**SEMESTER I – SESSION 2023/2024**

**DDWP2143 – INTERMEDIATE ACCOUNTING**

**GROUP ASSIGNMENT II**

**TITLE: REVIEW PERFORMANCE OF CASH FLOW OF SIME DARBY BERHAD**

**LECTURER'S NAME**

**MADAM ASMAH MD YUSUF**

| NAME OF GROUP MEMBERS | MATRIC NO |
|---|---|
| CINDY AVERELL RUJI | AF212WP001KYM |
| NUR HASLIYANNAH BINTI KHAIRIL ASHRAP | AF212WP004KYM |

**DUE DATE: 28 NOVEMBER 2023**

**TABLE OF CONTENT**

## 1. INTRODUCTION

In this report it will consist of comment on the performance of cash flow by segment (operating, investing and financing) of Sime Darby Berhad. The cash flow performance will be reviewed in 4 years period which is in the years 2019, 2020, 2021, and 2022.

## INTRODUCTION OF COMPANY


Sime Darby Berhad is a Malaysia-based investment holding company. Its six business segments are plantation, property, industrial, motors, energy and utilities, and others. The Company's plantation segment is engaged in the production and marketing of fresh fruit bunches, crude palm oil, palm kernel, rubber and refining and marketing of palm oil related products. Its property segment is engaged in developing and marketing residential, commercial and industrial properties and development land and management and provision of golf and other recreational facilities and services.

The Company's industrial segment is engaged in sales, rental and servicing of heavy equipment and its motors segment is engaged in the assembly and distribution of vehicles and the provision of after-sale services. Its energy and utilities segment are engaged in engineering design and fabrication, system integration, power generation, and treatment and supply of treated water.

## 2. DEFINITION

### OPERATING ACTIVITIES

Cash flow from operating activities (CFO) indicates the amount of money a company brings in from its ongoing, regular business activities, such as manufacturing and selling goods or providing a service to customers. It is the first section depicted on a company's cash flow statement.

### INVESTING ACTIVITIES

Cash flow from investing activities (CFI) is one of the sections on the cash flow statement that reports how much cash has been generated or spent from various investment-related activities in a specific period. Investing activities include purchases of physical assets, investments in securities, or the sale of securities or assets.

### FINANCING ACTIVITIES

Cash flow from financing activities (CFF) is a section of a company's cash flow statement, which shows the net flows of cash that are used to fund the company. Financing activities include transactions involving debt, equity, and dividends.

Cash flow from financing activities provides investors with insight into a company's financial strength and how well a company's capital structure is managed.

ANALYSIS OF CASH FLOW 2019

## 1. Operating Activities

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit for the financial year | 1,010 | 685 | 691 | 1,714 |
| Adjustments for: | | | | |
| - dividends from subsidiaries | – | – | (742) | (1,764) |
| - dividend income from financial assets | (135) | (121) | – | – |
| - share of results of joint ventures and associates | 159 | 28 | – | – |
| - finance income | (32) | (104) | (1) | (7) |
| - finance costs | 124 | 113 | – | 4 |
| - taxation | 281 | 380 | 6 | – |
| - gain on disposals and loss on deconsolidation (net) | (122) | (137) | – | – |
| - impairment losses and write offs (net) | (3) | 143 | – | 31 |
| - depreciation and amortisation | 598 | 621 | – | – |
| - inventory writedown and provision (net) | 225 | 288 | – | – |
| - net fair value loss on financial assets at fair value through profit or loss | 47 | – | – | – |
| - changes in fair value of derivatives | 4 | (4) | – | – |
| - realised foreign currencies exchange gain transferred from equity | (2) | (23) | – | – |
| - other non-cash items | 24 | 11 | – | (1) |
| | 2,178 | 1,880 | (46) | (23) |
| Changes in working capital: | | | | |
| - inventories | (1,085) | (455) | – | – |
| - rental assets | (710) | (682) | – | – |
| - receivables and other assets | 459 | (921) | 2 | (3) |
| - payables and other liabilities | 652 | 997 | (3) | (9) |
| **Cash generated from/(used in) operations** | 1,494 | 819 | (47) | (35) |
| Tax paid | (289) | (284) | (6) | – |
| Dividends received from: | | | | |
| - subsidiaries | – | – | 592 | 1,764 |
| - joint ventures and associates | 12 | 21 | – | – |
| - financial assets | 135 | 121 | – | – |
| Operating cash flow from continuing operations | 1,352 | 677 | 539 | 1,729 |
| Operating cash flow from discontinued operations | – | 596 | – | – |
| **Net cash flow from operating activities** | 1,352 | 1,273 | 539 | 1,729 |

