

## STATEMENT OF CASH FLOWS

### OPERATING ACTIVITIES:

1	Net Income	XXX
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
2	Depreciation and Amortization	XXX
3	Loss (Gain) on Disposal of Fixed Assets	XXX
4	Decrease (Increase) in Accounts Receivable	XXX
5	Decrease (Increase) in Inventories	XXX
6	Decrease (Increase) in Prepaid Expenses	XXX
7	Increase (Decrease) in Accounts Payable	XXX
8	Increase (Decrease) in Unearned Income	XXX
9	Increase (Decrease) in Other Current Liabilities	XXX
10	Increase (Decrease) in Other Payables (specify)	XXX
11	Total Adjustments	<u>XXXX</u>
12	Net Cash Provided by (Used in) Operating Activities	<u>XXXX</u>

### INVESTING ACTIVITIES:

13	Purchase of Fixed Assets	XXX
14	Proceeds from the Sale of Fixed Assets	XXX
15	Other (specify)	XXX
16	Net Cash Used in Investing Activities	<u>XXXX</u>

### FINANCING ACTIVITIES:

17	Net Borrowing (specify)	XXX
18	Payment of Dividends	XXX
19	Capital Grants	XXX
20	Net Proceeds from (Payments on) Other Long-Term Liabilities (specify)	XXX
21	Net Cash Provided by (Used in ) Financing Activities	<u>XXXX</u>

22	Net Decrease/Increase in Cash and Cash Equivalents	XXX
23	Cash and Cash Equivalents at Beginning of Year	XXX
24	Cash and Cash Equivalents at End of Year	XXX

# Statement of Cash Flow

## Overview

A cash flow statement provides information about cash receipts and cash payments of a NAFI during the accounting period. The statement shows how changes in balance sheet and income accounts affect cash and cash equivalents and breaks the analysis down according to operating, investing, and financing activities.

## Purpose

The purpose of this document is to ensure each Service uses identical general ledger account codes (GLACs) and lines from other financial statements when compiling the required Statement of Cash Flows. The Statement of Cash Flow is organized into 26 lines, which correspond to the instructions below.

## Line 1 – Net Income:

This amount comes from the Line 8, Operating Margin, from the Income Statement. Report the balances of the following accounts:

Income Statement Line	Fiscal Year	Line Title
8	Current	Operating Margin

Line 2 – Depreciation and Amortization:

The Depreciation and Amortization expenses are not paid in cash and require a positive adjustment to the net cash provided by (used in) operating activities. Report the balance of the following account:

OSD GLAC	Group	Category	Account Title
703	Expenses	Non-Operating Expenses	Depreciation and Amortization Expense

Line 3 – Loss (Gain) on Disposal of Fixed Assets:

A loss (gain) on disposal of fixed assets requires a positive (negative) adjustment to the net cash flow from operations. Further, if GLAC 608 has a debit (credit) balance, the line should reflect a positive (negative) Report the balances of the following accounts:

OSD GLAC	Group	Category	Account Title
608	Income	Non-Operating Income	Realized Gains and Losses for Sale of Fixed Asset Income

Line 4 – Decrease (Increase) in Accounts Receivable:

The change in accounts receivable balances between the end of the preceding and current fiscal year comes from Line 2, Receivables, on the Balance Sheet. A decrease in Accounts Receivable balances adds to the cash balance. An increase in Accounts Receivable reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	Calculation
2	Previous	Receivables	Current – Previous = Line 4 If the difference is: <ul style="list-style-type: none"> <li>• positive, then insert a negative amount in Line 4</li> <li>• negative, then insert a positive number in Line 4</li> </ul>
2	Current	Receivables	

Line 5 – Decrease (Increase) in Inventories:

The change in inventory balances between the end of the preceding and current fiscal year comes from Line 4 on the Balance Sheet. A decrease in Inventory balances adds to the cash balance. An increase in Inventory balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	Calculation
3	Previous	Inventories	Current – Previous = Line 4 If the difference is:
	Current		

3	Current	Inventories	<ul style="list-style-type: none"> <li>• positive, then insert a negative amount in Line 4</li> <li>• negative, then insert a positive number in Line 4</li> </ul>
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Line 6 – Decrease (Increase) in Prepaid Expenses:

The change in prepaid expense balances between the end of the preceding and current fiscal year comes from Line 4 (Other Current Assets) on the Balance Sheet. A decrease in prepaid expense balances adds to the cash balance. An increase in prepaid expense balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	Calculation
4	Previous	Other Current Assets	Current – Previous = Line 4 If the difference is:
4	Current	Other Current Assets	

Line 7 – Increase (Decrease) in Accounts Payable:

The change in accounts payable balances between the end of the preceding and current fiscal years comes from Line 16 on the Balance Sheet. An increase in accounts payable balances adds to the cash balance. A decrease in accounts payable balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	Calculation
16	Previous	Accounts Payable	Current – Previous = Line 4 If the difference is:
16	Current	Accounts Payable	

