

Tutorial 11 (Week 13): Understanding FS – SCF

- (a) Analyze SBS Transit's Statement of Cash Flows, what pattern can you identify from its three sections (operating, investing and financing) for the financial years 2024 and 2023, and how would you interpret it? Was the overall net cash flow positive or negative in each year?
- (b) Compare and comment on SBS Transit's cash flows from operating activities (CFO) for the years 2024 and 2023. What was the main factor contributing to the change in CFO between the two years? Suppose SBS Transit increased its trade receivables significantly in 2025 due to slower customer payments. How would this affect the operating cash flows?
- (c) The main outflow of cash for SBS Transit in 2024 for its investing activities is the acquisition of PPE. Does the acquisition of PPE figure reported on the Statement of Cash Flow ties with the acquisition of PPE figure disclosed in Note 10 of the financial statements? Why is that so, and should these two numbers always be the same?
- (d) Imagine SBS Transit raised \$100 million in 2025 through a new debt issue to finance its growth and expansion. Where would this transaction appear in the SCF, and how would it affect the company's leverage and future cash flows?
- (e) Calculate SBS Transit's cash flow to net income for the financial years 2024 and 2023. What does this ratio reveal about the quality of SBS Transit's earnings? (Round your answers to 2 decimal places)

~ End of Tutorial 11 ~