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| **Question 5**  |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Scully Corporation's comparative balance sheets are presented below.

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| SCULLY CORPORATION |
| Comparative Balance Sheets |
| December 31 |
|   | **2008** |   | **2007** |
| Cash | $17,303 |   |   | $12,947 |   |
| Accounts receivable | 25,652 |   |   | 28,314 |   |
| Land | 24,200 |   |   | 31,460 |   |
| Building | 84,700 |   |   | 84,700 |   |
| Accumulated depreciation | (18,150) |   |   | (12,100) |   |
|      Total | $133,705 |   |   | $145,321 |   |
|   |   |   |   |   |   |
| Accounts payable | $14,968 |   |   | $37,631 |   |
| Common stock | 90,750 |   |   | 83,490 |   |
| Retained earnings | 27,987 |   |   | 24,200 |   |
|      Total | $133,705 |   |   | $145,321 |   |

Additional information: 1. Net income was $27,382. Dividends declared and paid were $23,595.
2. All other changes in noncurrent account balances had a direct effect on cash flows, except the change in accumulated depreciation. The land was sold for $5,929.

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Prepare a statement of cash flows for 2008 using the indirect method. ***(List multiple entries with a positive cash flow first and then the negative cash flow. List amounts from largest to smallest eg 10, 5, 3, 2. If amount decreases cash flow, use either a negative sign preceding the number eg -45 or parentheses eg (45).)***

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| **SCULLY CORPORATION** |
| **Statement of Cash Flows** |
| **For the Year Ended December 31, 2008** |
| Cash flows from operating activities |   |   |
|     |   | $ |
|    Adjustments to reconcile net income  |   |   |
|      to net cash provided by operating activities |   |   |
|          | $ |   |
|          |  |   |
|          |  |   |
|          |  |  |
|         Net cash provided by operating activities |   |  |
|   |   |   |
| Cash flows from investing activities |   |   |
|          |   |  |
|   |   |   |
| Cash flows from financing activities |   |   |
|          |  |   |
|          |  |   |
|         Net cash used by financing activities |   |  |
|   |   |   |
| Net in cash |   |  |
| Cash at beginning of period |   |  |
| Cash at end of period |   | $ |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Compute free cash flow. ***(If amount decreases cash flow, use either a negative sign preceding the number eg -45 or parentheses eg (45).)*** $

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