

Assignment - 5.

1. Sketch the procedure to derive the Cash Flow to Earnings.

Earnings \rightarrow Cash Flow \rightarrow Incremental

Cash flow \rightarrow Time weighted Returns.

Earnings	Cashflow
<ul style="list-style-type: none">Earnings \rightarrow Net profit	<ul style="list-style-type: none">Cash flow refers to the movement of Money into or out of a business.

Depreciation:-

\Rightarrow Depreciation means the decreasing value of the asset. It is called non-Cash Expense.

Capital Expenditure :-

\Rightarrow Capital Expenditure refers to a Company's investment in the Assets.
For Example. Property, plant and buildings.

• Changes in Working Capital :-

⇒ Working Capital Means 'day to day Expense'.

⇒ Changes in Working Capital refers to the fluctuation in a Company's Current asset and Liabilities.

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