

Accounting I



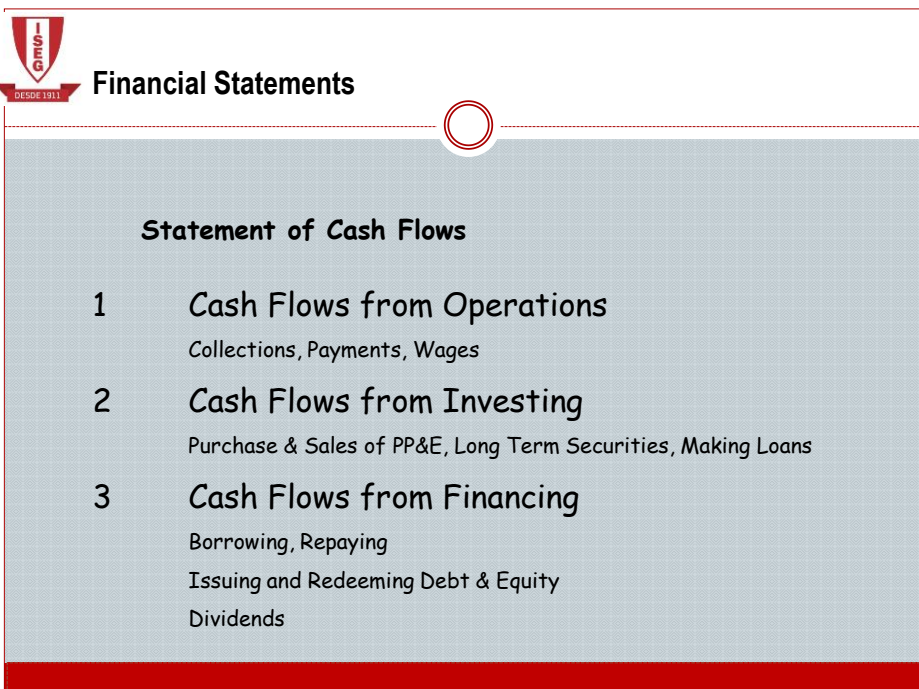
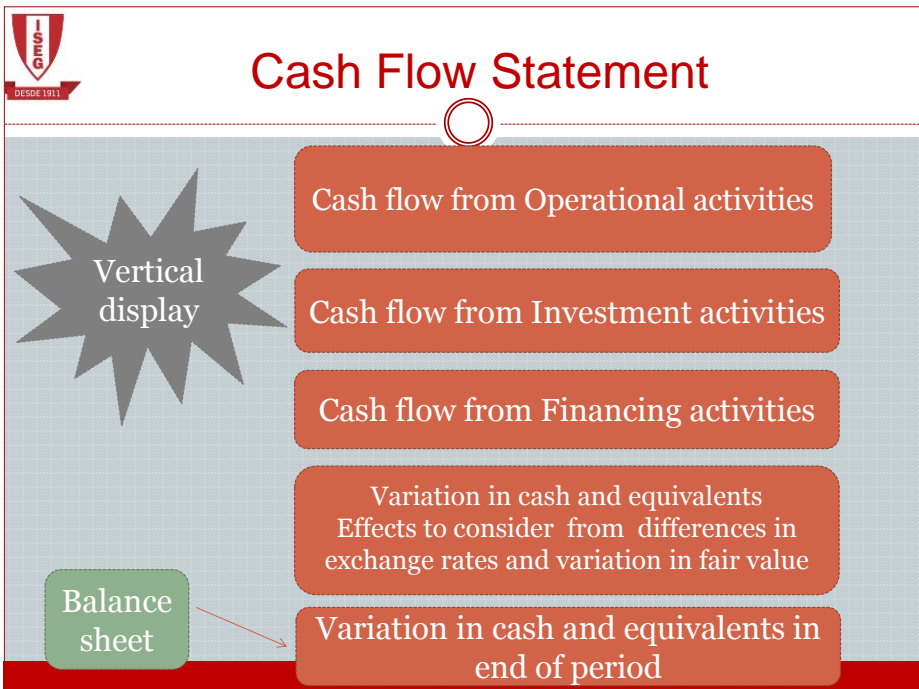
4TH CLASS FINANCIAL STATEMENTS CASH FLOW STATEMENT CHANGE IN EQUITY STATEMENT



Cash Flow statement



- Shows where the cash comes from and where it was used
- Shows payments and receipts
- It is presented in vertical format, showing the values for years N and N-1.





Cash Flow statement


- Firms can have revenues but, because there is the possibility to pay/received other way that not in cash (payment/receipts for credit), these may happened in several different moments of time=> hence, a revenue does not mean a receipt of money
- It helps to determine the capacity to receive and pay in cash.
 - Liquidity
 - ✦ May be a sign of the continuity of the firm!




Variation in OE statement

- Aims to show the facts that changed owners equity, during a period of time.
- It is presented in vertical format, showing the values for years N and N-1.

Matrix
display

 **Annex or Notes**

- The other financial statements are quantitative statements
- In the Annex the predominant information is qualitative (or narrative) and it is connected with all other financial statements

 **Financial Statements**

BALANCE SHEET <small>xx/xx/XXXX</small>		Income Statement <small>XXXX</small>
Non-current Assets	Equity Common stock Retained Earnings	Revenues - Expenses = Net Income
Current Assets	Net Income	Statement of Cash Flows <small>xxxx</small>
Cash	Liabilities	Ending Cash Balance
...		

Diagram illustrating the relationship between financial statements:

- The **Income Statement** (Revenues - Expenses = Net Income) feeds into the **Balance Sheet** (Equity - Retained Earnings).
- The **Income Statement** (Revenues - Expenses = Net Income) feeds into the **Statement of Cash Flows** (Ending Cash Balance).
- The **Statement of Cash Flows** (Ending Cash Balance) feeds into the **Balance Sheet** (Current Assets - Cash).