I. In 2018, subsidiaries of the company were RM 1,764,000 more than 2019 at RM 592,000. It happened because Contingent consideration is recorded at fair value as a component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition-related costs are recognized as expenses when incurred.

II. In 2019, inventories were RM 1,085,000 because Inventories are stated at the lower of cost and net realizable value. The cost of inventories is determined principally by the following methods equipment and motor vehicles. The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes cost of materials, direct labor, other direct costs and related production overheads based on normal operating capacity

## 2. Investing activities

| | Note | Group 2019 | Group 2018 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|
| **Cash flow from investing activities** | | | | | |
| Finance income received | | 25 | 87 | – | 6 |
| Proceeds from sale of: | | | | | |
| - property, plant and equipment | | 42 | 439 | – | – |
| - prepaid lease rental, investment properties and intangible assets | | 32 | 6 | – | – |
| - associates | | – | 6 | – | – |
| Net cash inflow/(outflow) from disposal and deconsolidation of subsidiaries | 47 | 278 | (59)* | – | – |
| Purchase of: | | | | | |
| - property, plant and equipment | 21(d) | (360) | (467) | – | – |
| - investment properties, intangible assets and prepaid lease rentals | | (17) | (23) | – | – |
| - financial assets at fair value through profit or loss and investments | | (17) | (27) | – | – |
| Subscription of shares in a subsidiary | | – | – | (300) | – |
| Acquisition of subsidiaries and a business | 46 | (182) | (2) | – | – |
| Subscription of shares in joint ventures | | (12) | (30) | – | – |
| Settlement by subsidiaries | | – | – | 290 | 225 |
| Reclassification to assets held for sale | | – | (19) | – | – |
| Repayment by discontinued operations | | – | 735 | – | – |
| Net repayment of loans by/(loans to) joint ventures | | 9 | (30) | – | – |
| Investing cash flow (used in)/from continuing operations | | (202) | 616 | (10) | 231 |
| Investing cash flow used in discontinued operations | | – | (1,474) | – | – |
| **Net cash flow (used in)/from investing activities** | | (202) | (858) | (10) | 231 |

I. Net cash flow from investing activities in 2018 and 2019 each amount at RM 231,000 but in 2019 loss RM 10,000. It happened because the company paid for a subscription of shares in a subsidiary at RM 300,000.

II. Purchases for property, plant and equipment of group in 2018 and 2019 respectively at RM 360,000 and RM 467,000. It is because property, plant and equipment with a total carrying amount of RM72 million (2018: RM119 million) were pledged as security for borrowings.

## 3. Financing activities

| | Note | Group 2019 | Group 2018 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|
| **Cash flow from financing activities** | | | | | |
| Proceeds from shares issued to non-controlling interest | | **2** | 5 | **–** | – |
| Proceeds from performance-based employee share scheme | | **–** | – | **2** | – |
| Purchase of additional interest in subsidiaries | | **(44)** | – | **–** | – |
| Finance costs paid | | **(143)** | (131) | **–** | (5) |
| Net borrowings repaid | | **(385)** | (146) | **–** | (700) |
| Dividends paid to shareholders | | **(544)** | (1,292) | **(544)** | (1,292) |
| Dividends paid to non-controlling interests | | **(49)** | (27) | **–** | – |
| Financing cash flow used in continuing operations | | **(1,163)** | (1,591) | **(542)** | (1,997) |
| Financing cash flow used in discontinued operations | | **–** | (936) | **–** | – |
| **Net cash used in financing activities** | | **(1,163)** | (2,527) | **(542)** | (1,997) |

i. Net cash used in financing activities for the group in 2019, RM 1,163,000 lower than 2018, RM 2,527,000. It is because in 2019, purchase of additional interest subsidiaries was made at RM 44,000.

ii. In addition, in 2019 any financing cash flow used in discontinued operations are not recorded like 2018, at RM 936,000.

