INTERNATIONAL JOURNAL OF PROGRESSIVE RESEARCH IN ENGINEERING MANAGEMENT AND SCIENCE (IJPREMS)

www.ijprems.com
editor@ijprems.com

Vol. 04, Issue 07, July 2024, pp: 194-198

e-ISSN : 2583-1062

Impact Factor: 5.725

A STUDY ON CASH FLOW STATEMENT ANALYSIS

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DOI: https://www.doi.org/10.58257/IJPREMS35332

ABSTRACT

Cash flow statement is an important tool to analyze the cash position of a business organization. It can denote changes in cash position during three financial years. The main purpose cash flow statement is to analyzing a company financial statement. The cash flow statement also provides information for the changes in business cash during a specific time frame by the sources and use of cash during the period from operating investing and the financial activities.

Cash flow statements provide crucial information regarding the cash inflows and outflows of an organization over a specified period, offering insights into its liquidity, operating activities, investing activities, and financing activities. The primary objective of this research is to analyze how effectively cash flow statements facilitate decision-making processes for various stakeholders, including investors, creditors, and management.

This research underscores the importance of cash flow statements as a fundamental tool for financial analysis and decision-making. It advocates for enhanced transparency and consistency in cash flow reporting practices to better serve the informational needs of stakeholders in today's dynamic business environment.

They provide a clear picture of an organization's ability to generate cash and meet its financial obligations, thus aiding in risk assessment and strategic planning. Furthermore, the study highlights the challenges and limitations associated with cash flow reporting, such as potential manipulation and the complexity of reconciling cash flows with other financial statements.

Additionally, case studies and empirical data are employed to illustrate practical applications and interpretations of cash flow statements in different industries and economic environments.Key findings suggest that cash flow statements play a critical role in assessing an entity's financial health beyond traditional income statement and balance sheet metrics.

this study underscores the critical role of cash flow statements as a cornerstone of financial analysis and decision-making. It advocates for continuous improvements in cash flow reporting practices to meet the evolving informational needs of stakeholders in today's dynamic global economy.

1. INTRODUCTION

Cash flows indicate of a business has enough money for its operation. Any transaction that a company does in cash or cash equivalent is penned down in a cash flow statement to back the status of business funds and keep on account if the closing balance at the end of the accounting period cash flow indicates if a business has enough money for ifs operation.

Cash flow is a measure of a company's net cash inflows and outflows. It's reported in a cash flow statement, also known as a statement of cash flows. When you want to measure a business's financial health, one of the first places to look is its cash flow

Cash flow is the net cash and cash equivalents transferred in and out of a company. Cash received represents inflows, while money spent represents outflows. A company creates value for shareholders through its ability to generate positive cash flows and maximize long-term free cash flow (FCF). FCF is the cash from normal business operations after subtracting any money spent on capital expenditures.

The importance of cash flow statements extends beyond mere compliance with accounting standards. They serve as a vital tool for financial analysis, aiding investors, creditors, and management in assessing the financial health of a company. For investors, cash flow statements help gauge the sustainability of dividend payments and potential for future growth, as they provide insights into how efficiently a company manages its cash resources.

Creditors rely on cash flow statements to evaluate an organization's ability to generate sufficient cash flows to repay debts and interest obligations. Additionally, management utilizes cash flow information to monitor operational efficiency, plan for capital expenditures, and make informed decisions regarding financing strategies.

2. NEED FOR THE STUDY

By studying the cash flows of kwality feed industries ltd. We can determine the reserves of cashto be maintained for the regular activities of kwality feeds industries ltd. To analyze thecurrentliquidity position of the firm.The need for a study on cash flow statement analysis at Kwality Feeds, Ramanapudi, stems from its critical role in providing a comprehensive understanding of the company's financial health and operational efficiency. By examining the cash flow from operating activities, the study can highlight how well Kwality Feeds generates cash from its core operations, thus identifying areas for potential improvement in operational efficiencies and cash management. Analyzing cash flows from investing activities will shed light on the company's capital expenditures and growth opportunities, helping assess the returns on investments and alignment with strategic goals. Furthermore, evaluating cash flows from financing activities will provide insights into the company's debt management, financial stability, and overall financing strategies. This analysis is essential for better resource allocation, risk management, and enhancing stakeholder confidence, ultimately supporting informed decision-making and sustainable growth for Kwality Feeds.

