

## Investing activities section

### Purchases of Property and equipment:

Check the notes (if any) provided in the question. Often the amount of cash purchases for assets will be provided in a note. If the amount of long-term assets is in a note (see Note c.), enter it into the cash flow statement as a negative number.

Enter the amount of purchases here (as a positive):

2018
166,000

Sample worksheet

Purchases will be shown as a negative number, since they are a use of cash.

**Why?** Purchases of large assets like property or equipment can be a major use of cash.

### Sale of Land:

Check the notes (if any) provided in the question. Often the amount of cash purchases for assets will be provided in a note. See Note a.: "Land sold for cash carrying amount".

The balance sheet will indicate the sale by showing a 2018 decrease in the account:

2018	-	2017	=	25,000
45,000		70,000		

Sale of Land (or any asset) will be shown as a positive number, since sales are a source of cash.

**Why?** Sales of large assets like land can be a major source of cash.

### Add sale of equipment:

Check the notes (if any) provided in the question. Often the amount of cash purchases for assets will be provided in a note. See Note d.: there has been a sale of old equipment at the carrying amount (no gain or loss).

Can use an important asset equation:

	Change in asset	=	Purchases	-	Disposals	-	Depreciation expense				
Put an X in for the item you are solving for:	97,000	=	166,000	-	X	-	33,000				
Property, plant and equipment	<table style="font-size: 0.8em;"> <tr> <td style="border: 1px solid black; padding: 2px;">2018 amt:</td> <td style="border: 1px solid black; padding: 2px;">276,000</td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">2017 amt:</td> <td style="border: 1px solid black; padding: 2px;">179,000</td> </tr> </table>	2018 amt:	276,000	2017 amt:	179,000		X	=	36,000		
2018 amt:	276,000										
2017 amt:	179,000										

**Why?** Sales of large assets like property or equipment can be a major source of cash.

### Add (deduct) sale (purchase) of asset:

There may be other sales or purchases. Use this space and accounting equations to solve any other unknowns.

Notes: \_\_\_\_\_

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**ABC Inc.**  
**Cash Flow Statement**  
**For the year ended December 31st, 2018**

**Cash flows from operating activities:**

Net earnings	\$ 100,000
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	33,000
Decrease (Increase) in receivables	10,000

Sample cash flow statement

Decrease (Increase) in prepaid accounts	3,000	
Increase (Decrease) in payables	5,000	
Increase (Decrease) in payables	<u>(8,000)</u>	
<b>Net cash provided (used) by operating activities</b>		<b>\$ 143,000</b>

**Cash flows from investing activities:**

Deduct purchase of equipment	(166,000)	
Add sale of land	25,000	
Add sale of equipment	<u>36,000</u>	
Add (deduct) sale (purchase) of asset:		
<b>Net cash provided (used) by investing activities</b>		<b>(105,000)</b>

**Cash flows from financing activities:**

Issuance of shares	20,000	
Payment of dividends	(14,000)	
Re-payment of long-term note	<u>(5,000)</u>	
<b>Net cash provided (used) by financing activities</b>		<b><u>1,000</u></b>
Net increase in cash during the year		<b>39,000</b>
Cash, January 1		<b><u>2,000</u></b>
Cash, December 31		<b><u><u>\$ 41,000</u></u></b>