

A Study on Cash Flow Statement

K.Narmadha

Assistant professor

Department of Management

Anantha lakshmi institute of technology & sciences, Anantapur

Submitted: 05-06-2022

Revised: 17-06-2022

Accepted: 20-06-2022

ABSTRACT:

A cash flow statement is prepared by an entity; it is one of the most important statements. It shows cash receipts from major sources and cash payments for major uses during a period. It may be prepared at quarterly intervals but at least at yearly intervals. It provides useful information about an entity's activities in generating cash from operations.

Financial analysis can be undertaken by the management of the firm, or by the parties outside the firm, owners, trade creditors, lenders, investors, labor unions, analysis and others. The nature of analysis will differ depending on the purpose of the analysis, ratio analysis, funds flow analysis and cash flow analysis.

Keywords:

- A cash flow statement provides data regarding all cash inflows a company receives from its ongoing operations and external investment sources.
- The cash flow statement includes cash made by the business through operations, investment, and financing—the sum of which is called net cash flow.
- The first section of the cash flow statement is cash flow from operations, which includes transactions from all operational business activities.
- Cash flow from investment is the second section of the cash flow statement, and is the result of investment gains and losses.
- Cash flow from financing is the final section, which provides an overview of cash used from debt and equity.

I. INTRODUCTION:

The statement of cash flows is one of the main financial statements. The other financial statements are the balance sheet, income statement, statement of comprehensive income, and statement of stockholders' equity. A cash flow statement of a company lays down an organisation's total fund inflow in the form of

cash and cash equivalents through operational, investing and financing activities. In the standard cash flow statement format, there are three subdivisions under which all concerned cash inflow and outflow are classified – operations, investing, and financing.

Basis of Accounting:

Cash-flow statement from the point of view of the basis of accounting used for preparing these statements. Whereas a Cash-flow statement is prepared on cash basis of accounting. Due to this reason, some adjustments are necessary like for income received in advance, income outstanding, prepaid expenses and outstanding expenses; these adjustments are made to compute cash earned from operations of the business.

Uses and Importance of Cash Flows Statements:

Cash flow statements are of great importance to a financial manager. The information contained in cash flow statement can help the management in the field of short run financial planning and cash control. Some of the important advantages of Cash-flow statements are discussed below:

1) The projected cash flow statements disclose surplus or shortage of cash well in advance. This helps in arranging surplus cash as bank deposits or investments in marketable securities for short periods. Should there be shortage of cash, arrangement can be made for raising the bank loan or sell marketable securities.

2) Cash-flow statements are of extreme help in planning liquidation of debt replacement of plants and fixed assets and similar other decisions requiring outflow of cash from the business as they provide information about the cash generating ability of the business.

3) The cash flow statement pertaining to a particular year compared with the budget for that year reveals the extent to which the actual sources and applications of cash were in consonance with the budget. This exercise helps in refining the planning process in future.

The inter-firm and temporal comparison of cash flow statements reveals the trend in the liquidity position of a firm in comparison to other firms in the industry. It can serve as a pointer to the need for taking corrective action if it is observed that the management of cash in the firm is not effective.

Cash-flow statements are more useful in short-term financial analysis as compared to fund flow statements since in the short run it is cash which is more important for executing plans rather than working capital.

Procedure for Preparing a Cash Flow Statement:

Cash-flow statement shows the impact of various transactions on cash position of a firm. It is prepared with the help of financial statements, i.e. balance sheet and profit and loss account and some additional information. A cash-flow statement starts with the opening balance of cash - and balance of cash in hand and cash balance at bank - all the inflows of cash are added to the opening balance and the outflows of cash are deducted from the resultant total. The balance, i.e. opening balance of cash and bank balance plus inflows of cash minus outflows of cash is reconciled with the closing balance of cash. The preparation of cash flow statement involves determining of:

- 1) Inflows of cash
- 2) Outflows of cash

A. Sources of Cash-Flows: The main sources of cash in-flows are:

- Cash flow from operations
- Increase in existing liabilities or creation of new liabilities.
- Educationin or sale of Assets.
- Non-Trading Receipts

B. Application of Cash

- 1) Cash lost in operation
- 2) Decrease in or discharge of liabilities
- 3) Increase in or purchase of assets
- 4) Non-Trading Payments. Generally,

Cash-flow statement is prepared in two forms:

- a) Report Form
- b) T Form or an Account Form or Self-Balancing Type.

Research methodology:

This research paper adopts the descriptive method of study, where it has the cash flow statement in BSNL Ananthapur for the term of five years from 2014 to 2019. The research was conducted by using the secondary data collected

from various websites, articles, journals, books, etc.

Objectives:

- To study about the statement of cash flow in BSNL Anantapuramu.
- To know about the financial performance in BSNL Anantapuramu.
- To study the financial performance analysis of BHARAT SANCHAR NIGAM LIMITED.
- To evaluate the financial position of the company in terms of solvency, profitability, activity and earnings ratios.
- To analyze the financial changes over a period of five years.
- To analyze the financial statements of the company by using financial tools.

