

Cash Flow Statement Example

Here's a basic example of a small business cash flow statement. A cash flow statement is typically divided into three sections: Operating Activities, Investing Activities, and Financing Activities. I'll provide a breakdown of each section.

Cash Flow Statement for Phil's Handyman Service for Year Ended December 31, 20XX

Cash Flows from Operating Activities

This section reflects how much cash is generated from a company's products or services. It includes cash inflows and outflows related to the core business operations.

Cash sales: \$200,000

Cash received from debtors: \$50,000

Cash paid to suppliers: -\$120,000

Wages and salaries paid: -\$50,000

Interest paid: -\$5,000

Taxes paid: -\$15,000

Net Cash from Operating Activities = \$200,000 + \$50,000 - \$120,000 - \$50,000 - \$5,000 - \$15,000 = \$60,000

Cash Flows from Investing Activities

This section reports the amount of cash spent or received from buying or selling long-term assets and investments. It gives an idea about how much money the company is spending on capital expenditures (like new equipment or infrastructure).

Purchase of property, plant, and equipment: -\$20,000

Proceeds from the sale of equipment: \$5,000

Purchase of short-term investments: -\$10,000

Proceeds from the sale of short-term investments: \$3,000

Net Cash from Investing Activities = -\$20,000 + \$5,000 - \$10,000 + \$3,000 = -\$22,000

Cash Flows from Financing Activities

This section includes all transactions involving owners or creditors, such as issuing equity or debt, paying dividends, or repaying debt.

Proceeds from the issue of new shares: \$10,000

Proceeds from long-term borrowings: \$15,000

Repayment of long-term borrowings: -\$10,000

Dividends paid: -\$5,000

Net Cash from Financing Activities = \$10,000 + \$15,000 - \$10,000 - \$5,000 = \$10,000

Net Increase in Cash = Net Cash from Operating Activities + Net Cash from Investing Activities + Net Cash from Financing Activities = \$60,000 - \$22,000 + \$10,000 = \$48,000

Cash at the Beginning of the Year: \$10,000

Cash at the End of the Year = Cash at the Beginning of the Year + Net Increase in Cash = \$10,000 + \$48,000 = \$58,000

Note: This is a simplified example and may not include all possible line items for a specific business. The values used are illustrative and might not reflect the reality of a specific small business. Cash flow statements can be more complex, depending on the nature and scope of the small business.