

CATEGORIES

- Operating – Cashflow movement due to operating
- Investing – Cashflow movement due to investing
- Financing – Cashflow movement due to funding

CASH RECEIVED FROM CUSTOMERS

- Acquisition / Repayment of loans
- Change in % holding in Subsidiaries



OPERATING

- Direct – Gross Cash Receipts – Gross Cash Payments
- Indirect – Profit adjusted for non-cash and movement in working capital

CASHFLOW

IAS7

TOP TIP

- Draw a T-Account to establish:
- Opening Balance
 - Non-Cash Movement
 - Cash Movement
 - Closing Balance

INVESTING

- Acquisition / Disposal of investments
- Obtaining / losing control of subsidiaries
- Payment = Deduction
- Receipt = Addition

The main principle of Cashflows is to remove all non-cash items from the accounting records to reflect the cash movements during the year.

TOP TIP

You can only deduct something from cash paid / cash received / profit if it is INCLUDED in those balances in the first place

INVESTING

The only amount to disclose in the sale of a subsidiary is the cash received – the cash lost in the transaction

CASH RECEIPTS

Revenue + / – Movement in Receivables
Movement in Receivables:
Opening balance + Receivables of Sub Acquired + NC Increase – Receivables of Sub Disposed – NC Decrease – closing balance



THE TRICK

Use the IFRS Volume B handbook for the illustrative examples setting out the Notes and the IAS7 statement that just needs to be populated

CASH PAYMENTS

Cost of Sales	XXX
Other Expenses	XXX
NC Items	XXX
Movement in Inv	XXX
Movement in Pay	XXX
Items disclosed in CF	(XXX)

LOSS OF SUBSIDIARY

MOVEMENT IN PAY

Opening Balance	XXX
PAY of Sub Acquired	XXX
Non- Cash Increase	XXX
Pay of Sub Disposed	(XXX)
NC Decrease	(XXX)
Closing Balance	(XXX)

The hardest thing to do is to calculate the true changes in accounts due to the loss of a subsidiary in the course of the year

NC = Non-Cash
INV = Inventory
Pay = Payables
CF = Cash Flow

MOVEMENT IN INV

Opening Balance	XXX
Inv of Sub Acquired	XXX
Non- Cash Increase	XXX
Inv of Sub Disposed	(XXX)
NC Decrease	(XXX)
Closing Balance	(XXX)