- Cash payments to acquire equity or debt instruments of other enterprises and interest in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes)
- Cash receipts from sales of equity or debt instruments of other enterprises and interest in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes)
- Cash advances and loans made to other parties (other than advances and loans made by financial institutions).
- Cash receipts from repayment of advances and loans made to other parties (other than advances and loans of a financial institution)

iii. Financing Activities

Activities that cause changes to contributed equity and borrowings of an entity

Examples of cash flows arising from financing activities are:

- Cash proceeds from issuing shares or other equity instruments;
- Cash payments to owners to acquire or redeem the enterprise's shares;
- Cash proceeds from issuing debentures, loans, loan notes, bonds mortgages and other short or long-term borrowings;
- Cash repayments of amounts borrowed; and
- Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

Cash and Cash Equivalents

- Short term (where the original maturity is 3 months or less, irrespective of maturity timing post balance date)
- Highly liquid investments
- Readily convertible to known amounts of cash
- Subject to insignificant risk of changes in value.

ILLUSTRATIONS

The balance sheets of Ndom and Sons Company Ltd. as at 31st December, 2002 and 2003 are as follows:

	2003	2002
	¢million	¢million
Stated capital	4,900	2,500
Income surplus	820	280
Debenture stocks	600	1,400
Corporate tax payable	660	430
Creditors	960	680
Bank overdraft	-	280
Proposed dividend	300	150
Provision for depreciation:		
Plant and machinery	1,080	900
Fixtures and fittings	300	260
	9,620	6,880
Capital W.I.P.	600	400
Building at cost and valuation	3,200	2,000
Plant and Machinery at cost	3,020	2,400
Fixtures and fittings at cost	580	480
Stocks	1,020	740
Debtors	880	856
Treasury Bills	100	-
Cash and bank	220	4
	9,620	6,880

Profit and Loss Account for the year ended 31st December, 2003