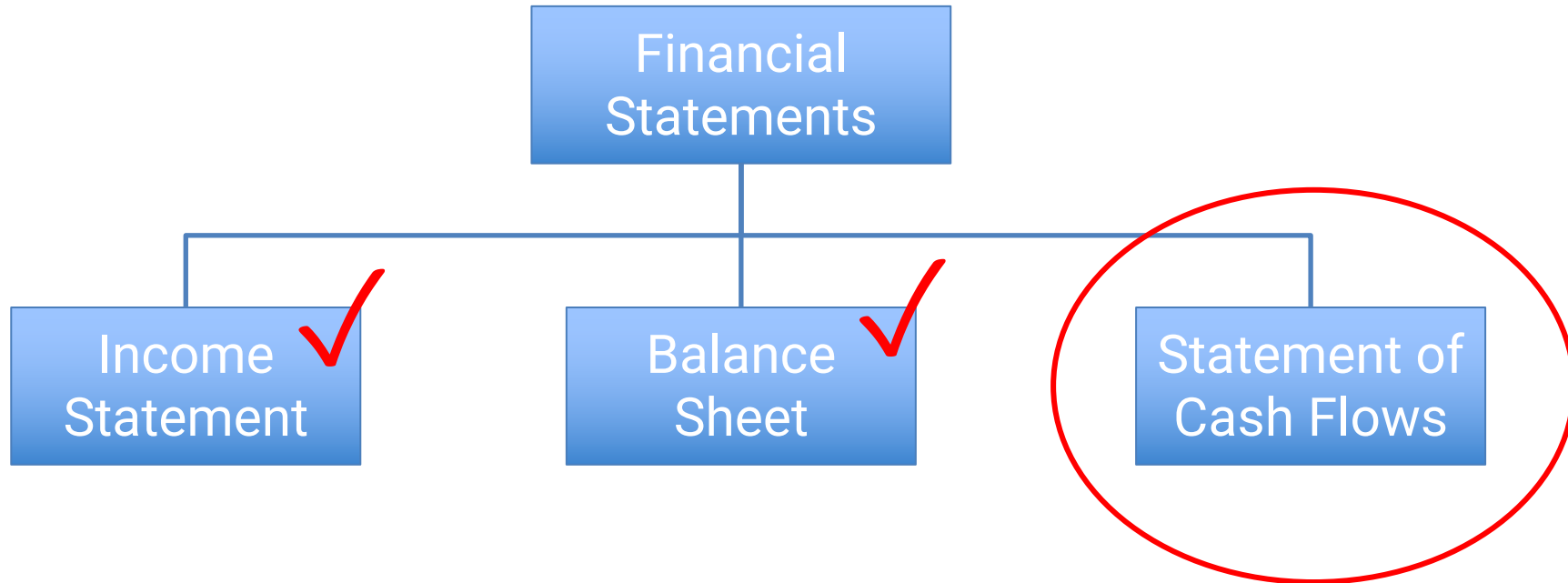


# The Statement of Cash Flows

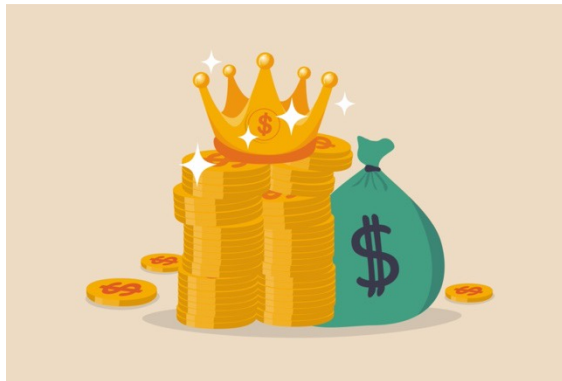


The Statement of Cash Flows is the link between the Income Statement and Balance Sheet

# The Statement of Cash Flows

The Statement of Cash Flows = a summary of how much cash is generated and spent over a period of time (usually 1 year).

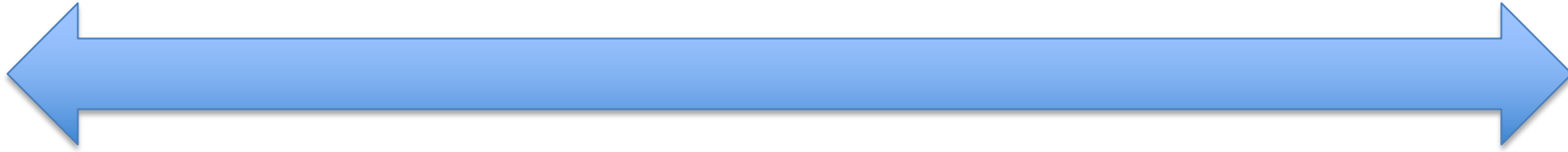
- The Income Statement is about Earnings...
- But includes some “non-cash” items such as Depreciation & Amortization
- So we need to know a company’s cash position to really understand how healthy it is...because...



*...you can't pay the bills with earnings!*

# The Statement of Cash Flows

---



*Too little  
cash*

You can't pay your  
suppliers...

You can't pay your  
employees...

You can't buy  
equipment...

*Just the right  
amount of cash*

The right balance  
depends on the type of  
business you're in...

Growing rapidly = you need  
a lot of cash...

*Too much  
cash*

You should be investing  
in something!

Cash in the bank  
doesn't earn you a great  
return.

# The Statement of Cash Flows

The Statement of Cash Flows = a comprehensive overview of the company's cash position: where cash came from (Sources), where it went (Uses), and how much is left over at the end of the fiscal year (Net Cash Flow).

Cash from  
Operating Activities

Cash generated by selling products and services.

Cash from  
Investing Activities

Cash spent on the company's investments.

Cash from  
Financing Activities

Cash generated by raising money from outside the company or spent to reduce debt.

# The Statement of Cash Flows

*How the Statement is built:*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147



*The amount of cash at the beginning of the fiscal year (from last year's Statement of Cash Flows)*

# The Statement of Cash Flows

*How the Statement is built:*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147



*The amount of cash generated from sales of product (revenues – costs)*

# The Statement of Cash Flows

*How the Statement is built:*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147



*The amount of cash spent on new equipment or other investments (i.e., new buildings)*

# The Statement of Cash Flows

*How the Statement is built:*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147



*The amount of cash spent to decrease loan obligations*



# The Statement of Cash Flows

*How the Statement is built:*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147

← *Sum of Operating, Investment  
& Financing Activities*

# The Statement of Cash Flows

*How the Statement is built:*

*Let's now look at the details...*

Statement of Cash Flows	2022 (\$, in millions)
Cash at Beginning of the Year	\$85
Net Cash from Operating Activity	\$ 691
Net Cash from Investment Activity	(\$425)
Net Cash from Financing Activity	(\$204)
Net Increase/Decrease in Cash	\$62
Cash at End of Year	\$147

*Sum of Cash at Beginning of Year  
and Net Increase/Decrease during  
the Year*



# Time for a Break...



# Credits & References

---

Slide 3: Cash is king by Nuthawut, Adobe Stock (394984664.jpeg).

Slide 12: Coffee break / Business Symbols by Coloures-Pic, Adobe Stock (70396911.jpeg).