

Crescent Company					
Computation for Net Income or Loss (W-1)					
Retained Earning(End)					70,000
Add: Declaration of Cash Dividend					<u>28,000</u>
Sub Total					98,000
Less: Retained Earning (Beg)					<u>(40,000)</u>
Net Income					<u>58,000</u>
Computation for Cost of Furniture Purchased (W-2)					
Cost of Furniture-Beg					37,000
Less: Cost of Furniture Discarded					<u>(15,000)</u>
Sub Total					22,000
Compare: Cost of Furniture-End					<u>47,000</u>
Cost of Furniture Purchased					<u>25,000</u>
Computation for Depreciation Expense (W-3)					
Allowance for Depreciation-Furniture(Beg)					30,000
Less: Allowance for Depreciation-Furniture Discarded					<u>(15,000)</u>
Sub Total					15,000
Compare: Allowance for Depreciation-Furniture(End)					<u>20,000</u>
Depreciation Expense					<u>5,000</u>

Crescent Company Cash Flow Statement For the Period Ended June 30, 2016			
Cash Flow from Operating Activities:			
Net Income (W-1)			58,000
Add: Depreciation Expense-Furniture(W-3)			5,000
Add: Depreciation Expense-Building			13,000
Less: Increase in Accounts Receivable			(16,600)
Less: Increase in Inventory			(40,400)
Less: Decrease in Accounts Payable			<u>(13,000)</u>
Cash Inflow from Operating Activities			6,000
Cash Flow from Investing Activities:			
Addition in Building		(74,000)	
Purchase of Furniture (W-2)		<u>(25,000)</u>	
Cash Outflow from Investing Activities			(99,000)
Cash Flow from Financing Activities:			
Issuance of Shares (80,000 - 8,000)	72,000		
Payment of Cash Dividend	<u>(28,000)</u>		
Cash Inflow from Financing Activities			<u>44,000</u>
Decrease in Cash			(49,000)
Add: Beginning Cash			<u>56,800</u>
Ending Cash			<u>7,800</u>

Farooqui Ltd						
Computation for Net Income or Loss (W-1)						
Retained Earnings-End						72,000
Add; Declaration of Cash Dividend						25,000
Declaration of Stock Dividend						15,000
Sub Total						112,000
Compare: Retained Earnings-Beg						(89,000)
Net Income						23,000
Computation for Gain or Loss on Sale of Machine (W-2)						
Cost of Machine						40,000
Less; Allowance for Depreciation						(26,000)
Book Value						14,000
Compare: Selling Price						18,000
Gain on Sale of Machine						4,000
Computation for Cost of Machinery Purchased (W-3)						
Cost of Machinery-Beg						180,000
Less: Cost of Machinery Sold						(40,000)
Sub Total						140,000
Compare: Cost of Machinery-End						200,000
Cost of Machinery Purchased						60,000
Computation for Depreciation Expense (W-4)						
Allowance for Depreciation-Machinery(Beg)						44,000
Less: Allowance for Depreciation-Machinery Sold						(26,000)
Sub Total						18,000
Compare: Allowance for Depreciation-End						60,000
Depreciation Expense						42,000
Computation for Gain on Sale of Land (W-5)						
Cost of Land Sold						20,000
Compare:Selling Price						40,000
Gain on Sale of Land						20,000

Farooqui Ltd
Statement of Cash Flows
For the Period Ended Dec 31, 2016

Cash Flow from Operating Activities:			
Net Income (W-1)			23,000
Add: Depreciation Expense			42,000
Add: Amortization of Goodwill			10,000
Less: Gain on Sale of Machine (W-2)			(4,000)
Less: Gain on Sale of Land(W-5)			(20,000)
Less: Decrease in Accounts Payable			(14,000)
Add: Increase in Accrued Expenses			12,000
Add: Decrease in Accounts Receivable			12,000
Add: Decrease in Inventory			15,000
Less: Increase in Prepaid Expense			<u>(6,000)</u>
Cash Inflow from Operating Activities			70,000
Cash Flow from Investing Activities:			
Purchase of Machine (W-3)		(60,000)	
Sale of Machine		18,000	
Sale of Land		<u>40,000</u>	
Cash Outflow from Investing Activities			(2,000)
Cash Flow from Financing Activities:			
Redemption of Bonds		(70,000)	
Issuance of Shares (50,000 - 15,000)		35,000	
Payment of Cash Dividend		<u>(25,000)</u>	
Cash Outflow from Financing Activities			<u>(60,000)</u>
Increase in Cash			8,000
Add: Beginning Cash			<u>10,000</u>
Ending Cash			<u>18,000</u>

Farhan Company				
Computation for Net Income (W-1)				
Credit in Retained Earning				14,000
Add: Declaration of Cash Dividend		60,000		
Declaration of Stock Dividend		<u>100,000</u>		<u>160,000</u>
Sub Total				174,000
Less: Disposal of Reserve				<u>(50,000)</u>
Net Income				<u>124,000</u>

Farhan Company			
Statement of Cash Flows			
For the Period Ended Dec 31, 2016			
Cash Flows from Operation:			
Net Income (W-1)			124,000
Add: Depreciation Expense			47,000
Add: Decrease in Other Current Assets			19,000
Less; Decrease in Current Liabilities			<u>(40,000)</u>
Cash Inflow from Operations			150,000
Cash Flow from Investing Activities:			
Purchase of Plant Asset		<u>(120,000)</u>	
Cash Outflow from Investing Activities			(120,000)
Cash Flow from Financing Activities:			
Redemption of Debentures		(75,000)	
Issuance of Shares (200,000 + 20,000 - 100,000)		120,000	
Payment of Cash Dividend		<u>(60,000)</u>	
Cash Outflow from Financing Activities			<u>(15,000)</u>
Increase in Cash			<u>15,000</u>