

Tutorial 11 (Week 13) – Statement of Cash Flows

Hunt3X's Statement of Financial Position as at 31 December 2024 is given as follows:

Hunt3X Corporation Statement of Financial Position As at 31 December 2024	
Assets	
Current Assets:	
Cash	350,130
Accounts Receivable	21,700
Inventory	102,000
Total Current Assets	<u>473,830</u>
Total Assets	473,830
Liabilities	
Current Liabilities:	
Accounts Payable	18,600
Non-current Liabilities:	
Long-term Debt	50,000
Total Liabilities	<u>68,600</u>
Equity	
Share Capital - Ordinary Shares	200,000
Share Capital - Preference Shares (cumulative)	200,000
Retained earnings	5,230
Total Equity	<u>405,230</u>
Total Liabilities & Equity	473,830

Required for Tutorial 11:

Using your spreadsheet:

- (1) Prepare the Statement of Cash Flows (SCF) for the financial year 2025 using the indirect method.

Note: Use the financial statements you prepared in Tutorial 4 and remember to incorporate all the audit adjustments recommended by Hunt3X's auditors (refer to Tutorial 6, and also Tutorial 7) to get the final audited financial figures for the year 2025).

- (2) Based on the SCF you prepared, how would you evaluate Hunt3X's operating, investing and financing activities? Do the cash flow patterns reflect the typical characteristics of a startup company at its current early life stage? Which section of the SCF would you be most interested in for a company like Hunt3X?

- (3) If Hunt3X had chosen to borrow additional funds instead of raising capital from its shareholders, how would this be reflected in the SCF? What would be the implications for the company's financial health?

~ End of Tutorial 11 ~