

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
<b>CURRENT ASSETS:</b>		
Cash	43,100	61,300
Accounts Receivable	52,000	39,700
Merchandise Inventory	219,000	202,000
Prepaid Expenses	4,300	5,000
<b>CAPITAL ASSETS:</b>		
Equipment	127,600	88,000
Less: Acc. Amort – Equipment	27,700	35,200
	418,300	360,800
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	70,500	93,300
Short Term Notes	8,000	5,000
<b>LONG TERM LIABILITIES:</b>		
Long Term Notes	75,000	43,000
<b>EQUITY:</b>		
Common Shares	161,000	125,000
Retained Earnings	103,800	94,500
	418,300	360,800

Sales		397,000
Cost of Goods Sold		200,000
Gross Profit		197,000
Operating Expenses:		
Amortization Expense	15,000	
Loss on Disposal of Equipment	4,100	
Other Expenses	109,200	
Total Operating Expenses		128,300
Income from Operations		68,700
Income Taxes		9,700
Net Income		59,000

Additional Information:

1. Equipment that originally cost \$37,500, with Accumulated Amortization of \$22,500 was sold for \$10,900.
2. Purchased Equipment costing \$77,100 by paying \$20,000 cash and signing a Long Term Note for the balance.
3. Borrowed \$3,000 and signed a Short Term Note.
4. Paid \$25,100 to reduce a Long Term Note.
5. Issued 1,000 Common Shares for cash at \$36 per share.
6. Declared and paid cash dividends of \$49,700

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Answer:

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

<b>Operating Activities:</b>		
Net Income	59,000	
Adjustments:		
Increase in Accounts Receivable	(12,300)	
Increase in Merchandise Inventory	(17,000)	
Decrease in Prepaid Expenses	700	
Decrease in Accounts Payable	(22,800)	
Amortization Expense	15,000	
Loss on Sale of Equipment	4,100	
<b>Cash Provided by Operating Activities</b>		26,700
<b>Investing Activities:</b>		
Acquisition of Equipment	(77,100)	
Proceeds from Disposal of Equipment	10,900	
<b>Cash Used for Investing Activities</b>		(66,200)
<b>Financing Activities:</b>		
Increase in Short Term Note Payable	3,000	
Increase in Long Term Note Payable	57,100	
Decrease in Long Term Note Payable	(25,100)	
Issue of Common Shares (1,000 X \$36)	36,000	
Payment of Cash Dividends	(49,700)	
<b>Cash Provided by Financing Activities</b>		21,300
<b>Change in Cash</b>		(18,200)
<b>Cash at January 1</b>		61,300
<b>Cash at December 31</b>		43,100