

Chapter 17 Group Projects Solutions

Project 1

Select a company and obtain its annual report, including all the financial statements. Focus on the cash flow statement and the cash flows from operating activities in particular. Identify whether the company uses the direct method or the indirect method to report operating cash flows. Use the other financial statements (income statement, balance sheet, and statement of shareholders' equity) and the notes, if necessary, to prepare the company's cash flows from operating activities by the other method.

Answers will vary depending on the company selected.

Project 2

Each member of the group should obtain the annual report of a different company. Select companies in different industries. Evaluate each company's trend of cash flows for the most recent two years. In your evaluation of the companies' cash flows, you may use any other information that is publicly available—for example, the other financial statements (income statement, balance sheet, statement of shareholders' equity, and the related notes) and news stories from magazines and newspapers. Rank the companies' cash flows from best to worst, and write a two-page report on your findings.

Answers will vary depending on the companies selected.