Line 8 – Increase (Decrease) in Unearned Income:

The change in unearned revenue balances between the end of the preceding and current fiscal years comes from Balance Sheet Line 18, Other Current Liabilities, specifically, GLACs 215, 216, and 217. An increase in unearned revenue balances adds to the cash balance. A decrease in unearned revenue balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	OSD GLAC	Account Title	Calculation
18 (Partial)	Previous		215	Unearned Income	Current (GLAC 215 + 216 + 217) – Previous

		Other Current Liabilities	216	Unearned Income APF	(GLAC 215 + 216 + 217) = Line 4 If the difference is:
			217	Unearned Income UFM and USA - Non-Operating	
18 (Partial)	Current	Other Current Liabilities	215	Unearned Income	<ul style="list-style-type: none"> <li>• positive, then insert a positive amount in Line 4</li> <li>• negative, then insert a negative number in Line 4</li> </ul>
			216	Unearned Income APF	
			217	Unearned Income UFM and USA - Non-Operating	

Line 9 – Increase (Decrease) in Other Current Liabilities:

The change in other current liabilities balances between the end of the preceding and current fiscal years comes from Balance Sheet Line 18 less GLACs 214, 215, 216, and 217. An increase in other current liabilities balances adds to the cash balance. A decrease in other current liabilities balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	OSD GLAC (Removed)	Account Title	Calculation
18 (Partial)	Previous	Other Current Liabilities	(214)	(Other Payable)	Current (Balance Sheet Line 18 – GLAC 214 – 215 – 216 – 217) – Previous (Balance Sheet Line 18 – GLAC 214 – 215 – 216 – 217) = Line 4 If the difference is: <ul style="list-style-type: none"> <li>• positive, then insert a positive amount in Line 4</li> <li>• negative, then insert a negative number in Line 4</li> </ul>
			(215)	(Unearned Income)	
			(216)	(Unearned Income APF)	
			(217)	(Unearned Income UFM and USA - Non-Operating)	
18 (Partial)	Current	Other Current Liabilities	(214)	(Other Payable)	
			(215)	(Unearned Income)	
			216	(Unearned Income APF)	
			217	(Unearned Income UFM and USA - Non-Operating)	

Line 10 – Other Payables (specify):

The change in other liabilities (specify) balances between the end of the preceding and current fiscal years comes from Balance Sheet Line 18, specifically GLAC 214, Other Liabilities (Specify). An increase in other liabilities balances adds to the cash balance. A decrease in other liabilities balances reduces the cash balance. Report the balances of the following accounts:

Balance Sheet Line	Fiscal Year	Line Title	OSD GLAC	Account Title	Calculation
18 (Partial)	Previous	Other Current Liabilities	214	Other Payable	Current – Previous = Line 4 If the difference is: <ul style="list-style-type: none"> <li>• positive, then insert a positive amount in Line 4</li> <li>• negative, then insert a negative number in Line 4</li> </ul>
18 (Partial)	Current	Other Current Liabilities	214	Other Payable	

Line 11 – Total Adjustments:

Total adjustments are the sum of Lines 2 through 10.

Line 12 – Net Cash Provided by (Used in) Operating Activities:

The net cash provided by (used in) operating activities is the total of line 1 and 11.

Line 13 – Purchase of Fixed Assets:

Amounts disbursed for the purchase of property, plant, and equipment that reduce the cash balance and amounts disbursed for minor construction.

Line 14 – Proceeds from the Sale of Fixed Assets:

The collections or proceeds from the sale of surplus property, plant, and equipment that increase the cash balance.

Line 15 – Other (specify):

The net amounts of other collections or disbursements associated with the purchase and sale of other investments. Identify the nature of each investment purchased and sold.

Line 16 – Net Cash Used in Investing Activities:

The net cash used in investing is the sum of Lines 13 through 15.

Line 17 – Net Borrowing (specify):

The cash proceeds borrowed from the bank or cash disbursed to the banks for loans.

Line 18 – Payment of Dividends:

The cash disbursed for dividends.

Line 19 – Capital Grants:

The cash proceeds from grants.

Line 20 – Net Proceeds from (Payments on) Other Long-Term Liabilities (specify):

The cash disbursed on other long term liabilities.

Line 21 – Net Cash Provided by (Used in) Financing Activities:

The net cash provided (used in) financing activities is the sum of Lines 17 through 20.

Line 22 – Net Decrease/Increase in Cash and Cash Equivalents:

The sum of net cash provided (used) in operating, investing, and financing activities is the sum of Lines 12, 16, and 21.

Line 23 – Cash and Cash Equivalents at Beginning of Year:

The balances for cash and cash equivalents are the sum of account balances at the beginning of the fiscal year.

Line 24 – Cash and Cash Equivalents at End of Year:

The cash and cash equivalent balances at year end should equal the net of lines 22 and 23 and should agree with Line 1 on the Balance Sheet.