

| Type of OCF                                  | Guide to solving for OCF   |                     | Example information |                   | Solution space |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|--|--|---------------------|---------------------|-------------------|----------------|--------------------------|--------------------------|----------------|------------------------|---|--|--|------|------------------------|--------------------------|-------------------------|--------------------|---|---------------------------|----------------|--|---|---|------------------|--------|--------|---------|--------|--------------|--------|---------|--------|-----------|---|-------|--------------|------------------|---|-------|-------|-------------------|-------|--------|--------|-------|-------|--------|--------|--|-----|-------|-------|--------|-------|-------|--|--|-----|
|  |  |                     | Balance sheet       | Income statement  |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash inflows with uncollectible accounts     | <div><div>1</div><table><tr><th colspan="2">Accounts receivable</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>2 Revenue</td><td>Cash collection 4</td></tr><tr><td></td><td>Written off 3</td></tr><tr><td>Ending balance</td><td></td></tr></table></div> <div><div>1</div><table><tr><th colspan="2">Allowance for uncollectible accounts</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>2 Gain on re-estimation</td><td>Bad debt expense 2</td></tr><tr><td>Written off 3</td><td>Recovery of uncol/accts 4</td></tr><tr><td>Ending balance</td><td></td></tr></table></div> | Accounts receivable |                     | Beginning balance |                | 2 Revenue                | Cash collection 4        |                | Written off 3          | Ending balance  |  | Allowance for uncollectible accounts   |      | Beginning balance      |                          | 2 Gain on re-estimation | Bad debt expense 2 | Written off 3   | Recovery of uncol/accts 4 | Ending balance |  | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>A/R</td><td>4,700</td><td>5,800</td><td>Revenue</td><td>20,000</td></tr><tr><td>Allowance</td><td>500</td><td>1,150</td><td>Bad Debt Exp</td><td>350</td></tr></table> <div>*Assume all sales are credit sales</div> <div>*Assume no recovery on uncol/accts</div> |   | 20X9             | 20X8   |        | 20X9    | A/R    | 4,700        | 5,800  | Revenue | 20,000 | Allowance | 500   | 1,150 | Bad Debt Exp | 350              | <table><tr><th>A/R</th><th></th><th>Allowance for U/A</th><th></th></tr><tr><td>5,800</td><td></td><td></td><td>1,150</td></tr><tr><td>20,000</td><td>20,100</td><td></td><td>350</td></tr><tr><td></td><td>1,000</td><td>1,000</td><td></td></tr><tr><td>4,700</td><td></td><td></td><td>500</td></tr></table> | A/R   |       | Allowance for U/A |       | 5,800  |        |       | 1,150 | 20,000 | 20,100 |  | 350 |       | 1,000 | 1,000  |       | 4,700 |  |  | 500 |
| Accounts receivable                          |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 2 Revenue                                    | Cash collection 4  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | Written off 3  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Allowance for uncollectible accounts         |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 2 Gain on re-estimation                      | Bad debt expense 2   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Written off 3                                | Recovery of uncol/accts 4  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/R  | 4,700  | 5,800               | Revenue             | 20,000            |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Allowance                                    | 500  | 1,150               | Bad Debt Exp        | 350               |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/R  |  | Allowance for U/A   |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 5,800  |  |                     | 1,150               |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 20,000                                       | 20,100   |                     | 350                 |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 1,000  | 1,000               |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 4,700  |  |                     | 500                 |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash inflows with unearned revenue           | <div><div>1</div><table><tr><th colspan="2">Accounts receivable</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>2 Revenue (assume = all)</td><td>Cash collection on A/R 4</td></tr><tr><td>Ending balance</td><td></td></tr></table></div> <div><div>1</div><table><tr><th colspan="2">Unearned revenue</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>2 Revenue (assume min)</td><td>Cash collection on U/R 4</td></tr><tr><td>Ending balance</td><td></td></tr></table></div>   | Accounts receivable |                     | Beginning balance |                | 2 Revenue (assume = all) | Cash collection on A/R 4 | Ending balance |                        | Unearned revenue  |  | Beginning balance  |      | 2 Revenue (assume min) | Cash collection on U/R 4 | Ending balance          |                    | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>A/R</td><td>1,000</td><td>3,200</td><td>Revenue</td><td>52,200</td></tr><tr><td>Unearned Rev</td><td>2,900</td><td>3,800</td><td></td><td></td></tr></table> <div>*Assume all sales are credit sales</div> |                           | 20X9           | 20X8   |   | 20X9  | A/R              | 1,000  | 3,200  | Revenue | 52,200 | Unearned Rev | 2,900  | 3,800   |        |           | <table><tr><th>A/R</th><th></th><th>Unearned Revenue</th><th></th></tr><tr><td>3,200</td><td></td><td></td><td>3,800</td></tr><tr><td>51,300</td><td>53,500</td><td>900</td><td>0</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>1,000</td><td></td><td></td><td>2,900</td></tr></table> | A/R   |              | Unearned Revenue |   | 3,200 |       |                   | 3,800 | 51,300 | 53,500 | 900   | 0     |        |        |  |     | 1,000 |       |        | 2,900 |       |  |  |     |
