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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