**QUESTIONS**

1. The 2018 balance sheet of Spieth’s Golf Shop, Inc., showed long-term debt of $1.565 million, and the 2019 balance sheet showed long-term debt of $1.645 million. The 2019 income statement showed an interest expense of $170.000. what was the firm’s cash flow to creditors during 2019?
2. The 2018 balance sheet of Spieth’s Golf Shop, Inc., showed $490.000 in the common stock account and $3.4 million in the additional paid-in surplus account. The 2019 balance sheet showed $525.000 and +3.75 million in the same two accounts, respectively. If the sompany paid out $335,000 in cash dividends during 2019, what was the cash flow to stockholders for the year?
3. Given the information for Spieth’s Golf Shop, Inc., in the previous two problems, suppose you also know that the firm’s net capital spending for 2019 was $735,00 and that the firm reduced its net working capital investment by $96,000. What was the firm’s 2019 operating cash flow, or OCF?
4. Ritter Corporation’s accountants prepared the following financial statements for year-end 2019:
5. Explain tha change in cash during 2019.
6. Determine the change in net working capital in 2019.
7. Determine the cash flow generated by the firm’s assets during 2019.

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| --- | --- |
| Ritter Corporation  Income Statement  2019 | |
| Revenue | $797 |
| Expenses | 576 |
| Depreciation | 92 |
| Net income | $129 |
| Dividends | $97 |

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| Ritter Corporation  Balance Sheet  December 31 | | |
| **Assets** | **2018** | **2019** |
| Cash | $ 63 | $ 84 |
| Other current assets | 175 | 192 |
| Net fixed assets | 398 | 417 |
| Total assets | $636 | $693 |
| **Liabilities and Equity** |  |  |
| Accounts payable | $129 | $146 |
| Long-term debt | 155 | 163 |
| Stockholders’ equity | 352 | 384 |
| Total liabilities and equity | $636 | $693 |

1. The Stancil Corporation provided the following current information:

|  |  |
| --- | --- |
| Proceeds from long-term borrowing | $16,400 |
| Proceeds from the sale of common stock | 4,000 |
| Purchases of fixed asstes | 29,000 |
| Purchases of inventories | 2,400 |
| Payment of dividends | 13,100 |

Determine the total cash flows spent on fixed asstes and NWC. What are the cash flows to inventors of the firm?