

The Biz Business
Statement of Cash Flows
For the Year Ended December 31, 2019

Operating Activities

Net Income		\$ 140,000
Adjustments to Net Income:		
Add: Depreciation Expense		10,000
Changes in:		
Increase in Accounts Receivable		(30,000)
Decrease in Inventory		20,000
Increase in Accounts Payable		4,000
Decrease in Wages Payable		(1,500)
Decrease in Taxes Payable		(14,000)
Increase in Interest Payable		2,500
Cash Provided by Operating Activities		131,000

Investing Activities

Purchases of Equipment	\$ (112,000)	
Downpayment on Vehicle	(5,000)	
Refund of Security Deposit	1,000	
Cash Used for Investing Activities		(116,000)

Financing Activities

New Borrowings	50,000	
Issuance of Common Stock	2,000	
Payment of Dividends	(7,000)	
Cash Provided by Financing Activities		45,000

Increase in Cash		60,000
Cash Balance, December 31, 20x1		100,000
Cash Balance, December 31, 20x2		\$ 160,000

Supplemental Cash Flow Information

Cash payments for income taxes		\$ 74,000
Cash payments for interest		7,500
Noncash investing and financing activities		
Purchased vehicle by taking out a contract payable		35,000
Exchange of 8,000 of common stock for equipment		8,000

The Biz Business

<u>Retained Earnings</u>	
	170,000 BB
	140,000 Net Income
	<u>310,000</u>
	300,000

<u>Retained Earnings</u>	
	170,000 BB
	140,000 Net Income
	<u>310,000</u>
Dividend	<u>7,000</u>
	303,000

Supplemental Cash Flow Information:

Tax Expense	60,000
+ Taxes Payable, Last year	62,000
- Taxes Payable, This year	(48,000)
= Cash paid for Taxes	74,000

Interest Expense	10,000
+ Interest Payable, Last Year	5,000
- Interest Payable, This Year	<u>(7,500)</u>
= Cash paid for Interest	7,500

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Investing Activities	
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Financing Activities	
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Payment of Dividends	(7,000)
Cash Provided by Financing Activities	45,000

Increase in Cash	60,000
Beginning Cash	100,000
Ending Cash	\$ 160,000

Supplemental Cash Flow Information	
Cash payments for income taxes	\$ 74,000
Cash payments for interest	7,500
Noncash investing and financing activities	
Purchased vehicle by taking out a contract payable	35,000
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The numbers come from:

Income Statement
Current Assets
Current Liabilities (except current portion)

Fixed Assets
Other Assets

Loans (including current portion)
Sale of Common Stock
Dividends

Cash Reconciliation - Should match cash balance on the Balance Sheet

The Biz Business
Statement of Cash Flows
For the Year Ended December 31, 2019

Operating Activities			Items from the Income Statement
Net Income	\$	140,000	Changes in Current Assets
Adjustments to Net Income:			Changes in Current Liabilities
Add: Depreciation Expense		10,000	
Changes in:			
Increase in Accounts Receivable		(30,000)	
Decrease in Inventory		20,000	Adjusting accrual basis net income
Increase in Accounts Payable		4,000	to cash flow net income
Decrease in Wages Payable		(1,500)	
Decrease in Taxes Payable		(14,000)	
Increase in Interest Payable		2,500	
Cash Provided by Operating Activities		<u>131,000</u>	

Operating Activities – Changes in Current Assets and Current Liabilities

All Otters Love Swimming Assets Opposite Liabilities Same

Increase in Current Asset	-	(subtract)
Decrease in Current Asset	+	add
Increase in Current Liability	+	add
Decrease in Current Liability	-	(subtract)

Note:

Current portion of loans are **ALWAYS** a Financing Activity

They are **NEVER** an Operating Activity

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Items from the Income Statement
Changes in from Current Assets
Changes in from Current Liabilities

Investing Activities	
Purchases of Equipment	\$ (112,000)
Downpayment on Vehicle	(5,000)
Refund of Security Deposit	1,000
Cash Used for Investing Activities	(116,000)

Changes in Fixed Assets
Changes in Other Assets

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For the Year Ended December 31, 2019

Operating Activities		Items from the Income Statement
Net Income	\$ 140,000	Changes in Current Assets
Adjustments to Net Income:		Changes in Current Liabilities
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Changes in:		
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Increase in Interest Payable	2,500	
Cash Provided by Operating Activities	131,000	
Investing Activities		Changes in Fixed Assets
Purchases of Equipment	\$ (112,000)	Changes in Other Assets
Downpayment on Vehicle	(5,000)	
Refund of Security Deposit	1,000	
Cash Used for Investing Activities	(116,000)	
Financing Activities		Changes in Loans
New Borrowings	50,000	Changes in Common Stock
Issuance of Common Stock	2,000	Payment of Dividends
Payment of Dividends	(7,000)	
Cash Provided by Financing Activities	45,000	

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Increase in Interest Payable		2,500
Cash Provided by Operating Activities		<u>131,000</u>
Investing Activities		
Purchases of Equipment	\$	(112,000)
Downpayment on Vehicle		(5,000)
Return of Security Deposit		1,000
Cash Used for Investing Activities		<u>(116,000)</u>
Financing Activities		
New Borrowings		50,000
Issuance of Common Stock		2,000
Payment of Dividends		(7,000)
Cash Provided by Financing Activities		<u>45,000</u>
Increase in Cash		60,000
Cash Balance, December 31, 20x1		100,000
Cash Balance, December 31, 20x2		<u><u>160,000</u></u>

Supplemental Cash Flow Information

Cash payments for income taxes	\$ 74,000
Cash payments for interest	7,500
Noncash investing and financing activities	
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Items from the Income Statement

Changes in Current Assets

Changes in Current Liabilities

Investing Activities

Purchases of Equipment	\$	(112,000)
Downpayment on Vehicle		(5,000)
Refund of Security Deposit		<u>1,000</u>
Cash Used for Investing Activities		(116,000)

Changes in Fixed Assets

Changes in Other Assets

Financing Activities

New Borrowings	50,000
Issuance of Common Stock	2,000
Payment of Dividends	<u>(7,000)</u>
Cash Provided by Financing Activities	<u>45,000</u>

Changes in Loans

Changes in Common Stock

Payments of Dividends

Increase in Cash	60,000
Cash Balance, December 31, 20x1	100,000
Cash Balance, December 31, 20x2	<u>\$ 160,000</u>

Operating Act + Investing Act + Financing Act

Cash at the beginning of the year

Cash at the end of the year. This should match the

Balance Sheet

Cash paid for

Tax Expense	60,000	<i>from Income Statement</i>
+ Taxes Payable, Last year	62,000	<i>from Balance Sheet</i>
- Taxes Payable, This year	<u>(48,000)</u>	<i>from Balance Sheet</i>
= Cash paid for Taxes	74,000	

Cash paid for

Interest Expense	10,000	<i>from Income Statement</i>
+ Interest Payable, Last Year	5,000	<i>from Balance Sheet</i>
- Interest Payable, This Year	<u>(7,500)</u>	<i>from Balance Sheet</i>
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