

Example: Financial Cash Flow Statement

Karina Corporation, Balance Sheet

Assets	2012	2013
Cash	310	405
Accounts Receivable	2,640	3,055
Inventory	3,275	3,850
Total Current Assets	6,225	7,310
Net Fixed Assets	10,960	10,670
Total Assets	17,185	17,980
Liabilities and Equity		
Accounts Payable	2,720	2,570
Notes Payable	100	0
Total	2,820	2,570
Long-term debt	7,875	8,100
Stockholders' Equity		
Common Stock	5,000	5,250
Retained Earnings	1,490	2,060

Karina Corporation,

Income Statement 2013

Revenue	9,610
Cost of Goods	6,310
Depreciation	1,370
EBIT	1,930
Interest	630
Pretax Income	1,300
Tax	455
Net Income	845
Dividends	275
Retained E.	570

Cash Flow from Assets = Cash Flow to Creditors +
Cash Flow to Stockholders

Operating Cash Flow:

$\text{EBIT} + \text{Depreciation} - \text{Tax} = 1,930 + 1,370 - 455 = 2,845$

Cash Flow to Net Working Capital:

$\text{Ending NWC} - \text{Beginning NWC} = (7,310 - 2,570) - (6,225 - 2,820) = 1,335$

Cash Flow to Capital Spending:

$\text{Ending Net Fix. Assets} - \text{Begin. Net Fix. Assets} + \text{Depreciation}$
 $= 10,670 - 10,960 + 1,370 = 1,080$

Cash Flow From Assets: $2,845 - 1,335 - 1,080 = 430$

Example: Financial Cash Flow Statement-continued

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Cash Flow to Creditors:

Interest – (Ending Long-Term Debt – Beginning Long-Term Debt)
 $630 - (8,100 - 7,875) = 405$

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Cash Flow to Stockholders:

Dividends – (Stock Sold – Stock Purchased)
 $275 - 250 = 25$

Note that when we add cash flow to creditors and stockholders, we get \$430, which is exactly equal to cash flow from assets.