

Live Oak presented the following comparative balance sheet:

LIVE OAK CORPORATION		
Comparative Balance Sheet		
December 31, 20X5 and 20X4		
ASSETS	20X5	20X4
Current assets		
Cash	\$ 664,000	\$ 9,000
Accounts receivable	375,000	345,000
Inventories	150,000	160,000
Prepaid expenses	35,000	25,000
Total current assets	\$ 1,224,000	\$ 539,000
Property, plant & equip.		
Land	\$ 300,000	\$ 400,000
Building	700,000	700,000
Equipment	530,000	450,000
	\$ 1,530,000	\$ 1,550,000
Less: Accumulated depreciation	(300,000)	(270,000)
Total property, plant & equipment	\$ 1,230,000	\$ 1,280,000
Total assets	\$ 2,454,000	\$ 1,819,000
LIABILITIES		
Current liabilities		
Accounts payable	\$ 112,000	\$ 119,000
Interest payable	2,000	-
Total current liabilities	\$ 114,000	\$ 119,000
Long-term liabilities		
Long-term note payable	80,000	-
Total liabilities	\$ 194,000	\$ 119,000
STOCKHOLDERS' EQUITY		
Common stock (\$1 par)	\$ 700,000	\$ 600,000
Paid-in capital in excess of par	800,000	400,000
Retained earnings	760,000	700,000
Total stockholders' equity	\$ 2,260,000	\$ 1,700,000
Total Liabilities and equity	\$ 2,454,000	\$ 1,819,000

Additional information about transactions and events occurring in 20X5 follows:

Dividends of \$55,000 were declared and paid.

Accounts payable and accounts receivable relate solely to purchases and sales of inventory. Prepaid items related only to advertising expenses.

The decrease in land resulted from the sale of a parcel at a \$45,000 gain. No land was purchased during the year. Equipment was purchased during the year in exchange for a promissory note payable. No equipment was sold.

The increase in paid-in capital resulted from issuing additional shares for cash.

The income statement for the year ending December 31, 20X5, included the following key amounts:

Sales	\$ 2,000,000
Cost of goods sold	1,200,000
Salaries expense	400,000
Advertising expense	150,000
Depreciation expense	30,000
Utilities expense	15,000
Interest expense	5,000
Gain on sale of land	45,000
Income tax expense	40,000
Net income	115,000

Prepare Live Oak's statement of cash flows for the year ending 20X5. Use the indirect approach, and include required supplemental information about cash paid for interest and taxes.