## ANALYSIS OF CASH FLOW 2020

### 1. Operating activities

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flow from operating activities | | | | |
| Profit for the financial year | 873 | 1,010 | 717 | 691 |
| Adjustments for: | | | | |
| – dividend from subsidiaries | – | – | (766) | (742) |
| – dividend income from financial assets | (120) | (135) | – | – |
| – share of results of joint ventures and associates | 106 | 159 | – | – |
| – finance income | (51) | (32) | –[1] | (1) |
| – finance costs | 183 | 124 | –[1] | – |
| – taxation | 402 | 281 | –[1] | 6 |
| – gain on disposals and compensation (net) | (43) | (122) | – | – |
| – impairment losses/(reversal of impairment losses) on receivables and loans to joint venture (net) | 72 | (4) | – | – |
| – impairment losses on non-financial assets (net) | 20 | 1 | – | – |
| – depreciation and amortisation | 1,053 | 598 | – | – |
| – inventory writedown and provision (net) | 242 | 225 | – | – |
| – fair value loss on financial assets at fair value through profit or loss | 72 | 47 | – | – |
| – other non-cash items | 21 | 26 | – | – |
| | 2,830 | 2,178 | (49) | (46) |
| Changes in working capital: | | | | |
| – inventories | 947 | (1,085) | – | – |
| – rental assets | (677) | (710) | – | – |
| – receivables and other assets | 465 | 459 | 1 | 2 |
| – payables and other liabilities | (524) | 652 | – | (3) |
| Cash generated from/(used in) operations | 3,041 | 1,494 | (48) | (47) |
| Tax (paid)/refunded | (269) | (289) | 1 | (6) |
| Dividends received from: | | | | |
| – subsidiaries | – | – | 828 | 592 |
| – joint ventures and associates | 120 | 12 | – | – |
| – financial assets | 120 | 135 | – | – |
| Net cash flow from operating activities | 3,012 | 1,352 | 781 | 539 |

[1] Less than RM1 million

I. Changes in working capital in 2020, RM 3,041,000 higher than 2019 at RM 1,494,000 The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes cost of materials, direct labor, other direct costs and related production overheads based on normal operating capacity. Demonstration vehicles are classified as inventories as they are readily available for sale and are generally sold within a year.

II. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate. So that, joint ventures and associates in 2020, RM120,000 higher than 2019, RM 12,000.

III. In conclusion, net cash flow from operating activities in 2019 at RM 1,352,000 lower than 2020 at RM 3,012,000.

## 2. Investing activities

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 | 2019 | 2020 | 2019 |
| Cash flow from investing activities | | | | | |
| Finance income received | | **36** | 25 | **–** | – |
| Proceeds from sale of: | | | | | |
| – property, plant and equipment | | **62** | 42 | **–** | – |
| – other non-financial assets | | **23** | 32 | **–** | – |
| Net cash inflow from disposal of subsidiaries | | **1** | 278 | **–** | – |
| Purchase of: | | | | | |
| – property, plant and equipment | 19(d) | **(526)** | (360) | **–** | – |
| – other non financial assets | | **(30)** | (17) | **–** | – |
| Additions to financial assets at fair value through profit or loss | | **(8)** | (17) | **–** | – |
| Subscription of shares in subsidiaries | | **–** | – | **–** | (300) |
| Acquisition of subsidiaries and businesses | 45 | **(990)** | (182) | **–** | – |
| Subscription of shares in joint ventures | | **(2)** | (12) | **–** | – |
| (Advances to)/settlement by subsidiaries (net) | | **–** | – | **(126)** | 290 |
| Repayment of loans by joint ventures | | **3** | 9 | **–** | – |
| Loans to joint ventures | | **(20)** | – | **–** | – |
| Capital repayment by an associate | | **24** | – | **–** | – |
| **Net cash flow used in investing activities** | | **(1,427)** | (202) | **(126)** | (10) |

I. As of 30 June 2020, the loans to WSDLT and WSDWP amounted to approximately RMB33 million and RMB59.5 million (approximately RM20 million and RM36 million) (2019: RMB148 million and RMB59.5 million (approximately RM89 million and RM36 million)) respectively. Long-term loans to joint ventures bear fixed interest rates of 6.0% per annum (2019: 6.0% to 6.4%).

