

## CHAPTER SIX APPENDIX

### STATEMENT OF CASH FLOWS

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- **Fourth financial statement**
- **Explains**
  - Where did cash come from
  - Where did cash go to

### TYPES OF CASH FLOWS

- **Operating**
- **Investing**
- **Financing**

### OPERATING ACTIVITIES

- **Related to revenues and expenses**
- **Examples**
  - Cash received from customers
  - Cash paid for wages
  - Cash paid for rent
  - Cash paid for insurance

### INVESTING ACTIVITIES

- **Purchase, sale of long-term assets**
- **Examples**
  - Cash paid to purchase equipment
  - Cash received from sale of old equipment

### FINANCING ACTIVITIES

- **Owner**
  - Cash inflow from investments
  - Cash outflow from drawing
- **All long-term debt, short-term notes**
  - Cash inflow from new loan
  - Cash paid to repay principal on a loan

## ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt.	Amt.	Class.	Event
Invest. by Jessica	Financing	2,000			

This is a transaction with the owner.....  
**FINANCING ACTIVITY**

## ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt.	Amt.	Class.	Event
Invest. by Jessica	Financing	2,000	1,200	Investing	Purch. Del. Eq.

This is a transaction involving long-term assets.....  
**INVESTING ACTIVITY**

## ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt.	Amt.	Class.	Event
Invest. by Jessica	Financing	2,000	1,200	Investing	Purch. Del. Eq.
			300	Financing	Made loan pmt

This transaction involves a creditor.....  
**FINANCING ACTIVITY**

## ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt.	Amt.	Class.	Event
Invest. by Jessica	Financing	2,000	1,200	Investing	Purch. Del. Eq.
Rec'd for services	Operating	500	300	Financing	Made loan pmt.

This transaction results from..  
**Revenue OPERATING ACTIVITY**

## ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt.	Amt.	Class.	Event
Invest. by Jessica	Financing	2,000	1,200	Investing	Purch. Del. Eq.
Rec'd for services	Operating	500	300	Financing	Made loan pmt.

The remaining transactions are categorized in the same manner

## ### ANALYSIS OF TRANSACTIONS

### CASH

Event	Class.	Amt	Amt	Class.	Event
Invest. by Jessica	Financing	2,000	1,200	Investing	Purch. Del. Eq.
Rec'd for services	Operating	500	300	Financing	Made loan pmt.
Rec'd for services	Operating	570	200	Operating	Paid office rent
Rec'd for services	Operating	430	50	Operating	Paid tele. bill
		3,500	80	Operating	Purch. supplies
			00	Operating	Pd. for insurance
			00	Investing	Purch. Del. Equip
			50	Operating	Paid wages
			50	Financing	Withdrawal
			30		
	Bal.		370		

From this analysis we can prepare a Statement of Cash Flows.



Cash flow from operating activities:		
Cash received from customers for services		\$1,500
Cash paid for wages	\$ (650)	
Cash paid for rent	(200)	
Cash paid for supplies	(80)	
Cash paid for telephone	(50)	
Cash paid for insurance	(200)	
Total cash paid for operations		(1,180)
Net cash provided by operating activities		\$ 320
Cash flows from investing activities:		
Cash paid for delivery equipment		
Net cash used for investing activities	\$ (1,500)	
Cash flows from financing activities:		
		(1,500)
<b>Cash investment by owner</b>	<b>2,000</b>	
<b>Cash withdrawal by owner</b>	<b>(150)</b>	
<b>Payment made on loan</b>	<b>(300)</b>	
<b>Net cash provided by financing activities</b>		<b>1,550</b>

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Net cash provided by operating activities		\$ 320
Cash flows from investing activities:		
Cash paid for delivery equipment		
Net cash used for investing activities	\$ (1,500)	
Cash flows from financing activities:		
		(1,500)
<b>Cash investment by owner</b>	<b>2,000</b>	
<b>Cash withdrawal by owner</b>	<b>(150)</b>	
<b>Payment made on loan</b>	<b>(300)</b>	
<b>Net cash provided by financing activities</b>		<b>1,550</b>
<b>Net increase in cash</b>		<b>\$370</b>

**The sum of the inflows and outflows from operating, investing, and financing activities equals the change in the cash account balance this period.**

End of Chapter 6 Appendix

