

Chapter 17 Outline

The Purpose of the Statement of Cash Flows
Classification of Cash Flows
Conversion of Accrual Income to Net Cash
Flows from Operations
 Direct and Indirect Methods
Preparing the SCF
 Step 1: Determining Net Cash Flows
 from Operating Activities
 Step 2: Determining Net Cash Flows
 from Investing Activities
 Step 3: Determining Net Cash Flows
 from Financing Activities
 Step 4: Presenting Cash Flows by
 Activity on the SCF
Interpreting the Results
Accounting for Other Transactions

Competencies

1. Explain the purpose and use of the statement of cash flows. (pp. 477–479)
2. Identify the general format for a statement of cash flows, and classify transactions as operating, investing, or financing activities. (pp. 479–481)
3. Explain the direct and indirect methods of reporting cash flows from operations. (pp. 482–484)
4. Explain the preparation of the Operating Activities section of a statement of cash flows. (pp. 484–489)
5. Explain the preparation of the Investing Activities section of a statement of cash flows. (pp. 489–490)
6. Explain the preparation of the Financing Activities section of a statement of cash flows. (pp. 490–492)
7. Describe special situations that may need to be accounted for in preparing a statement of cash flows. (pp. 493–495)