

# ACCOUNTING FOR STATEMENT OF CASH FLOWS

## Key Terms and Concepts to Know

### Statement of Cash Flows

- Reports the sources of cash inflows and cash outflow during an accounting period.
- Inflows and outflows are divided into three sections or categories based on the underlying cause or nature of the cash flows:
  - Operating Activities
  - Investing Activities
  - Financing Activities
- Cash forms a fourth section at the bottom of the statement in which the beginning cash balance is added to the total of the three sections to determine the ending balance for cash.
- Cash is separated because the statement explains the changes in the cash balance during the period.

### Transactions Not Affecting Cash

- At times, companies enter into investing and financing transactions that do not involve cash, such as issuing common stock to purchase land.
- These transactions are not reported on the statement of cash flows because they do not provide or use cash.
- Instead, they are reported in a separate section or note that is presented after the ending cash balance.

### Free Cash Flow

- Cash flows from operating activities is available to the company is use, but not without some reservations.
- The company must invest in new fixed assets to maintain the current level of operations (think of this as nothing lasts forever and therefore someday must be replaced)
- The company must also satisfy current stockholders (owners) by maintaining the current dividend payout.
- Therefore

Free Cash Flow = Cash from Operating Activities – “maintenance” capital expenditures – cash dividends

## Key Topics to Know

### Overview

The Statement of Cash Flows explains the changes in the balance sheet during an accounting period from the perspective of how these changes affect cash. As noted above, the cash inflows and outflows are divided into three sections plus a cash section based on the balance sheet accounts underlying the cause or nature of the cash flows. Investing and financing activities that do not involve cash are presented in a separate schedule.

Cash Flow Statement Section	Balance Sheet Accounts
Operating Activities	Net Income = revenue – expenses Current assets excluding cash Current liabilities excluding dividends payable and short-term notes payable
Investing Activities	Non-current assets
Financing Activities	Long-term liabilities Short-term notes payable Capital stock and treasury stock Dividends declared and dividends payable
Cash	Cash
Non-cash Investing and Financing Activities	Changes in long-term liabilities, short-term notes payable, capital stock and treasury stock that do not involve cash

### Operating Activities

Operating Activities include the events and transactions that determine day-to-day operating activities. These events and transactions include net income and the changes in the current asset and current liability accounts related to net income. Those transactions and events that do not provide or use cash are excluded from determining cash flows from operating activities.

For example, sales on account are used to determine net income, but to the extent that these sales remain uncollected at the end of the period, the increase in accounts

receivable is not a cash flow and must be deducted when converting net income into cash flow from operating activities.

Examples of non-cash transactions include depreciation, depletion and amortization expense and gains and losses from the sale of plant assets and the retirement of bonds.

There are two methods of preparing the operating activities section: Indirect Method and Direct Method. Both methods calculate the same total of cash flows from operating activities, although the methodologies are considerably different.

### Indirect Method

The indirect method starts with net income and adjusts it for non-cash transactions and other cash used by or provided by normal daily activities.

**Net Income**

**Add:** Noncash expenses (i.e., depreciation and amortization)  
Losses on sales or retirements  
Decreases in Current Assets  
Increases in Current Liabilities related to operations\*

**Deduct:** Increases in Current Assets  
Decreases in Current Liabilities related to operations\*  
Gains on sales or retirements

**=Net Cash Flows from Operating Activities**

\*Note that changes in non-operating current liabilities are included elsewhere on the statement. For example, changes in dividends payable are combined the dividends declared to calculate dividends paid in the financing section.

**Example #1**

The following information was taken from the financial records of the XYZ Company.

	<u>End of Year</u>	<u>Beginning of Year</u>	<u>Change</u>
Cash	\$ 23,500	\$ 37,400	(13,900)
Accounts receivable (net)	84,500	80,350	4,150
Inventories	100,200	94,300	5,900
Prepaid expenses	4,970	5,300	(330)
Accounts payable (creditors)	71,400	68,900	2,500
Salaries Payable	5,320	6,450	(1,130)

Net Income reported on the income statement for the current year was \$134,800.

Depreciation expense recorded on buildings and equipment was \$27,400 for the year.

Required: Using the indirect method prepare the Cash Flows from Operating Activities section of the Statement of Cash Flows.

