

(I/S)

sales  
(C065)  
(Admin & selling Ex)  
(Depr)

EBIT  
(Interest)  
Taxable Income  
(Tax)  
NI  
Div  
Add to RE

not cash ✓

source of funds

⇒ use of funds

EBIT + ΔCCL + ΔLTD + ΔE = ΔCA + ΔNFA + INT + tax + Div

Convert to cash

+ Depr. - ΔCA - ΔLTD - tax - ΔE + Depr. - ΔLTD - tax - ΔE

EBIT + Depr. - tax + ΔCCL - ΔCA

= ΔNFA + Depr. - ΔLTD + INT - ΔE + Div

OCF - (ΔCA - ΔCCL)

= Δcapital spending + CF<sub>TC</sub> + CF<sub>TSH</sub>

- ΔCS

- ΔCS

OCF - ΔCS - ΔNWC

= CF<sub>TC</sub> + CF<sub>TSH</sub>

CF<sub>FA</sub>

= CF<sub>TC</sub> + CF<sub>TSH</sub>

(B/S)

$\frac{\Delta CA}{NFA} \frac{CL}{LTD} = \frac{E}{TL + E}$