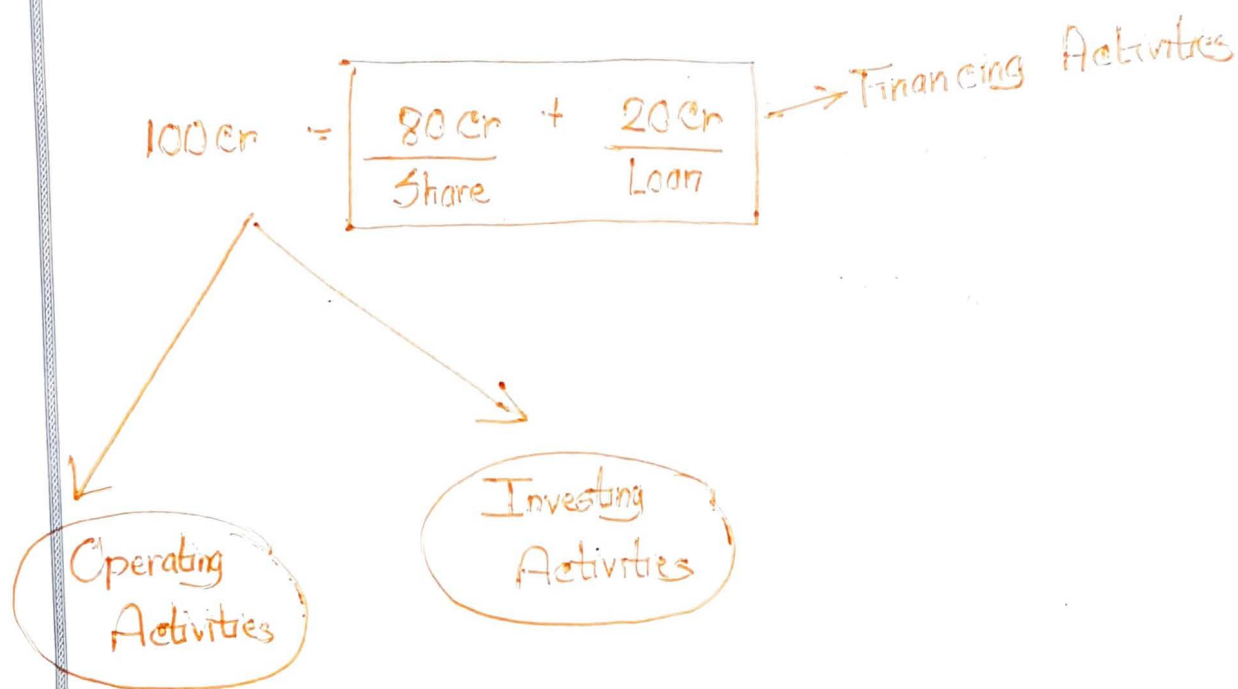


Chapter-17Cash Flow Statement

[Read slides]

* Indirect Method

Net Profit

- (-) Increase in current assets
- (+) decrease in current assets
- (+) increase in current liabilities
- (-) decrease in current liabilities
- (+) Depreciation expense
- (+) Loss on sale of asset
- (-) Gain on sale of asset

Net cash flow from operating activities

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* Revenue (Cash + Non cash)
Expenses (- Cash - Non cash)

Net Profit

(+) Non cash expense

(-) Non cash revenue

Cash net profit

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Taguchi Company
Cash Flow Statement
For the year ended Dec 31, 20xx

<u>Cash flow from Operating Activities</u>	<u>\$</u>	<u>\$</u>
Net Income	103,000	
Increase in Accounts Receivable	(9,000)	
Decrease in inventories	19,000	
Decrease in accounts payable	(8,000)	
Depreciation expense	34,000	
Net Cash Flow from Operating Activities		¹³⁹ 140 ,000

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Cash flow from Investing Activities

Sale of land	25,000
Purchase of Equipment	(60,000)

Net Cash flow from Investing Activities	(35,000)
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Cash flow from Financing Activities

Dividend paid	(45,000)
Redemption of Bond payable	(50,000)
Issue of common stock	42,000

Net cash flow from financing activities	(53,000)
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∴ Net cash change = 51000

Cash Balance, January 1 2010 = 22000

Cash Balance, Dec 31, 2010 = 73,000