Example 1: Statement of Cash Flows Calculation – Solution

Changes in Balance Sheet of ChuThaThep Company (2011 and 2012)

Entries	Activity	2011	2012	Cash Inflow	Cash Outflow
Cash	-	16,000	15,000	**1,000**	
Marketable securities	**OPR**	8,000	7,200	**800**	
Account receivable	**OPR**	42,200	34,100	**8,100**	
Inventory	**OPR**	50,000	82,000		**32,000**
Land and plant	**INV**	150,000	150,000		
Machine	**INV**	190,000	200,000		**10,000**
Office equipment	**INV**	50,000	54,000		**4,000**
Other fixed assets	**INV**	10,000	11,000		**1,000**
Depreciation reserve	**OPR**	115,000	145,000	**30,000**	
Account payable	**OPR**	49,000	57,000	**8,000**	
Note payable	**FIN**	16,000	13,000		**3,000**
Accrual expense	**OPR**	6,000	5,000		**1,000**
Long-term debt	**FIN**	160,000	150,000		**10,000**
Common stock	**FIN**	120,000	110,200		**9,800**
Retained earning	-	50,200	73,100	**22,900**	
Total				**70,800**	**70,800**

Statement of Cash Flow

Cash flow from operating activities:

Net income	49,000	
Plus Marketable securities	800	
Account receivable	8,100	
Depreciation reserve	30,000	
Account payable	8,000	**95,900**
Minus Inventory	(32,000)	
Accrual expense	(1,000)	**62,900**

Cash flow from investing activities:

Minus All investment in fixed assets and long-term debt	(15,000)	**(15,000)**

Cash flow from financing activities:

Dividend payout	(26,100)	
Minus Common stock	(9,800)	
Long-term debt	(10,000)	
Note payable	(3,000)	**(48,900)**

Net cash flow increase (decrease)		**(1,000)**
Cash at the beginning of period	**16,000**	
Cash at the end of period	**15,000**	