

Name of business

Statement of cash flows for the financial year end 31 December 20X1 (DIRECT METHOD)

| | <i>Calc</i> | <i>Notes</i> | <u>Inflow</u> <u>/ (outflow)</u> | |
|---|-------------|--------------|-------------------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash receipts from customers | <i>C1</i> | | X | } DIRECT METHOD |
| Cash paid to suppliers and employees | <i>C2</i> | | (X) | |
| Cash generated from / (used in) operations | | | <u>X / (X)</u> | |
| Dividends received | | | X | |
| Interest received | | | X | |
| Interest paid | | | (X) | |
| Income tax paid (Close Corporations) | | | (X) | |
| Drawings paid (Sole Proprietor & Partnership) | | | (X) | |
| Distributions paid (Close Corporation) | | | (X) | |
| Proceeds from the sale of investment in financial assets held for trading | | | X | |
| Acquisition of investment in financial assets held for trading | | | (X) | |
| Net cash generated from operating activities | | | <u>X / (X)</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment in property, plant and equipment to expand capacity | | | | |
| - Additions to property, plant and equipment | <i>C3</i> | | (X) | |
| Investment in property, plant and equipment to maintain capacity | | | | |
| - Replacement of property, plant and equipment | <i>C3</i> | | (X) | |
| Proceeds from the sale of property, plant and equipment | <i>C3</i> | | X | |
| Acquisition of investments in financial assets | | | (X) | |
| Proceeds from investments in financial assets sold / matured | | | X | |
| Loans (receivable) advanced | | | (X) | |
| Loans (receivable) repaid | | | X | |
| Net cash flows from investing activities | | | <u>X / (X)</u> | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from capital contributions (Sole Proprietor / Partnership) | | | X | |
| Proceeds from members contribution (Close Corporation) | | | X | |
| Proceeds from members loans (Close Corporation) | | | X | |
| Repayments of members loans (Close Corporation) | | | (X) | |
| Proceeds from loans, debentures, mortgages, etc. | | | X | |
| Repayment of loans / borrowings | | | (X) | |
| Net cash flows from financing activities | | | <u>X / (X)</u> | |
| Net increase / (decrease) in cash and cash equivalents | | | <u>X / (X)</u> | |
| Cash and cash equivalents at the beginning of the period | | | <u>X</u> | |
| Cash and cash equivalents at the end of the period | | | <u>X</u> | |

Calculation 1 - Cash Received from Customers (Direct Method only needed)

| | |
|--|-----------------|
| Revenue (from the statement of profit or loss & OCI) | X |
| Other income | |
| Credit losses recovered | X |
| Rental income | X |
| Consulting fee income | X |
| Less Credit Losses | (X) |
| Movements in financial position items | |
| + Net debtors - opening balance | X |
| - Net debtors - closing balance | (X) |
| + Accrued income - opening balance | X |
| - Accrued income - closing balance | (X) |
| - Income received in advance - opening balance | (X) |
| + Income received in advance - closing balance | X |
| Cash received from customers | <u>X</u> |

Calculation 2 - Cash Paid Suppliers and Employees (Direct Method only needed)*Note - remember that cash OUTflows - are positive in this calculation*

| | |
|---|-----------------|
| Cost of sales (per statement of profit or loss and OCI) | X |
| Less opening balance of inventory | (X) |
| Plus closing balance of inventory | X |
| Total purchases (cash and credit) | <u>X</u> |
| Plus selling, administration and distribution expenses | X |
| Total expenditure (cash and credit) | <u>X</u> |
| Adjust for non cash items (exclude non cash items) | |
| Depreciation | (X) |
| Credit losses | (X) |
| Loss on disposal of fixed assets | (X) |
| Adjust for credit purchases and accrued expenditure | |
| Trade creditors - opening balance | X |
| Trade creditors - closing balance | (X) |
| Accrued expenses - opening balance | X |
| Accrued expenses - closing balance | (X) |
| Adjust for prepaid expenses | |
| Prepaid expenses - opening balance | (X) |
| Prepaid expense - closing balance | X |
| Cash paid to suppliers and employees | <u><u>X</u></u> |

