

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	53,875	76,625
Accounts Receivable	65,000	49,625
Merchandise Inventory	273,750	252,500
Prepaid Expenses	5,375	6,250
CAPITAL ASSETS:		
Equipment	159,500	110,000
Less: Acc. Amort – Equipment	34,625	44,000
	522,875	451,000
CURRENT LIABILITIES:		
Accounts Payable	87,125	116,125
Interest Payable	1,000	500
Short Term Notes	10,000	6,250
LONG TERM LIABILITIES:		
Long Term Notes	93,750	53,750
EQUITY:		
Common Shares	201,250	156,250
Retained Earnings	129,750	118,125
	522,875	451,000

Sales		496,250
Cost of Goods Sold		250,000
Gross Profit		246,250
Operating Expenses:		
Amortization Expense	18,750	
Loss on Disposal of Equipment	5,125	
Other Expenses	136,500	
Total Operating Expenses		160,375
Income from Operations		85,875
Income Taxes		12,125
Net Income		73,750

Additional Information:

1. Equipment that originally cost \$46,875, with Accumulated Amortization of \$28,125 was sold for \$13,625.
2. Purchased Equipment costing \$96,375 by paying \$25,000 cash and signing a Long Term Note for the balance.
3. Borrowed \$3,750 and signed a Short Term Note.
4. Paid \$31,375 to reduce a Long Term Note.
5. Issued 2,500 Common Shares for cash at \$18 per share.
6. Declared and paid cash dividends of \$62,125

[illegible]

Answer:

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

Operating Activities:		
Net Income	73,750	
Adjustments:		
Increase in Accounts Receivable	(15,375)	
Increase in Merchandise Inventory	(21,250)	
Decrease in Prepaid Expenses	875	
Decrease in Accounts Payable	(29,000)	
Increase in Interest Payable	500	
Amortization Expense	18,750	
Loss on Sale of Equipment	5,125	
Cash Provided by Operating Activities		33,375
Investing Activities:		
Acquisition of Equipment	(96,375)	
Proceeds from Disposal of Equipment	13,625	
Cash Used for Investing Activities		(82,750)
Financing Activities:		
Increase in Short Term Note Payable	3,750	
Increase in Long Term Note Payable	71,375	
Decrease in Long Term Note Payable	(31,375)	
Issue of Common Shares (2,500 X \$18)	45,000	
Payment of Cash Dividends	(62,125)	
Cash Provided by Financing Activities		26,625
Change in Cash		(22,750)
Cash at January 1		76,625
Cash at December 31		53,875