II. In conclusion, net cash flow used in investing activities in 2020 losses RM 1,429,000 more than 2019.

## 3. **Financing activities**

| | Note | Group 2020 | Group 2019 | Company 2020 | Company 2019 |
|---|---|---|---|---|---|
| Cash flow from financing activities | | | | | |
| Proceeds from shares issued to non-controlling interest | | – | 2 | – | – |
| Proceeds from performance-based employee share scheme | | – | – | 5 | 2 |
| Purchase of additional interest in subsidiaries | | (1) | (44) | – | – |
| Capital repayment by a subsidiary | | (8) | – | – | – |
| Finance costs paid | | (116) | (143) | – | – |
| Long term borrowings raised | | 19 | – | – | – |
| Long term borrowings repaid | | (72) | (288) | – | – |
| Short term loans raised | | 887 | – | – | – |
| Short term loans repaid | | (206) | – | – | – |
| Short term Islamic financing and other short term borrowings repaid (net) | | (943) | (97) | – | – |
| Repayment of lease liabilities | | (447) | – | – | – |
| Dividends paid to shareholders | | (680) | (544) | (680) | (544) |
| Dividends paid to non-controlling interests | | (27) | (49) | – | – |
| **Net cash used in financing activities** | | **(1,594)** | (1,163) | **(675)** | (542) |

i. Net cash used in financing activities in 2019 at RM 1,163,000 is higher than 2020 at RM 1,594,000 This happens because the group in 2020 had short term loans raised and repaid at cost RM 887,000 and RM 206,000. The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## ANALYSIS OF CASH FLOW 2021

### 1. Operating activities

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Cash flow from operating activities | | | | |
| Profit for the financial year | 1,530 | 873 | 1,094 | 717 |
| Adjustments for: | | | | |
| – dividend from subsidiaries | – | – | (1,169) | (766) |
| – dividend income from financial assets | (113) | (120) | – | – |
| – share of results of joint ventures and associates | (14) | 106 | – | – |
| – finance income | (46) | (51) | –[1] | –[1] |
| – finance costs | 122 | 183 | –[1] | –[1] |
| – taxation | 575 | 402 | –[1] | –[1] |
| – gain on disposals and compensation (net) | (331) | (43) | – | – |
| – impairment losses on receivables and loans to joint venture (net) | 1 | 72 | – | – |
| – impairment losses on non-financial assets (net) | 104 | 20 | – | – |
| – depreciation and amortisation | 1,155 | 1,053 | –[1] | –[1] |
| – inventory write-down and provision (net) | 44 | 242 | – | – |
| – fair value (gain)/loss on financial assets at fair value through profit or loss | (1) | 72 | – | – |
| – other non-cash items | – | 21 | – | – |
| | 3,026 | 2,830 | (75) | (49) |
| Changes in working capital: | | | | |
| – inventories | 738 | 947 | – | – |
| – rental assets | (783) | (677) | – | – |
| – receivables and other assets | (286) | 465 | – | 1 |
| – payables and other liabilities | 467 | (524) | – | – |
| Cash generated from/(used in) operations | 3,162 | 3,041 | (75) | (48) |
| Tax (paid)/refunded (net) | (616) | (269) | – | 1 |
| Dividends received from: | | | | |
| – subsidiaries | – | – | 1,257 | 828 |
| – joint ventures and associates | 125 | 120 | – | – |
| – financial assets | 113 | 120 | – | – |
| **Net cash flow from operating activities** | 2,784 | 3,012 | 1,182 | 781 |

[1] Less than RM1 million

I. As on the table above, Sime Darby profit of the financial year increases from RM873,000 to RM1,530,000, which made the impact on the cash flow of operating (CFO).