3. OBJECTIVE OF THE STUDY

- To study the cash flow of kwality feeds to understand the company's cash inflows and outflows over a specified period.
- To assess the liability position of kwality feeds by examining its ability to meet short-term obligations and operational efficiency.
- To investigate the various sources of financing capital utilized by kwality feeds.

SCOPE OF THE STUDY

Cash flow is a financial statement that presents information about the company.

The study covers in cash inflow and cash out flow of the kwality feeds industries ltd. For the period of 5 years. The study is carried out based mainly on the secondary data provided in the financial statement. The study is based on the information provided the annual reports. Therefore in may be a future indicator. The cash flow statement ignores the non-cash or non-current assets. So it is not suitable in judging the profitability of a firm. There are some financial differences in the performance. Therefore the accuracy of the accuracy of the study depends on the accuracy of the data and information provided in annual reports.

4. RESEARCH METHODOLOGY

Sources of data

The study is based on secondary data.The method of achieving objectives through the collection of data. The data collected can be either from primary data sources or secondary sources. Every study was based on methodology, which is a way to systematically solve the problem or attain its objectives.

Data collection:

To determine the appropriate data for research, mainly two kinds of data were collected: primary data and secondary data.

Primary Data:

Primary data was not included in the project.

Secondary Data:

The secondary data was extensively collected from various sources that have already been extracted or preserved, i.e., company annual reports, circulars, financial statements, and some other important documents. Secondary data is vital for financial ratio analysis since we will project financial statements based on historical data. Financial statements from numerous websites are the main secondary data sources for this study.

Data analyses in operating actives.

Year	Operating activities
2019	3,77,03,212
2020	21,15,19,459
2021	121,405,212
2022	3,28,639
2023	3,37,547

Interpretation

Trends: There was a significant increase in operating activities from 2019 to 2021, followed by a notable decrease in 2022 and a modest recovery in 2023.

Factors: Factors influencing these changes could include economic conditions, business strategies, market demand, and internal operational decisions.

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Analysis: Analyzing these figures helps in understanding the financial health, growth trajectory, and resilience of the company over these years.

Data analyses investing actives

Year	Investing activies
2019	-1,53,113
202	-1,56,545
2021	-51,12,789
2022	-71,86,595
2023	1,24,19,705

Interpretation

Investment Trends: The company consistently made significant investments in 2019, 2020, 2021, and 2022, primarily in acquiring long-term assets.

Financial Strategy: The large negative figures in 2021 and 2022 suggest substantial capital expenditures, possibly aimed at growth and expansion.

2023 Anomaly: The positive figure in 2023 suggests that the company may have realized gains from its investments or disposed of assets that resulted in a positive impact on its cash flow from investing activities.

Data analyses financing actives

Year	Financing activities
2019	3,17,689
2020	5,37,736
2021	5,19,80,097,
2022	3,10,71,667
2023	3,97,81,093

Interpretation

Trends: There was a significant spike in financing activities in 2021, possibly due to large-scale financing events. The subsequent years (2022 and 2023) show fluctuations, with 2023 seeing an increase again.

Financial Strategy: The fluctuations in financing activities can reflect the company's strategies in managing its capital structure, raising funds for operations or expansion, and adjusting its financial leverage over time.

Impact on Financial Statements: These figures impact the company's cash flow statement and balance sheet, influencing its liquidity, solvency, and overall financial health.

5. CONCLUSION

1. These fluctuations suggest varying responses to economic conditions, shifts in business strategies, changes in market demand, and internal operational decisions during this period.
2. This trend suggests that the company is navigating its investment strategy effectively to achieve growth and enhance its financial position.
3. The company's financing activities in recent years illustrate its dynamic approach to managing capital and responding to market conditions.
4. These activities have significant implications for its financial statements, affecting liquidity, solvency, and strategic flexibility

6. SUGGESTIONS

1. By focusing on these areas, the company can navigate the fluctuations in financing activities more effectively,
2. optimize its financial structure, and strengthen its overall financial health and resilience.
3. By focusing on these areas, you can gain deeper insights into the drivers of operating activity changes and make informed decisions to support the company's financial health and growth trajectory.
4. By delving deeper into these suggestions, you can gain a more comprehensive understanding of the company's financial health, optimize operational efficiency, and strengthen strategic decision-making for the future.

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