| Accounts receivable                          |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 2 Revenue (assume = all)                     | Cash collection on A/R 4   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Unearned revenue                             |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 2 Revenue (assume min)                       | Cash collection on U/R 4   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/R  | 1,000  | 3,200               | Revenue             | 52,200            |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Unearned Rev                                 | 2,900  | 3,800               |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/R  |  | Unearned Revenue    |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 3,200  |  |                     | 3,800               |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 51,300                                       | 53,500   | 900                 | 0                   |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 1,000  |  |                     | 2,900               |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash outflows: Payments to suppliers         | <div><div>1</div><table><tr><th colspan="2">Accounts payable</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>4 Cash payment</td><td>Purchases 3</td></tr><tr><td>Ending balance</td><td></td></tr></table></div> <div><div>1</div><table><tr><th colspan="2">Inventory</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>Purchases</td><td>COGS 2</td></tr><tr><td>Ending balance</td><td></td></tr></table></div>   | Accounts payable    |                     | Beginning balance |                | 4 Cash payment           | Purchases 3              | Ending balance |                        | Inventory   |  | Beginning balance  |      | Purchases              | COGS 2                   | Ending balance          |                    | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>Inventory</td><td>10,300</td><td>9,200</td><td>COGS</td><td>5,000</td></tr><tr><td>A/P</td><td>6,600</td><td>7,800</td><td></td><td></td></tr></table>   |                           | 20X9           | 20X8   |   | 20X9  | Inventory        | 10,300 | 9,200  | COGS    | 5,000  | A/P          | 6,600  | 7,800   |        |           | <table><tr><th>A/P</th><th></th><th>Inventory</th><th></th></tr><tr><td></td><td>7,800</td><td>9,200</td><td></td></tr><tr><td>7,300</td><td>6,100</td><td>6,100</td><td>5,000</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td>6,600</td><td>10,300</td><td></td></tr></table>   | A/P   |              | Inventory        |   |       | 7,800 | 9,200             |       | 7,300  | 6,100  | 6,100 | 5,000 |        |        |  |     |       | 6,600 | 10,300 |       |       |  |  |     |
| Accounts payable                             |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 4 Cash payment                               | Purchases 3  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Inventory                                    |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Purchases                                    | COGS 2   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Inventory                                    | 10,300   | 9,200               | COGS                | 5,000             |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/P  | 6,600  | 7,800               |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| A/P  |  | Inventory           |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 7,800  | 9,200               |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 7,300  | 6,100  | 6,100               | 5,000               |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 6,600  | 10,300              |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash outflows: Payments for expenses         | <div><div>1</div><table><tr><th colspan="2">[Wage] payable</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>4 Cash payment</td><td>[Wage] expense 2</td></tr><tr><td>Ending balance</td><td></td></tr></table></div>   | [Wage] payable      |                     | Beginning balance |                | 4 Cash payment           | [Wage] expense 2         | Ending balance |                        | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>Wage pay.</td><td>8,300</td><td>7,200</td><td>Wage Exp.</td><td>12,000</td></tr></table>           |  | 20X9   | 20X8 |                        | 20X9                     | Wage pay.               | 8,300              | 7,200   | Wage Exp.                 | 12,000         | <table><tr><th colspan="2">Wage payable</th></tr><tr><td></td><td>7,200</td></tr><tr><td>10,900</td><td>12,000</td></tr><tr><td></td><td></td></tr><tr><td></td><td>8,300</td></tr></table>  | Wage payable  |   |                  | 7,200  | 10,900 | 12,000  |        |              |        | 8,300   |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| [Wage] payable                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 4 Cash payment                               | [Wage] expense 2   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Wage pay.                                    | 8,300  | 7,200               | Wage Exp.           | 12,000            |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Wage payable                                 |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 7,200  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 10,900                                       | 12,000   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 8,300  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash outflows: Payments for expenses         | <div><div>1</div><table><tr><th colspan="2">Prepaid expense</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>4 Cash paid</td><td>Expense incurred 2</td></tr><tr><td>Ending balance</td><td></td></tr></table></div>   | Prepaid expense     |                     | Beginning balance |                | 4 Cash paid              | Expense incurred 2       | Ending balance |                        | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>Prepaid Utilities</td><td>900</td><td>1,000</td><td>Utilities Exp.</td><td>6,000</td></tr></table> |  | 20X9   | 20X8 |                        | 20X9                     | Prepaid Utilities       | 900                | 1,000   | Utilities Exp.            | 6,000          | <table><tr><th colspan="2">Prepaid Utilities</th></tr><tr><td>1,000</td><td></td></tr><tr><td>5,900</td><td>6,000</td></tr><tr><td></td><td></td></tr><tr><td>900</td><td></td></tr></table> | Prepaid Utilities   |   | 1,000            |        | 5,900  | 6,000   |        |              | 900    |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Prepaid expense                              |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 4 Cash paid                                  | Expense incurred 2   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Prepaid Utilities                            | 900  | 1,000               | Utilities Exp.      | 6,000             |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Prepaid Utilities                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 1,000  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 5,900  | 6,000  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 900  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Cash outflows: Payments for interest expense | <div><div>1</div><table><tr><th colspan="2">Interest payable</th></tr><tr><td>Beginning balance</td><td></td></tr><tr><td>3 Discount amortization</td><td>Interest expense 2</td></tr><tr><td>4 Cash payment</td><td>Premium amortization 3</td></tr><tr><td>Ending balance</td><td></td></tr></table></div>   | Interest payable    |                     | Beginning balance |                | 3 Discount amortization  | Interest expense 2       | 4 Cash payment | Premium amortization 3 | Ending balance  |  | <table><tr><td></td><td>20X9</td><td>20X8</td><td></td><td>20X9</td></tr><tr><td>Interest Pay.</td><td>6,000</td><td>7,000</td><td>Interest Exp.</td><td>18,000</td></tr></table> <div>*Bond discount amortization was 3,000</div> |      | 20X9                   | 20X8                     |                         | 20X9               | Interest Pay.   | 6,000                     | 7,000          | Interest Exp.  | 18,000  | <table><tr><th colspan="2">Interest payable</th></tr><tr><td></td><td>7,000</td></tr><tr><td>3,000</td><td>18,000</td></tr><tr><td>16,000</td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td>6,000</td></tr></table> | Interest payable |        |        | 7,000   | 3,000  | 18,000       | 16,000 |         |        |           |   | 6,000 |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Interest payable                             |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Beginning balance                            |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 3 Discount amortization                      | Interest expense 2   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 4 Cash payment                               | Premium amortization 3   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Ending balance                               |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 20X9   | 20X8                |                     | 20X9              |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Interest Pay.                                | 6,000  | 7,000               | Interest Exp.       | 18,000            |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| Interest payable                             |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 7,000  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 3,000  | 18,000   |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
| 16,000                                       |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  |  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |
|  | 6,000  |                     |                     |                   |                |                          |                          |                |                        |   |  |  |      |                        |                          |                         |                    |   |                           |                |  |   |   |                  |        |        |         |        |              |        |         |        |           |   |       |              |                  |   |       |       |                   |       |        |        |       |       |        |        |  |     |       |       |        |       |       |  |  |     |

