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| PROBLEM 17-9A |

CHENG INC.

Statement of Cash Flows

For the Year Ended December 31, 2017

Cash flows from operating activities

Net income $158,900

Adjustments to reconcile net income

  to net cash provided by operating activities

Depreciation expense $46,500

Loss on disposal of plant assets 7,500

Increase in accounts receivable  (59,800 )

Increase in inventory   (14,650 )

Increase in prepaid expenses   (2,400 )

Increase in accounts payable   44,700

Decrease in accrued expenses payable (500 )     21,350

Net cash provided by operating activities  180,250

Cash flows from investing activities

Sale of plant assets 1,500

Purchase of investments (29,000 )

Purchase of plant assets (85,000 )

Net cash used by investing activities (112,500 )

Cash flows from financing activities

Issuance of common stock 45,000

Redemption of bonds (40,000 )

Payment of cash dividends (40,350 )

Net cash used by financing activities (35,350)

Net increase in cash   32,400

Cash at beginning of period 48,400

Cash at end of period $ 80,800