

Future Horizons Corporation
Statement of Cash Flows Worksheet
For the Year Ended December 31, 2002

	Account Balance 12/31/2001	Transaction Debit	Analysis Credit	Account Balance 12/31/2002
Debits				
Cash	25,000	(P) 5,000		30,000
Accounts Receivable	50,000	(A) 40,000		90,000
Inventories	90,000		(B) 10,000	80,000
Prepaid Expenses	10,000	(D) 9,000		19,000
Investments	64,000	(I) 50,000	(H) 64,000	50,000
Plant Assets	<u>280,000</u>	(K) 60,000	(J) 20,000	<u>320,000</u>
Total Debits	519,000			589,000
Credits				
Accumulated Depreciation	50,000	(J) 12,000	(F) 22,000	60,000
Accounts Payable	40,000		(C) 10,000	50,000
Accrued Liabilities	10,000	(E) 2,000		8,000
Income Taxes Payable	8,000	(G) 3,000		5,000
Bonds Payable	90,000	(M) 50,000	(L) 60,000	100,000
Common Stock	87,000		(N) 13,000	100,000
Preferred Stock	100,000			100,000
Paid in Capital in Excess	53,000		(N) 13,000	66,000
Retained Earnings	<u>81,000</u>	(O) <u>27,600</u>	(P) <u>46,600</u>	<u>100,000</u>
Total Credits	<u>519,000</u>	258,600	258,600	<u>589,000</u>
Cash Flows from Operating Activities				
Income		(P) 46,600		
Accounts Receivable Increased			(A) 40,000	
Inventory Decreased		(B) 10,000		
Accounts Payable Increased		(C) 10,000		
Prepaid Expenses Increased			(D) 9,000	
Accrued Liabilities Decreased			(E) 2,000	
Depreciation, a Non-Cash Expense		(F) 22,000		
Income Taxes Payable Decreased			(G) 3,000	
Loss on Sale of Investment		(H) 5,000		
Loss on Sale of Plant Assets		(J) 4,000		
Cash Flow from Investments				
Sale of Investments		(H) 59,000		
Purchase of Investments			(I) 50,000	
Sale of Plant Assets		(J) 4,000		
Purchase of Plant Assets			(K) 60,000	
Cash Flow from Financial Activities				
Sale of Bonds		(L) 60,000		
Redemption of Bonds			(M) 50,000	
Issued Common Stock		(N) 26,000		
Paid Dividends			(O) <u>27,600</u>	
				241,600
Increase In Cash			(P) <u>5,000</u>	
		<u>246,600</u>	<u>246,600</u>	

Note: The 2 (P) adjustments, one for profit of \$46,600 and one for the change in Cash of \$5,000, are required to prove the worksheet.

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Note: Future Horizons Corporation had positive Cash Flows from Operating Activities and Financing Activities of \$52,000 (\$43,600 + \$8,400) and an outflow from Investing Activities of \$47,000 for a net inflow of \$5,000 (\$52,000 - \$47,000).