|  |   |                               |                |
|--|---|-------------------------------|----------------|
| Type of CF:<br>Investing,<br>Financing | Guide to solving for investing or financing cash flow | Example information           | Solution space |
|  |   | Balance sheetIncome statement |                |

Investing cash flows

1

PP&E

|                    |          |
|--------------------|----------|
| Beginning balance  | Disposal |
| Cash purchases     |          |
| Non-cash purchases |          |
| Ending balance     |          |

5

DR Cash

\$

DR Acc depr -- [PP&E]

\$

CR [PP&E]

\$

2

CR Gain on asset sale

\$

1

Accumulated Depreciation -- PP&E

|                   |                      |
|-------------------|----------------------|
| Beginning balance |                      |
| Disposal depr.    | Depreciation expense |
| Ending balance    |                      |

3

Disposal depr.

2

Depreciation expense

20X920X820X9

Building30,00020,000Loss on sale3,000

Acc. Depr.1,8007,000Depr. Exp.1,000

\*Bought a building for \$20,000 cash

BuildingAcc. Depr. -- Building

20,00010,000

20,0006,2001,000

30,0001,800

DR Cash800

DR Acc Depr -- [PP&E]6,200

DR Loss on asset sale3,000

CR [PP&E]10,000

Financing cash flows

Bond issuance

1

Bond payable

|                   |                        |
|-------------------|------------------------|
| Beginning balance |                        |
| Retirement        | Par value, issued bond |
| Ending balance    |                        |

5

DR Cash

\$

Discount on bond payable

\$

CR Bond payable

\$

1

Discount on bond payable

|                        |                        |
|------------------------|------------------------|
| Beginning balance      |                        |
| Discount from issuance | Retirement of discount |
| Ending balance         | Decrease in discount   |

3

Discount from issuance

20X920X8

Bond payable20,0000

Premium2,0000

\*Issued a \$20,000, 6%, 5 year bond at the start of the fiscal year 20X9

\*Bond pays semiannual interest (the second coupon was on the fiscal year end date)

\*Bond premium amortization was \$460

\*Assume there was no bond retirement

Bond payablePremium

00

20,0002,460

20,0002,000

DR Cash22,460

CR Bond premium2,460

CR Bond payable20,000

Financing cash flows

Bond retirement

1

Bond payable

|                   |                        |
|-------------------|------------------------|
| Beginning balance |                        |
| Retirement        | Par value, issued bond |
| Ending balance    |                        |

2

DR Bond payable

\$

DR Loss, bond retirement

\$

CR Discount

\$

5

CR Cash

\$

1

Discount on bond payable

|                        |                        |
|------------------------|------------------------|
| Beginning balance      |                        |
| Discount from issuance | Retirement of discount |
| Ending balance         | Decrease in discount   |

3

Retirement of discount

20X920X820X9

Bond payable10,00020,000Loss, retirement400

Premium1,0002,460

\*Bond pays semiannual interest (the second coupon was on the fiscal year end date)

\*Retired half of this bond issue at year end after coupon payment. There are no other outstanding bond issues.

\*Bond premium amortization was \$460

Bond payablePremium

20,0002,460

10,0004601,000

10,0001,000

DR Bond payable10,000

DR Loss, bond retirement400

DR Premium1,000

CR Cash11,400

Cash outflow

Dividends paid

1

Dividend payable

|                   |                    |
|-------------------|--------------------|
| Beginning balance |                    |
| Dividends paid    | Dividends declared |
| Ending balance    |                    |

4

Dividends paid

1

Retained earnings

|                        |            |
|------------------------|------------|
| Beginning balance      |            |
| Cash dividend declared | Net income |
| Stock dividends        |            |
| Ending balance         |            |

3

Cash dividend declared

2

Net income

20X920X820X9

Dividend Pay1,0002,000Total comp. income3,000

Ret. Earnings17,00020,000

\*A stock dividend of \$4,000 was declared and paid

\*There were no changes to retained earnings outside of dividends and TCI

Dividend payableRetained earnings

2,00020,000

3,0002,0002,0003,000

1,0004,00017,000