

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 |
| Cash & Cash Equivalents at Beginning of Year | \$ 8,000 |
| Cash & Cash Equivalents at End of Year | \$ 55,600 |

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.