

Using the following is information concerning ABC Company for the year ended December 31, 2000, prepare a Statement of Change in Financial Position.

	Dec 31, 2000	Dec 31, 1999
CURRENT ASSETS:		
Cash	136,500	71,550
Accounts Receivable	74,100	90,750
Merchandise Inventory	454,500	490,200
Prepaid Expenses	17,100	19,200
CAPITAL ASSETS:		
Equipment	278,250	216,000
Less: Acc. Amort – Equipment	108,750	93,000
	851,700	794,700
CURRENT LIABILITIES:		
Accounts Payable	117,450	123,450
Short Term Notes	17,250	11,250
LONG TERM LIABILITIES:		
Long Term Notes	112,500	82,500
EQUITY:		
Common Shares	483,000	450,000
Retained Earnings	121,500	127,500
	851,700	794,700

Sales		1,083,000
Cost of Goods Sold		585,000
Gross Profit		498,000
Operating Expenses:		
Amortization Expense	36,600	
Loss on Disposal of Equipment	2,100	
Other Expenses	392,850	
Total Operating Expenses		431,550
Income from Operations		66,450
Income Taxes		9,450
Net Income		57,000

Additional Information:

1. Equipment that originally cost \$51,000, with Accumulated Amortization of \$20,850 was sold for \$28,050.
2. Purchased Equipment costing \$113,250 by paying \$38,250 cash and signing a Long Term Note for the balance.
3. Borrowed \$6,000 and signed a Short Term Note.
4. Paid \$45,000 to reduce a Long Term Note.
5. Issued 3,000 Common Shares for cash at \$11 per share.
6. Declared and paid cash dividends of \$63,000

Working Paper:

Operating Activities:		
Investing Activities:		
Financing Activities:		

Answer:

ABC Company
Statement of Change in Financial Position
For the Year Ended December 31, 2000

Operating Activities:		
Net Income	57,000	
Adjustments:		
Decrease in Accounts Receivable	16,650	
Decrease in Merchandise Inventory	35,700	
Decrease in Prepaid Expenses	2,100	
Decrease in Accounts Payable	(6,000)	
Amortization Expense	36,600	
Loss on Sale of Equipment	2,100	
Cash Provided by Operating Activities		144,150
Investing Activities:		
Acquisition of Equipment	(113,250)	
Proceeds from Disposal of Equipment	28,050	
Cash Used for Investing Activities		(85,200)
Financing Activities:		
Increase in Short Term Note Payable	6,000	
Increase in Long Term Note Payable	75,000	
Decrease in Long Term Note Payable	(45,000)	
Issue of Common Shares (3,000 X \$11)	33,000	
Payment of Cash Dividends	(63,000)	
Cash Provided by Financing Activities		6,000
Change in Cash		64,950
Cash at January 1		71,550
Cash at December 31		136,500