

How to Create a Cash Flow Statement

Definition: A cash flow statement is a summary of the flow of cash into and out of a business over a specific period of time.

There are two types of cash flow statements: projected and historical. A **projected cash flow statement** uses estimated amounts for cash inflows and outflows for a future period of time, whereas a **historical cash flow statement** uses actual cash inflows and outflows for a previous period of time.

The following table lists five steps for creating a cash flow statement.

Creating a Cash Flow Statement	
Step	Procedure
1	List cash inflows and outflows by types of inflows (e.g., crops sales, livestock sales, custom work, government payments, etc.) and outflows (e.g., fuel, feed, fertilizer, seed, labor, etc.)
2	Separate personal and business cash inflows and cash outflows
3	a. Projected Cash Flow Statement: Estimate projected cash inflows for chosen period of time b. Historical Cash Flow Statement: Record actual cash inflows for chosen period of time
4	a. Projected Cash Flow Statement: Estimate projected cash outflows for chosen period of time b. Historical Cash Flow Statement: Record actual cash outflows for chosen period of time
5	Calculate net cash flow by subtracting cash inflows from cash outflows