Formulas for Cash Flow

A breakdown of calculations for the statement of cash flows

Cash Flow from Operating Activities

1. Cash Receipts from Customers

Receipts = Sales Revenue + Opening Gross Trade Receivables - Closing Gross Trade Receivables - Bad Debts Written Off

Bad Debts Written Off = Opening Loss Allowance + Allowance Expense - Closing Loss Allowance

2. Cash Payments to Suppliers

Payments for Inventory = Cost of Sales + Closing Inventory - Opening Inventory + Opening Trade Payables - Closing Trade Payables

3. Cash Payments to Employees

Payments = Cash-related Employee Expense + Opening Wages Payable - Closing Wages Payable

4. Interest Paid

Interest Paid = Cash-related Interest Charge (expensed + capitalised) + Opening Interest Payable - Closing Interest Payable

5. Income Taxes Paid

Tax Paid = Current Tax Charge + Opening Current Tax Payable - Closing Current Tax Payable

P/L Current Tax = Total P/L Tax Expense - P/L Deferred Tax Expense
P/L Deferred Tax Expense = P/L Increase in DTL - P/L Increase in DTA

Cash Flow from Investing Activities

1. Interest Received

Interest Received = Cash-related Interest Revenue + Opening Interest Receivable - Closing Interest Receivable

2. Dividends Received

Dividends Received = Dividend Revenue + Opening Dividend Receivable - Closing Dividend Receivable

3. Proceeds from Sale of Plant

Proceeds = Carrying Amount of Asset Sold + Gain on Sale (or - Loss on Sale)

Carrying Amount = Cost - Accumulated Depreciation - Accumulated Impairment

4. Cash Paid for PPE

Cash Paid = Cash-related PPE Additions + Opening Capital Payable - Closing Capital Payable

Cash-related PPE Additions = Closing PPE at Cost + Cost of Assets Sold - Opening PPE at Cost - Non-cash Additions

5. Payment for Plant - Simple Cash-only Case

Cash Paid = Closing Plant at Cost - Opening Plant at Cost + Cost of Plant Sold
(Only if all additions are cash; no capital payable or other movements.)

Cash Flow from Financing Activities

1. Proceeds from Share Issue

Proceeds = Increase in Share Capital - Non-cash Increases
(Assumes no capital reductions or issue costs in the balance.)

Increase in Share Capital = Closing Share Capital - Opening Share Capital

2. Dividends Paid

Dividends Paid = Cash Dividends Recognised as Distributions + Opening Dividends Payable - Closing Dividends Payable

Use the ledger: formulas assume no other movements. Adjust GST, returns, discounts, FX, revaluations, write-downs and transfers. For prepayments, add closing less opening to cash paid. Keep gross receivables separate from the allowance; count cash sales once. Other supplier expenses need their own cash adjustment.

Tax / other checks: use only P/L deferred-tax movements; add current-tax charges outside P/L to the payable working. Handle tax refunds/receivables separately. Remove non-cash income/interest. Disposal assumes cash settlement and no selling costs.

Classification: headings illustrate one historical non-financial-entity policy. Interest/dividends received may be operating/investing; interest/dividends paid may be operating/financing. Use a permitted policy consistently; tax is normally operating unless specifically investing/financing.

Concept references: AASB 107 (March 2020), paras 18-24, 31-36, 43-44; AASB 112 (March 2020, 2022-applicable), paras 5, 58, 61A. Formulas follow ledger roll-forwards.