Importance:

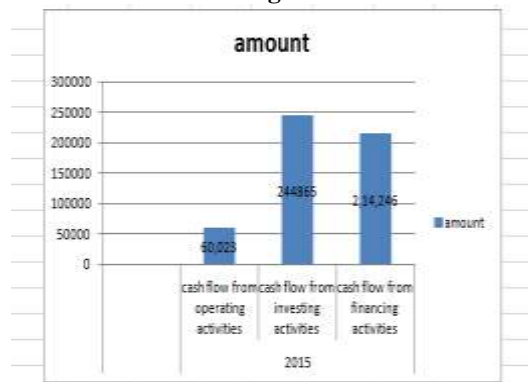
The cash flow statement is useful in terms of giving the overall idea about how much cash is received or earned due to financing activities and how much profit is gained from various capital investment activities.

II. DATA ANALYSIS AND INTERPRETATION:

Table:1

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 2015		
year	particulars	amount
2015	cash flow from operating activities	60,023
	cash flow from investing activities	244865
	cash flow from financing activities	2,14,246

Fig:1



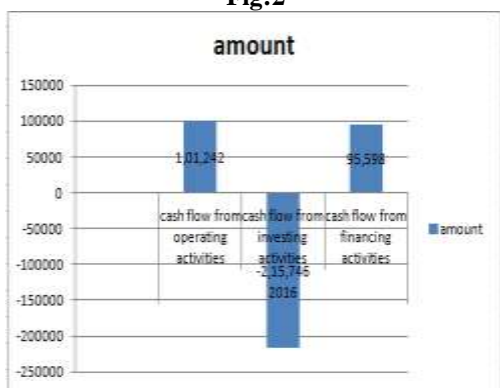
Interpretation:

By observing table:1 and fig:1 noticed that, the investing activities are growing higher level in this year 2014-2015 and having lot of income to the next financial year.

Table:2

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 2016		
year	particulars	amount
2016	cash flow from operating activities	1,01,242
	cash flow from investing activities	-2,15,746
	cash flow from financing activities	95,598

Fig:2



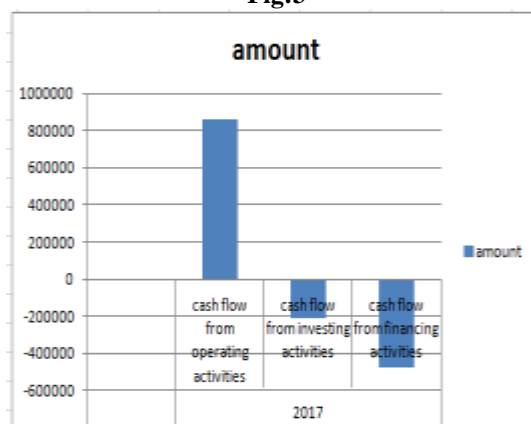
Interpretation:

By observing the table:2 and fig:2 comparing to last year financial results here the investing activities are decreased to lower level in the financing year 2015-2016.

Table:3

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 2016		
year	particulars	amount
2017	cash flow from operating activities	8,58,809
	cash flow from investing activities	-2,09,083
	cash flow from financing activities	-4,73,173

Fig:3



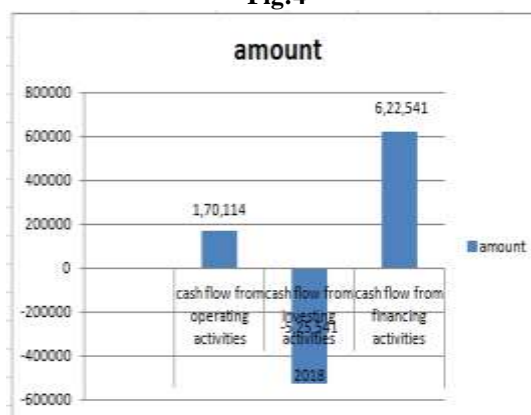
Interpretation:

By observing the table:3 and fig:3 in this year the investing activities are decreased and also the financing activities are lower level year 2016-2017.

Table:4

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 2018		
year	particulars	amount
2018	cash flow from operating activities	1,70,114
	cash flow from investing activities	-5,25,541
	cash flow from financing activities	6,22,541

Fig:4



Interpretation:

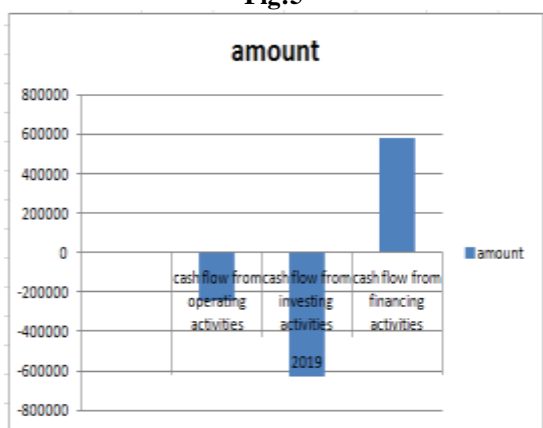
By observing the table:4 and fig:4 the investing activities are decreased to (5,25,541) and the

financing activities are increased more than two times of investing activities 6,22,541.