**Solution #1**

Net Income		\$134,800
Add:	Decrease in prepaid expenses	\$ 330
	Increase in Accounts Payable	2,500
	Depreciation Expense	<u>27,400</u>
		30,230
		165,030
Deduct:	Increase in Accounts Receivable	\$ 4,150
	Increase in Inventories	5,900
	Decrease in Salaries Payable	<u>1,130</u>
		11,180
Net Cash Flows from Operating Activities		\$153,850

**Direct Method**

The direct method starts with the entire accrual-basis income statement (not just net income) and converts it line-by-line to the cash basis. The resulting cash inflows and outflows are the cash flows used by or provided by normal daily activities. For example, accrual-basis sales are converted to cash collected from customers by adding the decrease or deducting the increase in trade accounts receivable.

The direct method is preferred by the FASB as it provides more useful information the users of the financial statements. The FASB requires that, if the direct method is used, that a reconciliation of net income to net cash provided or used by operating activities be provided in the footnotes or as part of the statement. This reconciliation frequently looks quite similar to the cash flow from operating activities section prepared using the indirect method.

The operating activities section prepared using the direct method would appear as follows:

**Cash received from customers:**

- Sales (+decrease in A/R OR -increase in A/R)

**Less: payments to creditors and for expenses**

- Cost of Merchandise Sold  
+increase in inventories OR -decrease in inventories  
+decrease in A/P OR -increase in A/P
- Operating Expenses  
+decrease in accrued expenses OR -increase in accrued expenses
- Interest Expense  
+decrease in interest payable OR -increase in interest payable
- Income Tax Expense  
+decrease in income tax payable OR -increase in income tax payable

**=Net Cash Flows from Operating Activities**

Note that the Net Cash Flows from Operating Activities would be the same under both the Indirect and Direct methods, even though the starting point is not the same.

## Investing Activities

Investing Activities include events and transactions that affect long-term assets.

For example, the journal entry to record the sale of land with a cost of \$100,000 for \$120,000 would be:

Cash		120,000	
Land			100,000
Gain on sale			20,000

The effect of this transaction is to reduce long-term assets by \$100,000. On the statement of cash flows, the cash proceeds are reported as an inflow in the investing

activities section and the gain is deducted from net income in the operating activities section as noted above.

If equipment were purchased for \$75,000, the journal entry would be:

Equipment	75,000	
Cash		75,000

The \$75,000 would be reported as a use of cash in the investing section.

The Investing Activities section would appear as follows:

**Cash inflows from:**

Sale of Long-term Assets

- Property, Plant or Equipment
- Intangible assets
- Investments

**Less: Cash outflows from:**

Purchase of Long-term Assets

- Property, Plant or Equipment
- Intangible assets
- Investments

**=Net Cash Flows from Investing Activities**

**Example #2:**

The following information was taken from the financial records of the XYZ Company.

- a) Net income was \$189,500 for the period.
- b) Purchased 10,000 shares of common stock at \$15 per share for the treasury.
- c) Sold equipment with a carrying value of \$32,500 at a gain of \$6,000.
- d) Purchased land and a building worth \$450,000 by signing a ten-year note.
- e) Issued \$1,000,000 in bonds at par.
- f) The beginning and ending retained earnings account balances were \$418,000 and \$534,000, respectively. There were no prior period adjustments.
- g) Wrote a check for \$648,000 for the purchase of machinery.
- h) Sold long-term investments in stocks with a cost of \$50,000 at a loss of \$17,500.
- i) Cash dividends were declared and paid during the period.

Required:            Prepare the net cash flows from investing activities.

**Solution #2**Investing Activities

Cash received from sale of equipment	
\$32,000 – 6,000 =	\$38,500
Cash received from sale of investments	
\$50,000 – 17,500 =	32,500
Cash paid for machinery	(648,000)
Net cash flows from investing activities	(\$577,000)

**Financing Activities**

Financing Activities include events and transactions that affect long-term liabilities and equity other than net income.

For example, the journal entry to record the issuance of bonds with a face value of \$100,000 would be:

Cash	100,000	
Bonds payable		100,000

The effect of this transaction is to increase long-term liabilities by \$100,000. On the statement of cash flows, the cash proceeds are reported as an inflow in the financing activities section.

