

Cash Flow Statement

For the Year Ended 31st December 20XX

A. Cash Flows from Operating Activities

Net Profit Before Tax	\$ 50,000
Adjustments for:	
Depreciation	\$ 7,000
Interest Expense	\$ 2,000
Loss on Sale of Asset	\$ 1,000
Operating Profit Before Working Capital Changes	\$ 60,000
Changes in Working Capital:	
Increase in Trade Receivables	(\$ 5,000)
Decrease in Inventory	\$ 3,000
Increase in Trade Payables	\$ 1,500
Cash Generated from Operations	\$ 59,500
Income Taxes Paid	(\$ 9,500)
Net Cash from Operating Activities	\$ 50,000

B. Cash Flows from Investing Activities

Purchase of Fixed Assets	(\$ 12,000)
Proceeds from Sale of Asset	\$ 2,000
Interest Received	\$ 600
Net Cash Used in Investing Activities	(\$ 9,400)

C. Cash Flows from Financing Activities

Proceeds from Issue of Shares	\$ 5,000
Proceeds from Borrowings	\$ 8,000
Repayment of Borrowings	(\$ 4,000)
Dividend Paid	(\$ 2,000)
Net Cash from Financing Activities	\$ 7,000

D. Net Increase in Cash & Cash Equivalents

Net Increase	\$ 47,600
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Cash & Cash Equivalents at Beginning of Year	\$ 8,000
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Cash & Cash Equivalents at End of Year	\$ 55,600
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Important Notes:

- Cash flow statements show actual cash movements, not just accounting profits.
- It is divided into three activities: Operating, Investing, and Financing.
- This statement helps to evaluate a company's liquidity and operational efficiency.
- Non-cash expenses and incomes are adjusted to reflect true cash generated/used.
- It assists management and investors in making informed financial decisions.