

Direct Cash Flow Statement

Sample Structure for Earnings Analysis

For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Cash received from customers	\$450,000
Cash paid to suppliers	(\$230,000)
Cash paid to employees	(\$110,000)
Cash paid for operating expenses	(\$35,000)
Cash paid for interest	(\$9,000)
Cash received from other operating activities	\$5,000
Net Cash Provided by Operating Activities	\$71,000
Cash Flows from Investing Activities	
Purchase of equipment	(\$65,000)
Proceeds from sale of investments	\$11,000
Net Cash Used in Investing Activities	(\$54,000)
Cash Flows from Financing Activities	
Proceeds from issuing shares	\$30,000
Repayment of borrowings	(\$20,000)
Dividends paid	(\$6,000)
Net Cash Provided by Financing Activities	\$4,000
Net Increase in Cash	\$21,000
Cash at Beginning of Period	\$19,000
Cash at End of Period	\$40,000

Important Notes

- The direct cash flow statement records actual cash receipts and payments during the period.
- This format provides clear visibility into where cash is coming from and how it is being spent.
- It helps in analyzing operational efficiency and the liquidity position of the company.
- Unlike the indirect method, non-cash items (e.g., depreciation) are not included in the operating section.
- Accurate record-keeping is essential for preparing an effective direct cash flow statement.