

Cash Flow Analysis

A Cash Flow Statement is one of the standard components of certain SEC filings that summarizes the operating activity of a business and provides insight into its ability to generate cash. Executives, treasurers, accounting professionals and investors rely on cash flow statements to make financing, operating and investing decisions. Standard financial systems, which aren't optimized to handle large amounts of transaction-level data, take many hours to consolidate cash flow reports and can't automatically distribute these reports. Business intelligence provides automatic, near real-time generation and distribution of the cash flow statement. Business intelligence seamlessly integrates sophisticated analysis including foreign currency exposure, optimized payables schedules and cash flow predictions to ensure investments in short-term and long-term instruments are aligned with cash requirements.

Sample Report: Operational Cash Flow Changes

Corporation: France

Period Ending	31-Mar-04	31-Dec-03	30-Sep-03	30-Jun-03
Net Income (000)	\$ 1,273	\$ 1,494	\$ 1,464	\$ 910
- Cash Flow Operating Activities				
+ Depreciation	\$ 387	\$ 434	\$ 410	\$ 505
+ Adjustments to Net Income	\$ 111	\$ 24	\$ 142	\$ 140
+ Changes in Accounts Receivables	\$ 300	(73)	(44)	\$ 86
+ Changes in Liabilities	\$ 350	88	(15)	\$ (377)
+ Changes in Inventories	\$ (132)	\$ 16	\$ (105)	\$ 385
+ Changes in Other Operating Activities	\$ 124	\$ 333	\$ 158	\$ 662
- Cash Flows From Operating Activities	\$ 2,413	\$ 2,316	\$ 2,010	\$ 2,311
+ Cash Flows From Investing Activities	\$ (482)	(312)	(195)	(224)
+ Cash Flows From Financing Activities	\$ 1,516	(1,623)	\$ (524)	(1,746)
Effect of Exchange Rate	\$ (8)	\$ 22	(15)	\$ 25
Change in Cash and Cash Equivalents	\$ 407	\$ 403	\$ 1,276	\$ 366

This example shows a segment of a standard Statement of Cash Flows with items highlighted that are more than 25% out-of-trend with the annual average. The outline mode shown here is automatically generated and allows quick access to the line items comprising a summary account. Highlighted items suggest areas for further investigation, such as Accounts Receivable, to determine the cause of the increase like a large customer not paying a bill or exposure to a troubled industry or geography.

COMMON BUSINESS QUESTIONS

- Can the company finance itself internally or will it need additional outside financing for its future growth opportunities?
- What is the cash position for each subsidiary in both local and home currency?
- What is the cash risk associated with exchange rates?
- On average, how long does a particular entity take to pay invoices? Collect receivables?
- What impact does a change to depreciation method have?
- What is the trend in liabilities and will the current ratio suffer as a result?
- What investing activities are yielding the best results? Worst results?

- Key Performance Indicators**
- Changes in Net Working Capital
 - Foreign Exchange Impact
 - Average Daily Balance
 - Bad Debt Accrual
 - Variance in Interest Income
 - Variance in Interest Expense
 - Top 10 Payables
 - Top 10 Receivables
 - Investment Allocation