to the *indirect method*.

Check Cash from
operating activities,
\$122,000