



A Study on Classifications of Cash Flow Statement

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ABSTRACT:

The concentration on the Cash flow statement is a significant instrument to investigate the money position of a business firm. It can mean changes in real money position during two monetary years. It likewise gives data about the money receipts and money instalments of a business for a given period. It gives remarkable data that praises the benefit and misfortune record and asset report. A cash flow statement is about which gives a total clarification to the adjustment of a company's money during a specific period by determining the firm sources and uses of money during the period from operating, investing, and financing activities. It gives helpful data about an element's exercises in creating cash from tasks. It is trusted that the substance of this Article would assist the perusers with understanding the Cash flow statement appropriately, This Article is got ready in light of the different auxiliary sources.

Keywords: Cash flow, financial activities, Investing activities, Operating activities.

INTRODUCTION:

A cash Flow Statement is a summed-up assertion showing cash inflows and money outpourings of working, supporting, and contributing nature over a particular timeframe. It requires opening and shutting asset reports and furthermore benefit and misfortune accounts. Cash includes cash available and request stores with banks. Cash counterparts are present moment, profoundly fluid speculations that are promptly convertible into known measures of money and which are dependent upon an immaterial gamble of changes in esteem. Incomes are inflows and outpourings of endlessly cash counterparts. Working exercises are the important income-delivering exercises of the undertaking and different exercises that are not money management or supporting exercises. Contributing exercises are the obtaining and removal of long-haul resources and different ventures excluded from cash reciprocals. Funding exercises are exercises that outcome in changes in the size and synthesis of the proprietors' capital and borrowings of the undertaking.

DEFINITION:

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.

REVIEW OF LITERATURE:

1. Charles, E. Jordan and Marilyn A. Waldron(2010) Based on payout interference for future wearable shoes, which is believed to be a good fit. As such, some basis completes financial statements, financial managers and other users would be better off.
2. Hanafi and Halim, 2005:Analysis of a company's financial statements is basically done to determine the level of profitability (profit) and the level of risk or the level of a company's health. The easiest work in financial analysis of course calculates the financial ratios of a company.
3. Trotman and Gibbins (1998) Questions about the property, plant, and use of food, what is the cost basis for the guidelines. Changes to the computer program are the source of the money and the things money. This idea allowed us to sell non-cash or non-cash assets. is defined as the income and expenses and labor costs.
4. Soemarsono, 2005 The cash flow statement can provide information on changes in net assets, financial structure and the ability to

influence the amount and timing of cash flows within face circumstances and opportunities. In addition cash flows can also provide information about the company's ability to generate cash

5. Adhikari and Duru (2010) It has no way to reduce operating costs, suggesting a lower pay rate. They have funds to help them not be able to produce the product, given the level of investment rate needed to calculate this amount. They pay on investments and credit to reduce the amount of money needed for a post-lease payment, while at the same time choosing the options for understanding the remaining free cash flow will be linked to the free cash flow.
6. Roger Hussey & Andra Ong (2009) In general, the flow of funds for the development of the amount of money used for economic and.

Classifications of cash flow statement

All businesses finished during the monetary year influence income somehow, and in the synopsis structure, they are considered in the year's income articulation. Precisely where the articulation relies upon the idea of the exchange. As noticed, the three fundamental classes of income are working exercises, contributing exercises, and supporting exercises. The parts of every one of these will be tended to independently.

Operating activities:

