

Chapter 4 Outline

The Purpose of the Statement of Cash
Flows
The SCF in Relation to Other
Financial Statements
Classification of Cash Flows
Conversion of Accrual Income to Net Cash
Flows from Operations
Direct and Indirect Methods
Preparing the SCF
Step 1: Determine Net Cash Flows
from Operating Activities
Step 2: Determine Net Cash Flows
from Investing Activities
Step 3: Determine Net Cash Flows
from Financing Activities
Step 4: Present Cash Flows by Activity
Analysis of Statements of Cash Flows

Competencies

1. Explain the purpose of the statement of cash flows and describe how it is used by club managers. (pp. 85–87)
2. Identify cash flows as reported on the statement of cash flows in terms of operating activities, investing activities, and financing activities. (pp. 87–89)
3. Explain the direct and indirect methods of converting net income to net cash flow from operations. (pp. 89–92)
4. Describe the four steps involved in preparing a statement of cash flows. (pp. 92–100)
5. Identify issues involved in the analysis of statements of cash flows. (pp. 100–101)