

Statement of Cash Flows (IAS 7 layout), using the Indirect Method

Workings Template

Reconciliation of profit from operations to net cash from operating activities for the year ended _____

This is a working to be incorporated as the first line of the Statement of Cash Flow.

Starting with accounting profit before interest and tax (based on accruals accounting), we have to adjust PBIT back to their cash equivalent (based on actual bank/cash movements), i.e. we need to adjust for non-cash movements and any items included in PBIT that need to be re-classified under a different type of activity (investing or financial).

	<u>£000</u>	<u>£000</u>	
Profit from operations (PBIT)		X	
Adjustments for:			
Add: Depreciation charge for year	x		non-cash
Add: Loss (Less: Gain) on disposal of non-current assets	x		non-cash
Less: Investment income [<i>taken out here to show in "Investing" activities instead</i>]	(x)		re-classify
Less: Interest received [<i>taken out here to show in "Investing" activities instead</i>]	(x)		re-classify
		X	
Operating cash flows before movements in working capital		X	
Add: Decrease/ (Less: Increase) in inventories	x		
Add: Decrease/ (Less: Increase) in trade receivables	x		
Less: Decrease/ (Add: Increase) in trade payables	(x)		
		X	
Cash from/(used in) operations		X	
Less: Interest (finance costs) paid in year	(x)		
Less: Tax paid in year	(x)		
		(X)	
Net cash from/(used in) operating activities [to Statement of Cash Flow]		Y	