

# THE COMPANY'S FUNDS FLOW STATEMENT



## EDUCATION GOALS

- Understand the characteristics and purpose of the funds flow statement
- Understand the concepts of WCR and NWC
- Recognise the different types of cash flows
- Understand the methods for calculating cash flows
- Know how to prepare a funds flow statement under French GAAP (PCG)
- Know how to prepare a cash flow statement in accordance with IAS 7

## WORD FROM THE AUTHOR – Michel TERNISIEN

*« Analysing a company's balance sheet and income statement will not provide us with sufficient information to assess the company's performance. We need the funds flow statement for this. To really understand this concept, let's make a comparison with the world of sport, football to be precise. Imagine that I'm a sports commentator and that I need to give a summary of a match that has just finished.*

*I give the final score of the match. This is the balance sheet.*

*I'm not happy with this information. So I indicate the various goals and when they were scored. This is the income statement.*

*I'm a bit happier with this information, but not completely. What's missing? Now I want to understand the strategy behind each goal. This is the funds flow statement. »*

Level

**Intermediate**

**1**  
Module

**2 H**



### M211 – FUNDS FLOW STATEMENT

#### Objectives education

- Know how to prepare a funds flow statement under French GAAP (PCG)
- Know how to prepare a cash flow statement in accordance with IAS 7

#### Word from the author

*« Analysing a company's balance sheet and income statement will not provide us with sufficient information to assess the company's performance. The balance sheet provides total sources and applications of funds at a particular moment in time. The income statement shows final net income.*

*But we can't see how the action took place. The funds flow statement aims to fill this gap: to provide an additional point of view using receipts and payments. We need the funds flow statement to explain the company's performance and to show how it has developed. »*

#### Chapters

- Key concepts
- Funds flow statement under French GAAP (PCG)
- Cash flow statement (IAS7)

#### Quiz

#### Case study

- Practical case study – "e-biz city"