II. In 2021 there is a change in net cash flow which decreases from RM3,012,000 to RM2,784,000 (decrease amounted to RM228,000). This occurred because there are few cash income that appears to change in decent amount.

III. For example, on the gain and compensation (net), there are huge changes in amount which are from RM43, 00 to RM331, 000 (increased at RM288, 000). This change made the cash on the company increase.

IV. Another item that caused the net cash flow to decrease is the tax paid during the year increase from RM269, 000 to RM616, 000 (RM347, 000). This shows that the cash in the hands of the company has decreased.

## 2. Investing activities

Financial Statements

**Statements of Cash Flows**

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 | 2020 | 2021 | 2020 |
| Cash flow from investing activities | | | | | |
| Finance income received | | **29** | 36 | **–** | – |
| Proceeds from sale of: | | | | | |
| – property, plant and equipment | | **151** | 62 | **–** | – |
| – other non-financial assets | | **31** | 23 | **–** | – |
| Net cash inflow from disposal of subsidiaries | 44 | **19** | 1 | **–** | – |
| Proceeds from sale of associates | 44 | **387** | – | **–** | – |
| Purchase of: | | | | | |
| – property, plant and equipment | 19(d) | **(522)** | (526) | **–** | – |
| – other non-financial assets | | **(13)** | (30) | **–** | – |
| Additions to financial assets at fair value through profit or loss | | **(2)** | (8) | **–** | – |
| Acquisition of subsidiaries and businesses | 44 | **(26)** | (990) | **–** | – |
| Subscription of shares in an associate and a joint venture | | **(1)** | (2) | **–** | – |
| Advances to subsidiaries (net) | | **–** | – | **(221)** | (126) |
| Repayment of loans by joint ventures | | **65** | 3 | **–** | – |
| Loans to joint ventures | | **(64)** | (20) | **–** | – |
| Capital repayment by an associate | | **–** | 24 | **–** | – |
| **Net cash flow from/(used in) investing activities** | | **54** | (1,427) | **(221)** | (126) |

I. From the table above, the net of cash flow (used in) investing activities (CFI) has shown better results on the company net. We can see that net cash used in investing activities was RM1,427,000 to RM54,000 for the period (on the table above).

II. The two primary drivers for the positive investing activities number were the Acquisition of subsidiaries and business has decreased from –RM990, 000 to only –RM26, 000. This has affected the other cash covered.

III. Another one is the company also has occurred to gain from the proceeds from sale on associates which were RM387, 000 than the last financing period.

## 3. Financing activities

| | Note | Group 2021 | Group 2020 | Company 2021 | Company 2020 |
|---|---|---|---|---|---|
| Cash flow from financing activities | | | | | |
| Proceeds from performance-based employee share scheme | | – | – | 11 | 5 |
| Purchase of additional interest in subsidiaries | 38 | (78) | (1) | – | – |
| Capital repayment by a subsidiary | | – | (8) | – | – |
| Finance costs paid | | (45) | (116) | – | – |
| Long term borrowings raised | | 378 | 19 | – | – |
| Long term borrowings repaid | | (159) | (72) | – | – |
| Short term loans raised | | – | 887 | – | – |
| Short term loans repaid | | (739) | (206) | – | – |
| Short term Islamic financing and other short term borrowings raised/(repaid) (net) | | 43 | (943) | – | – |
| Repayment of lease liabilities | | (500) | (447) | – | – |
| Dividends paid to shareholders | | (952) | (680) | (952) | (680) |
| Dividends paid to non-controlling interests | | (46)[1] | (27) | – | – |
| **Net cash used in financing activities** | | (2,098) | (1,594) | (941) | (675) |

I. From the table above, we can see the amount used in financing/ cash flow financing (CFF) was negative in 2021 even from the last period (2020) of accounting which are from –RM1,594,00 to –RM2,098,00.

II. Negative CFF numbers can mean the company is servicing debt but can also mean the company is retiring debt or making dividend payments and stock repurchases, which investors might be glad to see.