If the bonds are subsequently retired at 101, the journal entry would be

Loss on retirement	1,000	
Bonds payable	100,000	
Cash		101,000

The effect of this transaction is to reduce long-term liabilities by \$100,000. On the statement of cash flows, the cash spent is reported as an outflow in the financing activities section and the loss is added to net income in the operating activities section as noted above.

Dividends paid are also included in the financing activities section. Dividends paid are not part of the operating activities section because dividends do not appear in the income statement. They are reported in the financing activities section because they

relate to the equity section of the balance sheet and cash flows from changes in equity are reported in this section.

Whenever the beginning balance does not equal the ending balance for dividends payable, the dividends paid will have to be calculated using the following formula:

$$\begin{array}{rclcl} \text{beginning} & + & \text{dividends} & & \\ \text{balance} & & \text{declared} & - & \text{ending} & = & \text{dividends} \\ & & & & \text{balance} & & \text{paid} \end{array}$$

If the beginning balance equals the ending balance for dividends payable or there are no beginning and ending balances for dividends payable, then the dividends paid equals the dividends declared.

The Financing Activities section would appear as follows:

**Cash inflows from:**

Issuing debt or equity securities

- Issuing bonds
- Issuing Stocks (Common and Preferred)
- Reissuing Treasury Stocks
- Issuing other long-term debts (mortgage payable, notes payable)

**Less: Cash outflows from:**

Retiring debts, repurchasing equity securities and paying dividends

- Payments to retire bonds
- Payments to retire other long-term debts
- Payments for Dividends
- Payments to purchase Treasury Stock

**=Net Cash Flows from Financing Activities**

Again, Non-cash Financing and Investing Activities, such as issuing stock to retire bonds, are reported in a separate schedule that appears after the bottom of the Statement of Cash Flows.

**Example #3**

The following information was taken from the financial records of the XYZ Company.

- a) Net income was \$189,500 for the period.
- b) Purchased 10,000 shares of common stock at \$15 per share for the treasury.
- c) Sold equipment with a carrying value of \$32,500 at a gain of \$6,000.
- d) Purchased land and a building worth \$450,000 by signing a ten-year note payable.
- e) Issued \$1,000,000 in bonds at par.
- f) The beginning and ending retained earnings account balances were \$418,000 and \$534,000, respectively. There were no prior period adjustments during the period.
- g) Wrote a check for \$648,000 for the purchase of machinery.
- h) Sold long-term investments in marketable securities with a \$50,000 carrying value, at a loss of \$17,500.
- i) Cash dividends were declared and paid during the period.

Required: Prepare the net cash flows from financing activities section of the Statement of Cash Flows.

**Solution #3**Financing Activities

Cash paid to purchase treasury stock	
10,000 shares x \$15 =	(\$150,000)
Cash received from sale of bonds	1,000,000
Cash paid for dividends	
\$418,000 + 189,500 - 534,000 =	<u>(73,500)</u>
Net cash flows from financing activities	\$776,500

**Cash**

After the Operating, Investing and Financing sections have been completed, the Cash account must be analyzed. The sum of the net cash flows from each of the three activities sections represents the change in cash, i.e., the net cash flows for the period. Adding the change in cash to the beginning cash balance from the balance sheet must equal the ending cash balance on the balance sheet.

## Practice Problems

### **Practice Problem #1**

Following is a list of typical transactions.

- a) Purchased a Patent
- b) Sold Treasury stock
- c) Net Income
- d) Sold long-term investments
- e) Purchased a building
- f) Issued bonds.
- g) Paid dividends
- h) Recorded depreciation expense for the year
- i) Issued common stock to retire a mortgage
- j) Purchased treasury stock

Required: Identify which section of the statement of cash flows each of the events would appear.

### **Practice Problem #2**

The following information was taken from the financial records of the W Company.

	<u>End of Year</u>	<u>Beginning of Year</u>
Cash	\$345,000	\$386,000
Accounts Receivable	554,300	567,800
Merchandise Inventory	693,000	672,400
Prepaid Expenses	27,000	24,000
Accounts Payable (creditors)	510,000	527,400
Wages Payable	39,500	36,000

The net income reported on the income statement for the current year was \$465,000, which included a gain on sale of investments of \$3,000. Depreciation expense recorded on store equipment for the year amounted to \$99,800.

Required: Using the indirect method prepare the operating activities section

**Practice Problem #3**

The following information was taken from the financial records of the W Company.

