CASH FLOW STATEMENTS:
OPERATING (Direct Method), INVESTING, AND FINANCING ACTIVITIES

OPERATING (CURRENT)
Cash Inflows
- From sales of goods or services.
- From returns on loans (interest) and on equity securities (dividends).

Cash Outflows
- To suppliers for inventory.
- To employees for services.
- To government for taxes.
- To lenders for interest.
- To others for expenses.

INVESTING (NON-CURRENT)
Cash Inflows
- From sale of property, plant, and equipment.
- From sale or debt of equity securities of other entities.
- From collection of principal on loans to other entities.

Cash Outflows
- To purchase property, plant, and equipment.
- To purchase debt or equity securities of other entities.
- To make loans to other entities.

FINANCING (NON-CURRENT)
Cash Inflows
- From sale of equity securities.
- From issuance of debt (bonds and notes).

Cash Outflows
- To stockholders as dividends.
- To reacquire capital stock.
- To redeem long-term debt.

Revised: Spring 2005
Adapted from the instructor's manual for use with the text.
Approved: Dr. E. Eikner, Accounting Department
STUDENT LEARNING ASSISTANCE CENTER (SLAC)
Texas State University-San Marcos