

STATEMENT OF CHANGE IN FINANCIAL POSITION INDIRECT METHOD

OPERATING ACTIVITIES:	INVESTING ACTIVITIES:	FINANCING ACTIVITIES:
Net Income	Acquisition of Non-Current Assets	Change in Short Term Notes Payable
Adjustments:	Disposal of Non-Current Assets	Increase in Long Term Notes Payable
Change in Current Assets (except cash)		Decrease in Long Term Notes Payable
Change in Current Liabilities (except short term notes payable)		Issue of Shares
Non-Cash Expenses (ie: Amortization or Loss on Disposal – positive cash)		Retirement of Shares
Non-Cash Revenue (ie: Gain on Disposal – negative cash)		Payment of Dividends

How the Disposal of a Non-Current Asset is reported:

	Cost minus Accumulated Amortization equals	
Proceeds minus	Net Book Value	equals Gain (or loss) on Disposal

On the Statement of Change in Financial Position we report the “Proceeds” (cash received) from the Disposal in the “Investing Activities” section and we report the “Gain (or loss) on Disposal” in the “Operating Activities” section. By reporting these two items we have dealt with the “Net Book Value”. By dealing with the “Net Book Value” we have dealt with the “Cost” and the “Accumulated Amortization” of the asset that was disposed. Using the numbers from our example we would see the following:

	51,000 - 20,850	
32,250 -	30,150	2,100 Gain

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How the change in Accumulated Amortization is reported:

As previously mentioned, the decrease in Accumulated Amortization has been dealt with through the “Net Book Value” which was covered by dealing with the “Proceeds from Disposal” and the “Gain (or loss) on Disposal”.

The increase in Accumulated Amortization has been dealt with by reporting the Amortization expense in the “Operating Activities” section. Using the numbers from the example we see the following:

Increase due to Amortization expense	36,600
Decrease due to Disposal	- 20,850
Increase in Accumulated Amortization reported	15,750
Actual increase in Accumulated Amortization (108,750 – 93,000)	- 15,750
Unreported change in Accumulated Amortization	0