- a) The board of directors declared cash dividends totaling \$240,000 during the current year. The comparative balance sheet indicates dividends payable of \$50,000 at the beginning of the year and \$60,000 at the end of the year.
- b) Office equipment, which had cost \$245,000 and on which accumulated depreciation totaled \$95,000 on the date of sale, was sold for \$130,000 during the year.
- c) Delivery equipment, which had cost \$39,000 and on which accumulated depreciation totaled \$23,000 on the date of sale, was sold for \$20,000 during the year.
- d) The company issued 5,000 shares of \$10 par Common Stock for \$50 per share.
- e) The company purchased land with a mortgage note payable.
- f) Depreciation expense reported on the income statement was \$55,000.
- g) Bonds Payable of \$60,000 were retired.

Required: For each of the situations indicate the items to be reported on the statement of cash flows, the section of the statement in which the item would appear and the amount to be reported.

**Practice Problem #4**

C Company's net income last year was \$91,000. Changes in the company's balance sheet accounts for the year appear below:

Cash	(\$13,000)
Accounts receivable	16,000
Inventory	21,000
Prepaid expenses	(8,000)
Long-term investments	30,000
Property, plant and equipment	60,000
Accumulated depreciation	36,000
Accounts payable	(21,000)
Accrued expenses	14,000
Income taxes payable	42,000
Bonds payable	(50,000)
Common stock	20,000
Retained earnings	65,000

The company did not dispose of any property, plant, and equipment, sell any long-term investments, issue any bonds payable, or repurchase any of its own common stock during the year. The company declared and paid a cash dividend. The beginning and ending cash balances were \$20,000 and \$7,000, respectively.

Required: Prepare a statement of cash flows using the indirect method.

**Problem #5 - State the effect on cash flow from operating activities**

Net income for the current year was \$92,150. Depreciation expense was \$26,500. The balances of the current asset and current liability accounts at the beginning and end of the year are listed below.

	<u>End of</u> <u>Year</u>	<u>Beginning</u> <u>of Year</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Add or</u> <u>Deduct</u>
a) Cash	61,500	56,250		
b) Accounts receivable	81,250	74,100		
c) Inventories	103,000	81,000		
d) Prepaid expenses	6,100	7,600		
e) Accounts payable	49,400	51,200		
f) Salaries payable	6,500	5,200		

Required: Prepare the cash flows from operating activities section of the statement of cash flows using the indirect method.

## True / False Questions

1. The statement of cash flows explains how the cash balance changed during a particular period of time.  
True    False
2. Payment of interest on a note payable is a cash flow from a financing activity.  
True    False
3. The difference between the indirect and direct methods of cash flow determination only affects the determination of investing activities cash flows.  
True    False
4. Cash collected from customers is a cash flow from operating activities, which is calculated using the indirect method in preparing the statement of cash flows.  
True    False
5. Cash flows associated with property, plant, and equipment acquisition and disposition are reported as cash flows from investing activities.  
True    False
6. Under the indirect method, depreciation expense is added to net income, because it decreases net income but doesn't consume a cash flow.  
True    False
7. Under the indirect method, a decrease in inventory is deducted from net income, because inventory purchases are less than cost of goods sold.  
True    False
8. Under the indirect method, an increase in prepaid expenses is deducted from net income, because the cash prepayments exceed the related expenses.  
True    False
9. When a company purchases equipment using common stock, the equipment purchase is reported as a financing activity.  
True    False
10. When a company sells equipment for cash at a loss, cash flows from investing activities decreases.  
True    False

11. Amortization of a patent reduces cash flows from investing activities.  
True False
12. When a company both borrows \$150 million during the year and repays \$120 million of notes, the company can disclose the \$30 million net amount as excess of borrowings over repayments in the financing activities section.  
True False
13. Cash flows from financing activities include those cash flows with respect to issuing and retiring long-term debt and equity.  
True False
14. W Company acquired a computer for \$15,000 and paid for it in full by issuing 1,000 shares of its own common stock, par \$10 (current market price \$15 share). This transaction should not be reported on the statement of cash flows because cash was neither paid out nor received.  
True False
15. Most companies use the direct method for disclosing their cash flows from operating activities rather than the indirect method.  
True False

