



Microsoft® **Excel for Accounting**

Chapter 3: Statement of Cash Flows



LABYRINTH
LEARNING™

Learning Objectives

- After studying this chapter, you will be able to:
 - ▲ Create a statement of cash flows
 - ▲ Create formulas in Excel
 - ▲ Use cell references in formulas
 - ▲ Modify, copy, and correct formulas
 - ▲ Find and replace cell contents and formats

Accounting Refresher: Statement of Cash Flows

- The statement of cash flows displays all cash-related activity during a period.
- The statement contains three sections:
 - ▲ Operating Activities Section
 - ▲ Investing Activities Section
 - ▲ Financing Activities Section
- The Operating Activities section can be completed using one of two methods:
 - ▲ Direct Method
 - ▲ Indirect Method

Accounting Refresher: Statement of Cash Flows (cont.)

- The statement of cash flows ultimately displays the change in cash during the period.

City Music World Statement of Cash Flows For the Month Ended December 31, 2016		
Operating Activities:		
Net Income	\$	19,400
Depreciation Expense	\$	3,100
Increase in A/R	\$	(600)
Increase in A/P	\$	2,100
Cash Flows From Operating Activities:	\$	24,000
Investing Activities:		
Sale of Equipment	\$	71,000
Purchase of Equipment	\$	(83,000)
Cash Flows Used in Investing Activities:	\$	(12,000)
Financing Activities:		
Harold Cameron, Drawing	\$	(14,000)
Decrease in N/P	\$	(5,000)
Cash Flows Used in Financing Activities:	\$	(19,000)
Net Decrease in Cash	\$	(7,000)
Cash (Beginning Balance)	\$	111,000
Cash (Ending Balance)	\$	104,000

Working with Formulas

- Cell references should be used in formulas instead of numbers.
- The following are key symbols used in formulas:
 - ▲ + (addition)
 - ▲ - (subtraction)
 - ▲ * (multiplication)
 - ▲ / (division)

Using Cell References in Formulas

- Relative cell references are displayed by default when cell references are included in formulas.
- The use of cell references allows for basic what-if analyses to be performed.
- As the contents of a cell are changed, all formulas that include that cell reference are updated accordingly.



Modifying and Copying Formulas

- Formulas can be modified in the Formula Bar or by double-clicking the cell.
- Circular references are formulas that refer to their own cell or to formulas that reference their cell.
 - ▲ Circular references must be corrected.
- Formulas can be copied using the Copy and Paste commands or AutoFill.

Using Excel's Find and Replace Commands

- The Find command and the Replace command can be used to search for cell contents or cell formats.