Name of business

Statement of cash flows for the financial year end 31 December 20X1 (INDIRECT METHOD)

| | <i>Calc</i> | <i>Notes</i> | <u>Inflow</u> <u>/(outflow)</u> |
|---|-------------|--------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax (Close Corporation) / | | | X |
| Profit for the year (Sole Proprietor or Partnership) | | | X |
| Adjust for non - cash items that are included in PBT | | | |
| Profit on sale of an asset | | | (X) |
| Loss on sale of an asset | | | X |
| Depreciation | | | X |
| Other non cash items | | | X / (X) |
| Adjust for separately disclosable items | | | |
| Dividend income | | | (X) |
| Interest income | | | (X) |
| Interest cost | | | X |
| Fair value (gains) / losses on financial assets through P/L | | | (X) / X |
| Adjust for changes in working capital | | | |
| (Increase) / decrease in inventory | | | (X) / X |
| (Increase) / decrease in trade receivables (debtors) | | | (X) / X |
| (Increase) / decrease in prepaid expenses | | | (X) / X |
| Increase / (decrease) in trade payables (creditors) | | | X / (X) |
| Increase / (decrease) in income received in advance | | | X / (X) |
| Cash generated from / (used in) operations | | | X / (X) |
| Dividends received | | | X |
| Interest received | | | X |
| Interest paid | | | (X) |
| Income tax paid (Close Corporations) | | | (X) |
| Drawings paid (Sole Proprietor & Partnership) | | | (X) |
| Distributions paid (Close Corporation) | | | (X) |
| Proceeds from the sale of investment in financial assets held for trading | | | X |
| Acquisition of investment in financial assets held for trading | | | (X) |
| Net cash generated from operating activities | | | X / (X) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment in property, plant and equipment to expand capacity | | | |
| - Additions to property, plant and equipment | | | (X) |
| Investment in property, plant and equipment to maintain capacity | | | |
| - Replacement of property, plant and equipment | | | (X) |
| Proceeds from the sale of property, plant and equipment | | | X |
| Acquisition of investments in financial assets | | | (X) |
| Proceeds from investments in financial assets sold / matured | | | X |
| Loans (receivable) advanced | | | (X) |
| Loans (receivable) repaid | | | X |
| Net cash flows from investing activities | | | X / (X) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from capital contributions (Sole Proprietor / Partnership) | | | X |
| Proceeds from members contribution (Close Corporation) | | | X |
| Proceeds from members loans (Close Corporation) | | | X |
| Repayments of members loans (Close Corporation) | | | (X) |
| Proceeds from loans, debentures, mortgages, etc. | | | X |
| Repayment of loans / borrowings | | | (X) |
| Net cash flows from financing activities | | | X / (X) |
| Net increase / (decrease) in cash and cash equivalents | | | X / (X) |
| Cash and cash equivalents at the beginning of the period | | | X |
| Cash and cash equivalents at the end of the period | | | X |

INDIRECT METHOD

Calculation 3 - Cash (outflow) / inflow from acquisition / disposal of PPE

The approach is to reconcile PPE from opening to closing balance, and then use the balancing figures for disposals and acquisitions. Remember that the disposals balancing figure will be the carrying amount, and not the proceeds from disposal. You will need to factor in any profit or loss on disposal to calculate the proceeds.

Property, Plant and Equipment

| | | |
|--|----------|-----------|
| Opening balance | X | |
| Additions - <i>possibly balancing figure</i> | X | |
| Depreciation | (X) | |
| Disposals - <i>possibly balancing figure</i> | (X) | N1 |
| Closing balance | <u>X</u> | |

N1 calculation of proceeds on disposal

| | |
|--|----------------|
| Carrying amount of disposal | X |
| Add / (subtract) profit / (loss) on disposal | <u>X / (X)</u> |
| Proceeds = cash outflow | <u>X</u> |