Notes to the cash flow statement

43. Notes to the cash flow statement

Free cash flow

The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend distribution or the redemption of existing loans. The free cash flow rose year-on-year from € 29,341 thousand to € 128,817 thousand. The most substantial changes resulted from operating cash flow. A higher operating result (EBIT) and higher depreciation, amortisation and write-downs had a positive effect on the development of cash inflow from operating activities. In contrast, increased interest paid brought about a decrease in cash flow. These changes primarily resulted from the initial application of IFRS 16. Furthermore, lower receivables led to an increase in operating cash flow. Under cash outflow from investing activities, the effects from investments, payments for business combinations and changes in short-term deposits in profit or loss meant that cash flow remained practically the same as in the previous year.

Change in liabilities from financing activities

The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans produces the change in liabilities from financing activities pursuant to IAS 7. In the reporting year, the Group made payments for the redemption of (financial) loans in the amount of € 39,733 thousand (previous year: € 27,867 thousand). While proceeds from the issuance of bonds and (financial) loans came to € 136,924 thousand the previous year, there were no proceeds during the reporting year. This change in the liabilities from financing activities is reflected in the decrease in liabilities to banks in the amount of € 37,869 thousand (previous year: increase of € 112,777 thousand), see also Note 38. The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans to other lenders has been recognised as a change in the liabilities from financing activities in the amount of € 1,853 thousand (previous year: € - 2,897 thousand). Exchange rate effects and other effects are insignificant.

Financial funds

Financial funds include cash in hand and bank balances with a remaining term of up to three months and receivables and liabilities relating to HGV. Receivables from HGV are overnight deposits available on demand. They are recognised at nominal value.

Financial funds

in € thousand	**31.12.2019**	31.12.2018
Cash and cash equivalents with a maturity up to 3 months	23,131	25,683
Short-term deposits with a maturity of 4–12 months	45,000	22,450
Bank balances and cash in hand	89,910	133,327
Cash, cash equivalents and short-term deposits	**158,041**	**181,460**
Receivables from HGV	95,000	95,000
Overdrafts	- 19	- 21
Short-term deposits with a maturity of 4–12 months	- 45,000	- 22,450
Financial funds at the end of the period	**208,022**	**253,989**