Table:5

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 2019		
year	particulars	amount
2019	cash flow from operating activities	-2,44,120
	cash flow from investing activities	-6,25,793
	cash flow from financing activities	5,79,014

Fig:5



Interpretation:

By observing the table:5 and fig:5 comparing from all the five years this year the operating activities and the investing activities are decreased to (2,44,120) and (6,25,783) but whereas the financing activities are increased.

Table:6

cash sources	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
operating activities(A)	60023	101242	658809	-170114	-244120
Investing activities(B)	-244865	-215746	-209803	-525541	-625793
Financing activities(C)	214046	95598	-473073	622603	579014
total net cash (A+B+C)	29404	-102906	176533	-73012	-290899

Fig:6

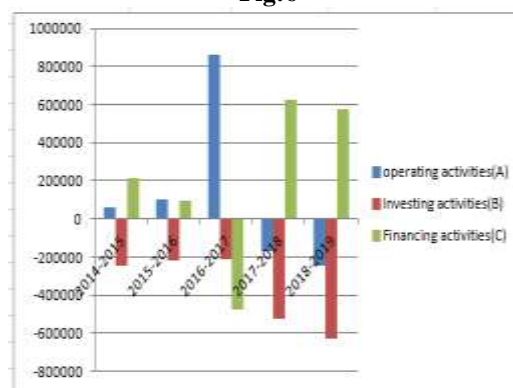
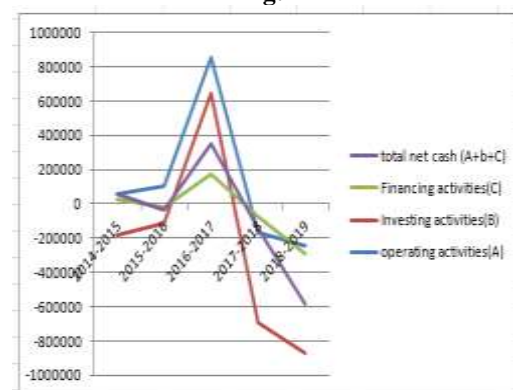


Fig:7



Interpretation:

By observing the table:6 and fig:6 & 7 the overall sources of an cash flow statement the operating activities are increased to higher level and the investing and financing activities are similar to financial years.

III. FINDINGS:

- By analyzing the cash flow statements in the year 2014-2015 the net income cash is 95,998 and increase in the year 2015-2016 the net cash income 2,14,246 and where in the 2016-2017.
- The net cash income is decreased to 95,389 and the upcoming year is increased more than 5 times of last year of 2017-2018 the net cash income is 6,22,623.
- The net cash generated in this year 2018-2019 is decreased to 5,79,014.
- Finally the overall sources of an cash flow statement is the operating activities are 6,05,840 and the investing activities are decreased to (1,82,1028) and the financing activities are 10,38,308.
- By comparing all the cash flow statements of operating activities , investing activities,

financing activities, the net cash flow income is (1,76,880)

IV. SUGGESTIONS

- The following suggestions can be given after a detailed and careful investigation of the research problem. These suggestions would definitely help BSNL to enhance their subscriber base by delivering the customer services.
- The service cost of a loyal customer is less than new customers. They will pay higher costs for a set of products. For a company, a loyal customer will act as a word-of-mouth marketing agent.
- Fulfills customers need and gains knowledge of customers' needs and wants. Has an opportunity to cross-sell existing and new products and services.
- Hence, it is suggested to the BSNL (service provider) to enhance its service.
- As most of the consumers are unaware of the value-added services offered by BSNL. Customer loyalty is the market place currency of the twenty-first century.

V. CONCLUSION

- ✚ This study was undertaken to examine the Customers' Perception and Satisfaction towards BSNL services and its Marketing Performance based on their perception.
- ✚ It is concluded from the study that majority of customers are aware of the services offered by BSNL. The study also reveals that customers are satisfied with the services offered by BSNL.

REFERENCES AND BOOKS:

- [1]. Financial Management; Chandra, p.
- [2]. Financial Decision Making; Hampton.
- [3]. Cost and Management Accounting ;Iyengar, S. P.
- [4]. Cost AccountingLal, Jawahar.
- [5]. Management Accounting; Pandey, I. M.
- [6]. Cost and Management Accounting ; Sharma and Gupta

Websites

www.bsnl.co.in

www.google.com

www.natfm.bsnl.co.in