

Cashflow (indirect)

Operating activities

1. **Net profit/income** (can be found on income statement)
2. **Add back non-cash expenses** (can be found on income statement)
 - Depreciation
 - Amortisation
 - (gain)/sale on non current assets
 - Sold voor 11.000, original price 18.000, depr of 8.300 means: $18.000 - 11.000 - 8.300 = 1.300$, so -1.300 on cashflow statement
3. **Adjust for movements in working capital**
 - (increase)/decrease in **inventory**
 - (increase)/decrease in **receivables**
 - increase/(decrease) in **payables**
 - Don't add:
 - Plant, Property, Equipment (PPE)
 - Cash
 - Non current liabilities
 - Share capital
 - Retained earnings
 - Bonds payable

Investing activities

Sale of non-current assets

1. **Sale of PPE** (Plant Property Equipment)

Financing activities:

1. **Issuance of shares** = share capital CB - share capital OB
2. **Redemption of Bonds** = bonds payable CB - bonds payable OB
3. **Payment of dividends**, probabaly given

Cashflow (direct)

Operating activities

General formula:

closing balance – opening balance – some kind of balance/expense

Openening balance = OB Closing balance = CB

1. **Cash receipts** = Accounts recievable CB - Accounts recievable OB - sales. positief op cashflow statement
2. **Cash paid to employees** = Salaries payable CB - salaries expense - Salaries payable OB. negatief op cashflow statement
3. **Interest payed:** Interest payable CB - Interest expense - Interest payable OB. If there is no payable account it is just the expense. negatief op cashflow statement
4. **Income tax payed:** Income tax payable CB - Income tax expense - Income tax payable OB. negatief op cashflow statement
5. **Cash paid to suppliers:** Accounts payable CB - (Inventory CB - Inventory OB + Cost of goods sold) - Accounts payable OB

Investing activities & Financing activities:

Zelfde als bij indirect

Factor	Location
+ Cash Flow from Operating Activities	Statement of Cash Flows
+ Interest Expense	Income Statement
- Tax Shield on Interest Expense	Income Statement
- Capital Expenditures (CAPEX)	Statement of Cash Flows (Cash Flow from Investing Activities)
= Free Cash Flow	



Cash flows from **operations** : ΔcA_o

$\Delta cA_o = \Delta L_o + \Delta E_o - \Delta nA_o$			
Receipts customers	Unearned income	Sales revenue	Accounts receivable
Payments suppliers	Accounts payable	Cost of goods sold	Inventory
Operating expenses	Accrued expenses	Operating expenses	Prepaid expenses
Interest	Interest payable	Interest expenses	Interest receivable
Taxes	Tax payable	Tax expense	Tax receivable