

mignment - 5.

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 in or out of a business.

depreciation:

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

capital expenditures:

capital expenditure refers to a company investment in the asset like eg: property, land & building.

changes in working capital:

* working capital means day to day

expenses

* changes in working capital refers to the fluctuation in a company current asset & liabilities.