

# Statement of Cash Flows

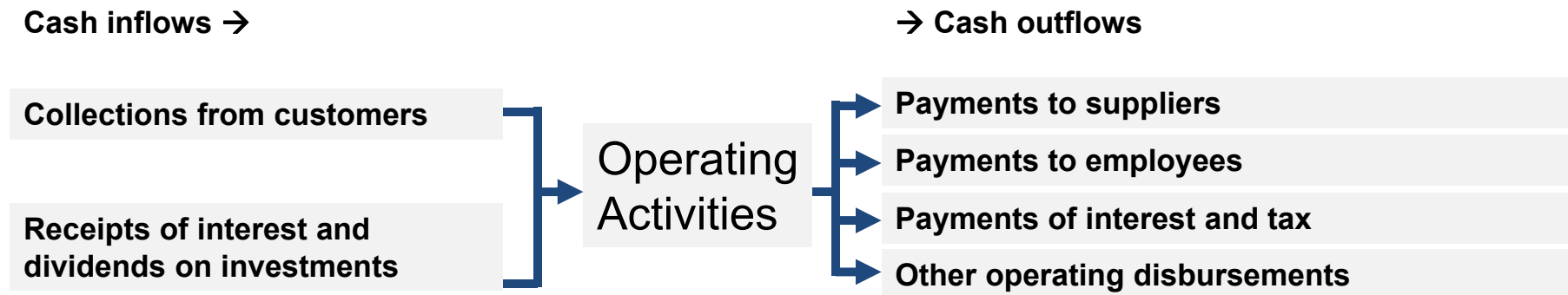
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- Reports changes in cash due to operating, investing, and financing activities *over a period of time*
- Statement of Cash Flows format:  
$$\begin{aligned} &\text{Net cash from operating activities} + \\ &\text{Net cash from investing activities} + \\ &\underline{\text{Net cash from financing activities}} = \\ &\text{Net change in cash balance} \end{aligned}$$
- Non-cash transactions are disclosed at the bottom of the statement
- Cash interest paid and cash income taxes paid must also be disclosed

# Operating Activities

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- Transactions related to providing goods and services to customers and to paying expenses related to generating revenue (i.e. “income statement” activities)



- Operating cash outflows exclude these income statement items:
  - Depreciation and amortization (and other noncash items)
  - Gains or losses on disposal of PP&E

# Investing Activities

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- Transactions related to acquisition or disposal of long-term assets

Cash inflows →

Divestitures of businesses

Sale of PPE & intangibles

Sale of investments

Investing  
Activities

→ Cash outflows

Acquisition of businesses

Acquisition of PPE & intangibles

Purchase of investments

# Financing Activities

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- Transactions related to owners or creditors (except for interest payments)