III. There are few things that derived the CFF negative for this company which are, paying the short-term loan amounted at RM739,000 and paying dividends to shareholders amounted at RM952,000.

## ANALYSIS OF CASH FLOW 2022

### 1. Operating activities

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 | 2021 | 2022 | 2021 |
| Cash flow from operating activities | | | | | |
| Profit for the financial year from continuing operations | | 1,258 | 1,586 | 637 | 1,094 |
| Adjustments for: | | | | | |
| – dividend from subsidiaries | | – | – | (697) | (1,169) |
| – dividend income from financial assets | | (48) | (113) | – | – |
| – share of results of joint ventures and associates | | (91) | (82) | – | – |
| – finance income | | (39) | (35) | –[1] | –[1] |
| – finance costs | | 148 | 121 | –[1] | –[1] |
| – taxation | | 474 | 573 | –[1] | –[1] |
| – (gain)/loss on disposals/liquidation (net) | | (3) | (331) | – | – |
| – impairment losses on receivables (net) | | 11 | 1 | – | – |
| – impairment losses on non-financial assets (net) | | 2 | 88 | – | – |
| – depreciation and amortisation | | 1,113 | 1,101 | –[1] | –[1] |
| – inventory write-down and provision (net) | | 73 | 44 | – | – |
| – fair value loss on financial assets at fair value through profit or loss | | 4 | 2 | – | – |
| – other non-cash items | | 9 | 13 | – | – |
| | | 2,911 | 2,968 | (60) | (75) |
| Changes in working capital: | | | | | |
| – inventories | | (551) | 738 | – | – |
| – rental assets | | (709) | (783) | – | – |
| – receivables and other assets | | (736) | (281) | – | – |
| – payables and other liabilities | | 300 | 477 | – | – |
| Cash generated from/(used in) operations | | 1,215 | 3,119 | (60) | (75) |
| Tax paid | | (590) | (631) | –[1] | –[1] |
| Tax refunded | | 18 | 23 | – | – |
| Dividends received from: | | | | | |
| – subsidiaries | | – | – | 389 | 1,257 |
| – joint ventures and associates | | 21 | 125 | – | – |
| – financial assets | | 48 | 113 | – | – |
| Operating cash flow from continuing operations | | 712 | 2,749 | 329 | 1,182 |
| Operating cash flow from discontinuing operations | 18 | 104 | 35 | – | – |
| **Net cash flow from operating activities** | | 816 | 2,784 | 329 | 1,182 |

I. From the table above we can see the net cash flow from operating activities decreased from RM2,784,000 to RM816,000 in 2021-2022. Nevertheless, the cash flow from operating activities was still positive.

II. The cause of the decreases in CFO is the negative in inventories amounting to –RM551,000. This means the company has an amount bought in the inventory more than the amount sold.

III. Another one is the company has shown a negative in receivables and other assets are increased amounted to –RM736,000.

## 2. Investing activities

| | Note | Group 2022 | Group 2021 | Company 2022 | Company 2021 |
|---|---|---|---|---|---|
| Cash flow from investing activities | | | | | |
| Finance income received | | **26** | 26 | **–** | – |
| Proceeds from sale of: | | | | | |
| – property, plant and equipment | | **29** | 145 | **–** | – |
| – other non-financial assets | | **20** | 31 | **–** | – |
| Proceeds from sale of associates | | **–** | 387 | **–** | – |
| Purchase of: | | | | **–** | – |
| – property, plant and equipment | 21(d) | **(605)** | (459) | **–** | – |
| – other non-financial assets | | **(40)** | (10) | **–** | – |
| Additions to financial assets at fair value through profit or loss | | **(46)** | (2) | **–** | – |
| Acquisition of subsidiaries and businesses | | **(163)** | (26) | **–** | – |
| Subscription of shares in an associate and a joint venture | | **–** | (1) | **–** | – |
| Repayment of advances by/(advances to) subsidiaries (net) | | **–** | – | **545** | (221) |
| Capital repayment by an associate | | **1** | – | **–** | – |
| Repayment of advances by discontinuing operations | | **–** | 25 | **–** | – |
| Investing cash flow (used in)/from investing activities | | **(778)** | 116 | **545** | (221) |
| Investing cash flow used in discontinuing operations | 18 | **(111)** | (33) | **–** | – |
| **Net cash flow (used in)/from investing activities** | | **(889)** | 83 | **545** | (221) |

