

Type of CF: Investing, 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	

3

DR Cash	\$
DR Acc depr -- [PP&E]	\$
CR [PP&E]	\$
CR Gain on asset sale	\$

1

Accumulated Depreciation -- PP&E	
Beginning balance	
Disposal depr.	
Ending balance	

2

Depreciation expense	
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20X9	20X8		20X9
Building	30,000	20,000	Loss on sale
Acc. Depr.	1,800	7,000	Depr. Exp.

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

Building		Acc. Depr. -- Building	
20,000	10,000		7,000
20,000		6,200	1,000
30,000			1,800

DR Cash	800	
DR Acc Depr -- [PP&E]	6,200	
DR Loss on asset sale	3,000	
CR [PP&E]		10,000

Financing cash flows

Bond issuance

1

Bond payable	
Beginning balance	
Retirement	Par value, issued bond
Ending balance	

3

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

2

Retirement of discount	
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20X9	20X8	
Bond payable	20,000	0
Premium	2,000	0

\*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 payable		Premium	
	0		0
	20,000		2,460
	20,000	460	2,000

DR Cash	22,460	
CR Bond premium		2,460
CR Bond payable		20,000

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	\$
CR Cash	\$

1

Discount on bond payable	
Beginning balance	
Discount from issuance	Retirement of discount
Ending balance	Decrease in discount

3

Retirement of discount	
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20X9	20X8		20X9
Bond payable	10,000	20,000	Loss, retirement
Premium	1,000	2,460	

\*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 payable		Premium	
	20,000		2,460
10,000		460	1,000
10,000		1,000	1,000

DR Bond payable	10,000	
DR Loss, bond retirement	400	
DR Premium	1,000	
CR Cash		11,400

Cash outflow

Dividends paid

1

Dividend payable	
Beginning balance	
Dividends paid	Dividends declared
Ending balance	

3

DR Cash	\$
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1

Retained earnings	
Beginning balance	
Cash dividend declared	Net income
Stock dividends	
Ending balance	

2

Net income	
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20X9	20X8		20X9
Dividend Pay	1,000	2,000	Total comp. income
Ret. Earnings	17,000	20,000	

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

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

Dividend payable		Retained earnings	
	2,000		20,000
3,000	2,000	2,000	3,000
	1,000	4,000	17,000