



A Study on Cash Flow Statement Analysis of Hindustan Coca-Cola Beverages Pvt Ltd, Srikalahasthi

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ABSTRACT

Cash flow statement is an important tool to analyse the cash position of a business firm. It can denote changes in cash position during two financial years. It also provides information about the cash receipts and the payments of a business for a given period. It provides notable information that compliments the profit and loss account and balance sheet. Cash flow statement analysis is a statement which provides a complete explanation for the change in a firm's cash during a particular period by specifying the firm sources and uses of cash during the period from operating, investing and financing activities. It provides convenient information about an entity's activities in generating cash from operations. It informs about programmes to repay debt distributed dividends or reinvest to conserve or enlarge its operating capacity. It provides information about its financing activities both debt and equity and about its investment in both fixed assets or current assets other than cash. This Article is based on the practice followed and instruction for its preparation contained in the various text books for the guidance of the students and accountants. It is hoped that the content of this Article would help the readers to understand Cash-flow statement properly.

Introduction

A cash flow statement is a financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

A company's financial statements offer investors and analysts a portrait of all the transactions that go through the business, where every transaction contributes to its success. The cash flow statement is believed to be the most intuitive of all the financial statements because it follows the cash made by the business in three main ways—through operations, investment, and financing. The sum of these three segments is called net cash flow.

Cash flow statements are prepared in accordance with AS-3 (Accounting standards-3) of the Institute of Chartered Accountants of India (ICAI), all the registered companies whose financial year ends on March 31, 1996 and thereafter will be required to give cash flow statement along with balance sheet and profit and loss account.

Review of literature

Choong Yule (2011) Understood, analysts, cash flow forecasts have become widely available through financial services. Cash flow information enables practitioners to have a better understanding of the real operating performance and financial stability of a company, particularly when earnings information is noisy and of low quality.

Redman – (2012) Studied the impact of the different variables of working capital management including average collection period, inventory turnovers in days, average payments and concluded cash conversion cycle on the net operating probability of firms and concluded ratio and profitability of firms.

Jeniscormier (2012) mentioned that the finance manager may use the received funds management to voluntarily receive funds forecasting. Put on document of the range of earnings management guarantee with Canadian Initial Public Offerings (IPOs) and study the scope to which firms with best corporate control systems are less likely to use achieving funds management to obtain their achieving funds estimates forecasting IPOs prospectus.

Healy et al (1992) use cash flow analysis to traverse the post-merger presentation using a sample of largest 50 mergers in America industries. The results show that the improved productivity due to mergers superior to higher cash flow returns. And the cash flow returns are appreciably positive related to abnormal stock returns at merger announcement.

Objectives of the study

- ❖ To study the cash position of business

- ❖ To study the cash from operation activities
- ❖ To study the cash from investing activities
- ❖ To study the cash from financing activities
- ❖ To study the cash & cash equality
- ❖ To study the solvency of the business in the short term.

Scope of the study

The agency has to put together a coins drift assertion evaluation to allow them to recognised how the cash go with the flow is take area.

- ❖ Users of an enterprise's monetary analysis are interested in how the business enterprise generate and uses cash and coins equivalents.
- ❖ They need coins to conduct their operations, to pay their responsibilities and to provide returns to their buyers.
- ❖ The take a look at is constrained to the employer only as per their balance sheets and other facts sources given by using the business enterprise.
- ❖ An company must prepare a cash glide declaration analysis and ought to present it for each period for monetary evaluation are provided..

NEED FOR THE STUDY

- The cash flow is the most powerful tool of the financial analysis.
- These people use cash flow statement analysis of determine those cash inflows and cash outflow of the firm in which they are interested with the help of cash flow statement analysis.

