

# STATEMENT OF CASH FLOWS

## THE BIG PICTURE

The Statement of Cash Flows indicates the sources and uses of cash by a business during a period of time.

There are three sources and uses of cash for any company:

- › **Cash from operations:** Cash the company generated from its core business.
- › **Cash from investing:** The change in cash position resulting from investments in financial instruments and from purchases and sales of capital assets such as plant and equipment.
- › **Cash from financing:** The change in cash position from issuing cash dividends, borrowing or paying down loans, or selling and buying back stock.

## BASIC EQUATION

$$\begin{array}{r}
 \text{Cash From Operations} \\
 \pm \text{Cash From Investing} \\
 \pm \text{Cash From Financing} \\
 \hline
 \text{Net Increase or Decrease in Cash and Cash Equivalents}
 \end{array}$$

## INDICATES

Cash In and Cash Out (Sources and Uses of Cash)

## KEY MEASURES

- › Net Cash Provided (or Used) by Operating Activities
- › Net Cash Provided (or Used) by Investing Activities
- › Net Cash Provided (or Used) by Financing Activities
- › Net Change in Cash and Cash Equivalents



For more information, refer to page 154 in *Seeing the Big Picture*.

## AUSTIN'S CYCLE SHOP

### CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands, except per-share amounts)

For the year ended December 31	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:			
Net Income	\$1,087	\$851	\$687
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and Amortization	486	328	256
Change in operating assets and liabilities:			
Accounts receivable	61	(166)	56
Inventories	(290)	(266)	(205)
Prepaid expenses and other current assets	(293)	22	10
Accounts payable	111	28	15
Income taxes payable	165	154	75
Accrued payroll and related expenses	179	127	63
Other accrued liabilities	22	954	304
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,528	2,032	1,261
Cash flows from investing activities			
Capital Expenditures	(1,410)	(417)	(389)
Purchases of investments	(1,217)	(1,820)	(1,192)
Other asset purchases	(655)	0	0
NET CASH USED IN INVESTING ACTIVITIES	(3,282)	(2,237)	(1,581)
Cash flows from financing activities			
Issuance of common stock	1,801	489	420
Common stock repurchases			
Increase (payment) in long-term debt	200	(10)	0
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,001	479	420
Net increase in cash and equivalents	247	274	100
Cash and equivalents, beginning of year	580	306	206
CASH AND CASH EQUIVALENTS, END OF YEAR	\$827	\$580	\$306