

Chp 2 Financial Statements, CF, Taxes

Accounting equation Assets (FA+CA) = Liabilities (Debts) + Shareholders Equity (Owners Equity)

Cash Flow from Assets (CFA) Aka Free CF (FCFF) Cash Flow to Bondholders (Creditors) + Cash Flow to Shareholders (Owners)

CHP 2 SOFP, IS, CF, Taxes

Cash Flow from Assets (CFA) = Free CF (FCFF) Cash Flow to Bondholders (Creditors) + Cash Flow to Shareholders (Owners)

OCF + N.Capital Spending (NCS) - Δ NWC [CA-CL]

EBIT + Dep - Taxes - NCS - Δ NWC

CF to creditors (creditors) Interest Paid - Net new borrowing [LTDebt end- LTDebt begin]

CF to shareholders (owners) Dividends paid - Net new equity raised [Common stock end- Common stock begin]

OCF Earnings b4 Interest & Taxes (EBIT) + Dep - Taxes

Net Capital Spending (NCS/C-APEX) | -ve: if sells more assets than purchases Ending NFA - Beginning NFA + Dep (purchases of FA - Sales of FA)

NCS Fixed A Bought - Fixed A Sold

Δ NWC (CA end-CL end) - (CA beg -CA beg)