## Multiple Choice Questions

1. If a loss of \$15,000 is incurred in selling (for cash) office equipment having a book value of \$50,000 the total amount reported in the cash flows from investing activities section of the statement of cash flows is:
  - a) \$22,000
  - b) \$78,000
  - c) \$35,000
  - d) \$15,000
  
2. Land costing \$78,000 was sold for \$100,000 cash. The gain on the sale was reported on the income statement as other income. On the statement of cash flows, what amount should be reported as an investing activity from the sale of the land?
  - a) \$22,000
  - b) \$78,000
  - c) \$100,000
  - d) \$178,000
  
3. On the statement of cash flows, the cash flows from operating activities section would include:
  - a) Receipts from interest on short-term notes receivable
  - b) Receipts from the issuance of capital stock
  - c) Payments for the acquisition of investments
  - d) Payments for cash dividends
  
4. A business issues 20-year bonds payable in exchange for preferred stock. This transaction would be reported on the statement of cash flows in:
  - a) The cash flows from investing activities section
  - b) The cash flows from operating activities section
  - c) The cash flows from financing activities section
  - d) A separate schedule

5. A statement of cash flows would not disclose the effects of which of the following transactions?
  - a) Purchase of treasury stock
  - b) Bonds payable exchanged for capital stock
  - c) Stock dividends declared
  - d) Capital stock issued to acquire plant assets
  
6. Depreciation on factory equipment would be reported in the statement of cash flows prepared by the indirect method in:
  - a) The cash flows from financing activities section
  - b) The cash flows from investing activities section
  - c) The cash flows from operating activities section
  - d) A separate schedule
  
7. Which of the following would be classified as an operating activity?
  - a) Payment of a cash dividend
  - b) Sale of equipment
  - c) Making a loan to another entity
  - d) Payment of interest
  
8. Which of the following is not an operating activity?
  - a) Payment of taxes
  - b) Dividends received
  - c) Payment of a cash dividend
  - d) Payment to suppliers
  
9. The change in accumulated depreciation on factory equipment would be reported in the statement of cash flows prepared by the indirect method in:
  - a) The cash flows from financing activities section
  - b) The cash flows from investing activities section
  - c) The cash flows from operating activities section
  - d) Not reported as it is not a cash flow
  
10. The indirect method of preparing the statement of cash flows begins with
  - a) Collections from customers
  - b) Cash sales
  - c) Net income
  - d) Beginning Cash Balance

11. Under the indirect method of preparing the statement of cash flows, an increase in accounts receivable is:
  - a) Added to net sales
  - b) Deducted from net sales
  - c) Added to net income
  - d) Deducted from net income
  
12. Under the indirect method of preparing the statement of cash flows, which of the following is added to net income in the operating activities section?
  - a) Gain on sale of equipment
  - b) Depreciation expense
  - c) Increase in accounts receivable
  - d) Decrease in accounts payable
  
13. Under the indirect method of preparing the statement of cash flows, which of the following is deducted from net income in the operating activities section?
  - a) Gain on sale of land
  - b) Amortization expense
  - c) Decrease in inventory
  - d) Increase in wages payable
  
14. A piece of equipment was sold for \$3,000. The original cost was \$15,000 and the accumulated depreciation was \$10,000. Using the indirect method, what amount, if any, would appear in the operating activities section?
  - a) \$0
  - b) \$2,000
  - c) \$3,000
  - d) \$15,000
  
15. Which of the following would be classified as a financing activity?
  - a) Purchase of treasury stock
  - b) Receipt of dividends
  - c) Sale of an investment in bonds
  - d) Purchase of a Patent

## Solutions to Practice Problems

### Practice Problem #1

- a) Investing
- b) Financing
- c) Operating
- d) Investing
- e) Investing
- f) Financing
- g) Financing
- h) Operating
- i) Separate Schedule
- j) Financing

### Practice Problem #2

Net Income		\$465,000	
Add:	Depreciation Expense	\$99,800	
	Decrease in accounts receivable	13,500	
	Increase in wages payable	<u>3,500</u>	<u>116,800</u>
			581,800
Deduct:	Gain on sale of investments	\$3,000	
	Increase in Inventories	20,600	
	Increase in prepaid expenses	<u>3,000</u>	
	Decrease in Accounts Payable	<u>17,400</u>	<u>11,180</u>
	Net Cash Flows from Operating Activities		\$537,800

