

## Chapter 11 Outline

The Purpose of the Statement of Cash Flows  
Cash and Cash Equivalents  
Format of the Statement of Cash Flows  
Income from Operating Activities  
    Marketable Securities  
Cash Flow from Operating Activities  
    Direct Method  
    Indirect Method  
Investing Activities  
Financing Activities  
Footnotes and Disclosures  
    Income Taxes and Interest Paid  
    Accounting Policy Regarding Cash  
    Noncash Investing and Financing  
    Transactions  
Demonstration Problem  
    Preparing the Operating Activities  
    Section  
    Preparing the Investing Activities  
    Section  
    Preparing the Financing Activities  
    Section  
    Computing the Ending Cash Balance  
    Preparing the Footnotes and  
    Disclosures  
Appendix: Additional Preparation  
Information

## Competencies

1. Explain the purpose and use of the statement of cash flows. (pp. 297–298)
2. Summarize how and why items may be treated as cash in preparing a statement of cash flows. (pp. 298–299)
3. Identify the general format for a statement of cash flows. (p. 299)
4. Differentiate between income and cash flow from operating activities, and explain the preparation of the operating activities section of a statement of cash flows. (pp. 299–305, 308–312)
5. Explain the preparation of the investing activities section of a statement of cash flows. (pp. 305–306, 312–313)
6. Explain the preparation of the financing activities section of a statement of cash flows. (pp. 306–307, 313)
7. Describe the use of footnotes and disclosures on a statement of cash flows. (pp. 307–308, 314)