Data analysis and interpretation

Years	Cash flow
2016-17	235747291
2017-18	4000749030
2018-19	2524745762
2019-20	1273035209
2020-21	652121594

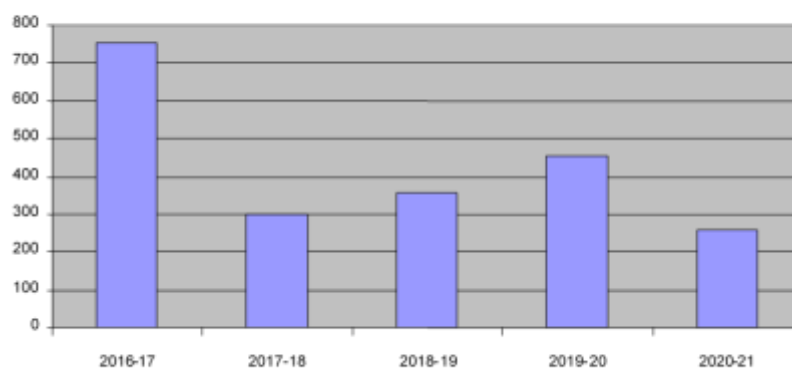
INTERPRETATION: From the above table the cash flow of the company from 2016-17 to 2020-21 are 235747291, 4000749030, 2524745762, 1273035209, 652121594

OPERATING ACTIVITIES

NET CASH FLOW FROM OPERATING ACTIVITIES

YEAR	2016-17	2017-18	2018-19	2019-20	2020-21
CASH FLOWS	755.57	298.97	355.74	456.62	257.72

NET CASH FLOW FROM OPERATING ACTIVITIES



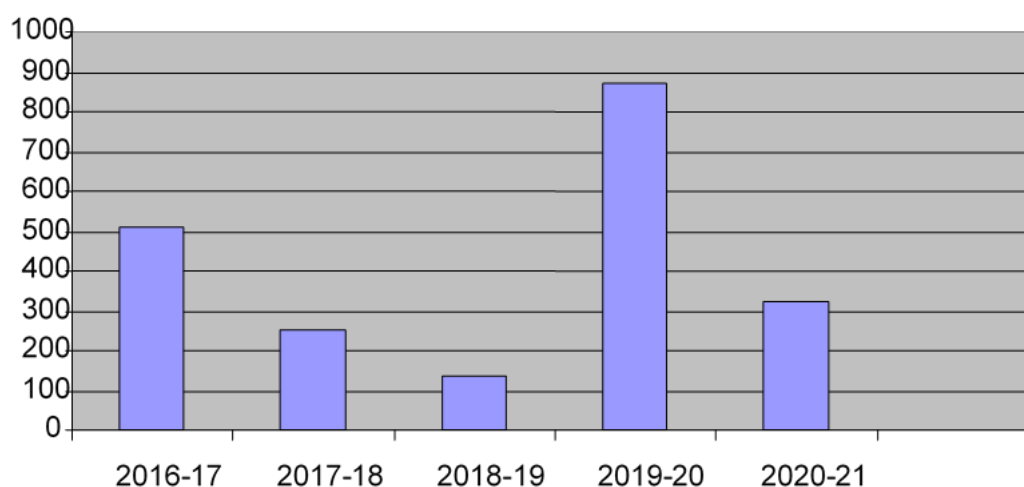
INTERPRETATION:

The above graph shows that the cash flows for 5 years. For the period of 2016-21 the cash flow from operating activities were in the increasing order 755.57, but in the where as the next years it was in decreasing stage

FINANCING ACTIVITIES**CASH FLOWS FROM FINANCING ACTIVITIES**

YEAR	2016-17	2017-18	2018-19	2019-20	2020-21
CASH FLOWS	509.10	250.78	136.09	872.50	319.43

cash flows from financing activities

**INTERPRETATION:**

The above graph shows the cash flow from financing activities for the 5 years. For the period of **2018-19** the cash flow from Financing Activities increasing order **872.50**, but the remaining year it was decreasing order.

Findings

- Net cash flow operating activities are fluctuating.
- Investing activities are fluctuating.
- Financing activities are fluctuations.
- For the period of 2016-17 the cash flow from operating activities were in the increasing order 755.57, but in the where as the next years it was in decreasing stage.
- , for the period of **2016-2017** the cash flow from investing activities were in the increasing order **668.35**, where as in the next years it was decreasing stage.
- For the period of **2020-21** the cash flow from Financing Activities increasing order **872.50**, but the remaining year it was decreasing orde

Suggestions

- ✓ The Hindusthan coca cola beverages pvt ltd. should invest on the quick earning assets and investment.
- ✓ Instead of allocating all profits as repayment of secured loans & payment of dividends some portion should be retained to improve cash position for financing activities.

Conclusion

It can be concluded that the company overall operating activities are satisfactory when compared to investing and financing activities. The overall financial position of company is not satisfactory and needs to be improved further in the future.

Websites

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