

## Fifth week Assignment

Sketch the procedure to derive the cash flow to earnings

Earnings  $\rightarrow$  Cash flow  $\rightarrow$  Incremental  
Cash flow  $\rightarrow$  Time weighted returns

### Earnings

\* Earnings  $\rightarrow$  Net profit

### Cash flow

\* Cash flow refers to the movement of money on out of a business

### \* Depreciation

Depreciation means the decreasing value of the asset. It is called non-cash expense

### \* Capital expenditure

Capital expenditure refers to a company investment in the asset. for eg; property, land & buildings.

### \* Changes in working capital

$\rightarrow$  Working Capital means day to day expenses

$\rightarrow$  Changes in working capital refers to the fluctuation in a company current asset and liabilities.