

Operating activities



What are the examples of operating activities occurred in a company? An accounting of funds related to the company's operations, reported on the cash flow statement of a company's annual report. This figure is calculated by adjusting net income to reflect depreciation expenses, deferred taxes, accounts payable, accounts receivable, and any extraordinary items.

It shows how much money the company received from its actual business operations. This does not include cash received from other sources, such as investments. The examples of operating activities include the production, sales and delivery of the company's product as well as collecting payment from its customers. This could include purchasing raw materials, building inventory, advertising, and shipping the product.

The other operating cash flows include: * Receipts from the sale of goods or services * Receipts for the sale of loans, debt or equity instruments in a trading portfolio * Interest received on loans * Dividends received on equity securities * Payments to suppliers for goods and services * Payments to employees or on behalf of employees Interest payments (alternatively, this can be reported under financing activities in IAS 7, and US GAAP) 2) Did all companies have operating activities?

YES 3) Did all operating activities come from the core business of providing sales/ service? No. This cash flow activities operating section comes first and tells you how much the companies generated from core business as oppose of peripheral activities such as investing and borrowing. This is the area that you should focus because it paints the best pictures of how well the firm's business operation are producing that will ultimately benefit to shareholders.