

**Problem 14-8** (20 minutes)

<i>Transaction</i>	CA/CL	LTA	LTL/OE	<i>Cash Inflow</i>	<i>Cash Outflow</i>
	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>		
a. Paid suppliers for inventory purchases ....	X				X
b. Bought equipment for cash .....		X			X
c. Paid cash to repurchase its own stock.....			X		X
d. Collected cash from customers .....	X			X	
e. Paid wages to employees .....	X				X
f. Equipment was sold for cash .....		X		X	
g. Common stock was sold for cash .....			X	X	
h. Cash dividends were declared and paid...			X		X
i. A long-term loan was made to a supplier		X			X
j. Income taxes were paid to the government.....	X				X
k. Interest was paid to a lender.....	X				X
l. Bonds were retired by paying the principal amount due.....			X		X

Joyner Company  
Statement of Cash Flows  
For Year 2

*Operating activities:*

Net income .....		\$ 56,000
Adjustments to convert net income to cash basis:		
Depreciation.....	\$ 42,000	
Increase in accounts receivable .....	(80,000)	
Increase in inventory .....	(50,000)	
Decrease in prepaid expenses .....	7,000	
Increase in accounts payable .....	60,000	
Decrease in accrued liabilities.....	(10,000)	
Increase in income taxes payable .....	3,000	
Gain on sale of equipment .....	<u>(8,000)</u>	<u>(36,000)</u>
Net cash provided by operating activities.....		20,000

*Investing activities:*

Proceeds from sale of equipment .....	18,000	
Loan to Hymans Company .....	(40,000)	
Additions to plant and equipment.....	<u>(150,000)</u>	
Net cash used in investing activities .....		(172,000)

*Financing activities:*

Issuance of bonds payable .....	120,000	
Issuance of common stock .....	30,000	
Cash dividends.....	<u>(15,000)</u>	
Net cash provided by financing activities .....		<u>135,000</u>
Net decrease in cash .....		(17,000)
Beginning cash and cash equivalents.....		<u>21,000</u>
Ending cash and cash equivalents .....		<u>\$ 4,000</u>