**Practice Problem #3**

a)	Dividends Payable	
		50,000
	X	240,000
		60,000

$$50,000 + 240,000 - X = 60,000$$

$X = 230,000$  dividends paid in Financing section

- b) Investing Inflow of \$130,000  
Book Value:  $245,000 - 95,000 = \$150,000$   
Loss of \$20,000 is reported in the Operating Activity Section and is added back to net income
- c) Investing Inflow of \$20,000  
Book Value:  $39,000 - 23,000 = \$16,000$   
Gain of \$4,000 is reported in the Operating Activity Section and is deducted from net income
- d) Financing Inflow of \$250,000
- e) Separate Schedule
- f) \$55,000 is reported in the Operating Activity section and is added back to net income
- g) Financing Outflow of \$60,000

**Practice Problem #4**

## Operating Activities:

Net income		\$91,500
Adjustments for non-cash effects:		
Depreciation expense		36,000
Adjustments for changes in current assets and liabilities:		
Increase in accounts receivable	(16,000)	
Increase in inventories	(21,000)	
Decrease in prepaid expenses	8,000	
Decrease in accounts payable	(21,000)	
Increase in accrued liabilities	14,000	
Increase in income taxes payable	<u>42,000</u>	
Net cash flows from operating activities		133,000

## Investing Activities:

Purchase of long-term investments	(30,000)	
Purchase of property, plant and equipment	<u>(60,000)</u>	
Net cash flows from investing activities		(90,000)

## Financing Activities:

Retirement of bonds payable	(\$50,000)	
Cash dividends paid	(26,000)	
Issuance of common stock	<u>20,000</u>	
Net cash flows from financing activities		(56,000)

Net Change in Cash		\$(13,000)
Beginning cash balance		<u>20,000</u>
Ending cash balance		\$7,000

**Problem 5 - State the effect on cash flow from operating activities**

	<u>End of</u> <u>Year</u>	<u>Beginning</u> <u>of Year</u>	<u>(Decrease)</u>	<u>Deduct</u>
a) Cash	61,500	56,250	<b>5,250</b>	
b) Accounts receivable	81,250	74,100	<b>7,150</b>	<b>Deduct</b>
c) Inventories	103,000	81,000	<b>22,000</b>	<b>Deduct</b>
d) Prepaid expenses	6,100	7,600	<b>(1,500)</b>	<b>Add</b>
e) Accounts payable	49,400	51,200	<b>(1,800)</b>	<b>Deduct</b>
f) Salaries payable	6,500	5,200	<b>1,300</b>	<b>Add</b>

Cash flows from operating activities section of the Statement of Cash Flows:

Net income per income statement		\$92,150
Add:		
Depreciation	26,500	
Decrease in Prepaid expenses	1,500	
Increase in Salaries payable	<u>1,300</u>	<u>29,300</u>
		121,450
Deduct:		
Increase in Accounts receivable	7,150	
Increase in Inventories	22,000	
Decrease in Accounts payable	<u>1,800</u>	<u>30,950</u>
Net cash flow from operating activities		<u>\$90,500</u>

## Solutions to True / False Problems

1. True
2. False - Interest payments are operating cash flows.
3. False - The direct and indirect methods are options with respect to determining operations cash flows.
4. False - The direct method calculates cash collected from customers.
5. True
6. True
7. False - A decrease in inventory is added to net income, because inventory purchases are less than cost of goods sold.
8. True
9. False - Purchasing equipment using common stock doesn't involve a cash flow and is therefore not reported within the investing or financing section of the cash flow statement.
10. False - Investing cash flows increase by the selling price of the equipment.
11. False - Patent amortization is a noncash expense and therefore doesn't affect cash flows.
12. False - Borrowing related cash inflows and outflows should be separately reported and not netted.
13. True
14. False - Noncash investing and financing activities are reported as a supplement to the statement of cash flows.
15. False - Most companies use the indirect method.

## Solutions to Multiple Choice Questions

- |     |   |
|-----|---|
| 1.  | C |
| 2.  | C |
| 3.  | A |
| 4.  | D |
| 5.  | C |
| 6.  | C |
| 7.  | D |
| 8.  | C |
| 9.  | D |
| 10. | C |
| 11. | D |
| 12. | B |
| 13. | A |
| 14. | B |
| 15. | A |