Cash flow statement

This statement sets out sample figures for Anika, a fictional designer. Cash flow statements give a summary of cash received and cash spent over a period of time, eg each month or each quarter. To get the most from this sample statement, read our guide to cash flow statements, and follow Anika's story, on the business.govt.nz website.

Cash flow from operations	
Cash from customers	1,000,000
Cash paid to suppliers	(40,000)
Cash paid to employees	(-)
Cash paid for operating expenses	(200,000)
Changes in inventory	-
Changes in accounts receivable	-
Changes in prepaid expenses	-
Interest paid	(-)
Tax paid	(200,000)
Net cash flow from operations	560,000
Cash flow from investing	
Sale of long-term assets	20,000
Sale of land	-
Purchase of long-term assets	(100,000)
Net cash flow from investing	-80,000
Cash flow from financing activities	
Cash from loans	50,000
Repayment of loan	(20,000)
Payment of dividends	(10,000)
Net cash flow from financing	20,000
Net change in cash	500,000
Opening balance	1,000
Closing balance	501,000

If positive, then you have a cash surplus after all business operations. This can be spent on your business, or used to pay dividends — or yourself.

If negative, then you paid out more cash than you received. This isn't always bad, eg cash tied up in accounts receivable or unsold inventory. But it means cash flow is slowing. Talk to your advisor about how to free up your cash flow.

If positive, then you received more cash from selling your investments than you spent. This happens with one-off sales of long-term assets, eg a company van. If negative, then you probably bought a long-term asset but haven't sold any.

For small businesses, it's common for this section to be in the red as there's more buying than selling of assets.

If net cash flow is positive, then you added to your cash reserves over the reporting period. This is generally good.

If negative, then more cash went out than came in. This isn't always bad, eg your strategy is to buy new machinery this month. But if it's a trend, or is unexpected, chat to your advisor about why your cash balance is falling.

If closing balance is positive, then it's generally a good sign. The most important thing to know is why it's positive, so you can protect the areas of your business with good cash flow.

If negative, then pay close attention. This isn't always bad, eg sales on credit or you've spent money improving your premises. But if it's a trend, or is unexpected, ask your advisor what might be causing this.

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