I. Based on the table above, the net cash flow in investing activities (CFI) was shown negative amounted at –RM889,000. Negative cash flow is often indicative of a company's poor performance. However, negative cash flow from investing activities might be due to significant amounts of cash being invested in the long-term health of the company, such as research and development.

II. In this period, the company sales of property, plant and equipment (PPE) and other assets are lower than in the last financing period, which were RM29,000 and RM20,000 approximately. These made the company gain lower in cash.

III. Another cause the company CFI derived negative was the increase in purchase of the PPE amounting to RM605,000. The company also spent more on Acquisition of subsidiaries which was RM163,000.

IV. These activities have derived Sime Darby's CFI to negative.

## 3. Financing activities

| | Note | Group 2022 | Group 2021 | Company 2022 | Company 2021 |
|---|---|---|---|---|---|
| Cash flow from financing activities | | | | | |
| Proceeds from performance-based employee share scheme | | – | – | 10 | 11 |
| Purchase of additional interest in subsidiaries | | (71) | (78) | – | – |
| Finance costs paid | | (64) | (44) | – | – |
| Long term borrowings raised | | 355 | 378 | – | – |
| Long term borrowings repaid | | (104) | (159) | – | – |
| Short term loans repaid | | – | (739) | – | – |
| Short term Islamic financing and other short term borrowings raised (net) | | 660 | 43 | – | – |
| Repayment of lease liabilities | | (525) | (500) | – | – |
| Dividends paid to shareholders | | (884) | (952) | (884) | (952) |
| Dividends paid to non-controlling interests | | (79)[1] | (46)[2] | – | – |
| Financing cash flow used in continuing operations | | (712) | (2,097) | (874) | (941) |
| Financing cash flow used in discontinuing operations | 18 | (4) | (30) | – | – |
| **Net cash used in financing activities** | | (716) | (2,127) | (874) | (941) |

I. The table above shown that the net cash used in financing activities (CFF) in 2022 was still negative from the past period (2021). Nevertheless, the amount has decreased from –RM2,127,000 to –RM716,000. This means Sime Darby has made borrowing and paid loan at the same time in this period.

II. The company has made borrowing raised amounted to RM660,000 which helps them to pay some of their liabilities.

III. In this period the company has not made payment on short-term loans, which made the CFI decrease.

## CONCLUSION

The Sime Darby cash flow for 4 years (2019-2022) has shown changes in each financial year. In cash flow in operating activities (CFO) from 2019-2022, the amount of net used increased and decreased. Next, in cash flow investing, (CFI), in the year 2019-2020 the negative amount increased before came up positive in 2021 yet in 2022 the net amount used decreased. Lastly the cash flow financing (CFF), in the year 2019-2021 the net used in negative amount keep increasing but, in the year, 2022 the negative amount decreased.

In the conclusion, Sime Darby cash flow was seen to be stable which the operating amount can cover all the expenses used in other activities.

Cash flow is the lifeblood of a company, serving as the financial pulse that ensures operational continuity and stability. It enables the organization to meet its day-to-day obligations, covering essential expenses like salaries and utilities. Beyond sustaining routine operations, a positive cash flow empowers the company to service its debts, maintaining a favorable credit position and securing future financing options. Moreover, cash flow provides the capital necessary for seizing investment opportunities, whether in new projects, technology upgrades, or research and development initiatives. For publicly traded companies, it supports the distribution of dividends to shareholders, enhancing investor relations and attracting potential backers. Importantly, having a robust cash flow offers flexibility during unforeseen circumstances or economic downturns, enabling the company to navigate challenges and capitalize on unexpected opportunities. In essence, a company's ability to generate and manage cash flow is fundamental to its resilience, growth, and overall financial health.