Cash inflows →

Issue of new stock

Reissue treasury stock

Borrow money

Financing  
Activities

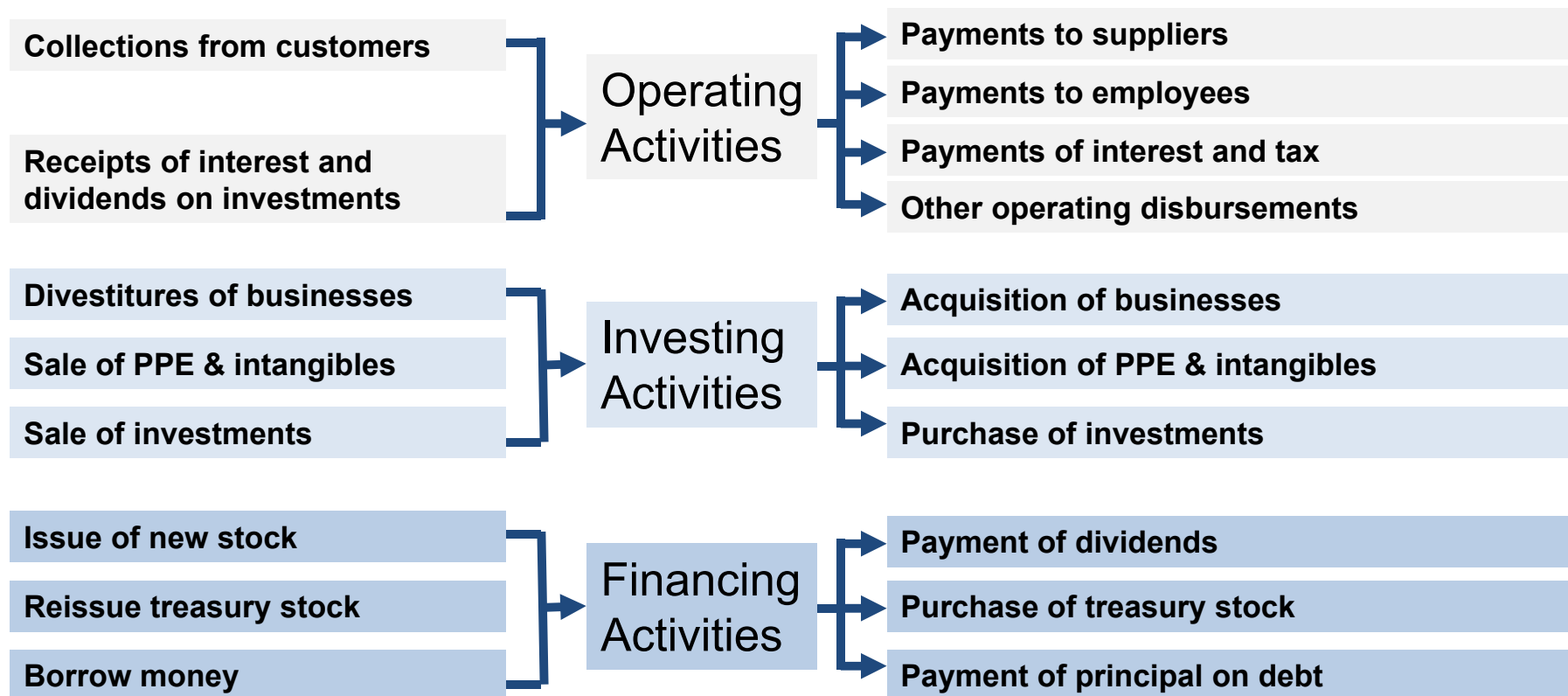
→ Cash outflows

Payment of dividends

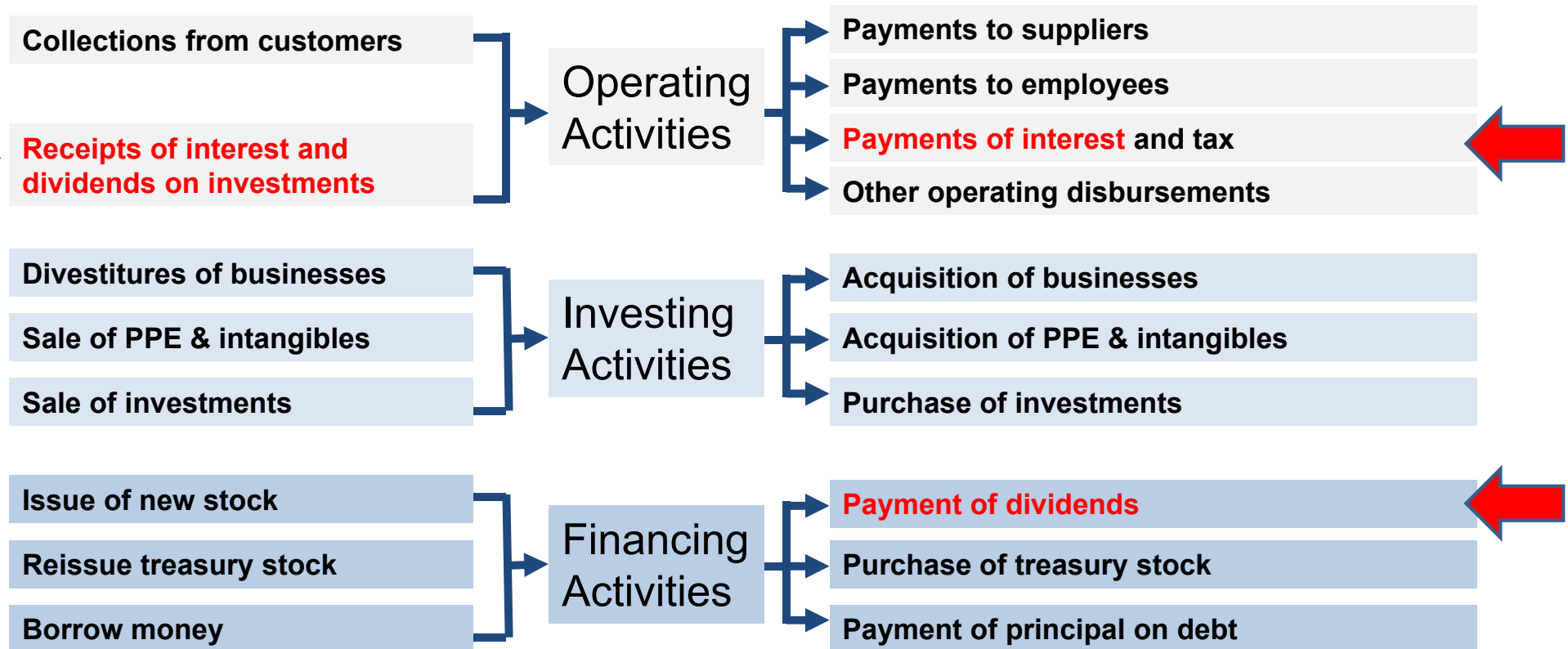
Purchase of treasury stock

Payment of principal on debt

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- **Note: Under IFRS, interest and dividends received and paid may be classified as operating, investing, or financing**

## SCF and Growth Stages

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	Start-Up	Early Growth	Mature	Decline
Operating Cash Flow	(3)	7	15	4
Investing Cash Flow	(15)	(12)	(8)	(1)
Financing Cash Flow	18	5	(7)	(3)
Net Cash Flow	0	0	0	0