Operating activities are the essential exchanges that keep the business running. Most eminently, they incorporate approaching income (otherwise called net gain) from the offer of labour and products and most sorts of active instalments. Income from Operating activities does exclude chief paid on or got from advances, and just incorporates exchanges that were finished during the period. This basically implies that Operating activities aren't viewed as income until the money is really gotten or paid, instead of simply being recorded as records receivable or payable. As a general rule, on the off chance that a movement would show up on the organization's pay explanation, it would be a possibility for the working segment of the cash flow statement. Net changes in monetary record classes from one period to another likewise address income; in this manner, a net lessening in money due from one year to another regularly recommends an expansion in income for that period. Now and again labour and products are paid for before the period in which the advantage is matched to income. These outcomes in a conceded or prepaid cost. Things, for example, insurance payments that are paid ahead of the inclusion time frame are named paid ahead of time. In some cases, labour and products are gotten and utilized by the organization before they are paid for, for example, telephone utility or product stock. These things are called gathered costs, or payables, and are perceived on the pay proclamation as a cost before the income happens. Working exercises incorporate the creation, deals, and conveyance of the organization's items as well as gathering instalments from its clients. This could incorporate buying natural substances, building stock, promoting, and transporting the item.

Investing activities:

Investment activities address the income from the acquisition of long-haul resources (like property and gear) expected to make or sell labour and products. Investment activities additionally incorporate the acquisition of stocks or different protections, and credits made to different organizations. A significant issue that potential financial backers have with the money management exercises segment is that the cash recorded here addresses exercises paid for in real money. As such, it incorporates just the head or book worth of the speculation. Thus, if an illustration of an organization that needed to buy \$5 million bucks worth of hardware with just \$1 million money and \$4 million in funding, just the \$1 million will appear under financial planning exercises. Premium and devaluation are delegated working income, as are net additions or misfortunes on speculations. Due to these qualifications, income from Investment activities is commonly more perplexing to work out than that from different classes.

Financing activities:

Financing activities comprise exchanges influencing an organization's liabilities and investor value. Predominantly including how the organization gets capital and improves the worth of its stock, they incorporate such things as giving securities, instalments on obligation, delivering profits, and giving and repurchasing stock. Financing activities incorporate the inflow of money from financial backers like banks and investors, as well as the surge of money to investors as profits as the organization produces pay. Different exercises which influence the drawn-out liabilities and value of the organization are likewise recorded in the supporting exercises segment of the cash flow statement.

Cash and Cash Equivalent:

The idea of cash flow can be extensively partitioned into two classes, in particular, the inflow and surge. The money inflow, which is otherwise called internal income or simply income, is created because of support, adventures, and deals. The money surge which is otherwise called the forward progression of money is viewed because of many factors like buys, speculations, pay rates, and managerial uses. The significance of income articulation was acknowledged directly following the 2007 downturn cycle. Business associations have understood the significance of income examination, and have begun ordinary reviews of money surges as well as inflows. This investigation of inflow and outpouring will in general assume a profoundly instrumental part in broad monetary preparation and monetary administration.

❖ Cash inflows key elements:

- Payment for goods or services from your customers.
- Receipt of a bank loan.
- Interest on savings and investments.
- Shareholder investments.
- Increased bank overdrafts or loans.

❖ Cash outflows key elements:

- Purchase of stock, raw materials or tools.
- Wages, rents and daily operating expenses.
- Purchase of fixed assets – PCs, machinery, office furniture, etc.
- Loan repayments.
- Dividend payments.
- Income tax, corporation tax, VAT and other taxes.
- Reduced overdraft facilities.

A large number of your normal money surges, like compensations, credit reimbursements and expense, must be made on fixed dates. You should constantly be in a situation to meet these installments to stay away from enormous fines or a disappointing labor force.

Methods of preparing cash flow statement:

Direct method:

Companies that use the direct method are required, at a minimum, to report separately the following classes of operating cash receipts and payments

Indirect method:

The indirect method, by contrast, reports operating cash flow based on changes in the balance sheet (the distribution of assets and liabilities) from period to period as they relate to net income. Thus, instead of reporting the total cash received from customers, an indirect statement only lists the change in cash received from the previous period.

OBJECTIVES OF THE STUDY:

1. To know the cash flows during the period from operating activities.
2. To know the cash flows during the period from investing activities.
3. To know the cash flows during the period from financing activities.

NEED FOR THE STUDY:

- Cash flow statement aims at highlighting the cash generated from operating activities.
- Cash flow statement helps in planning the repayment of loan or replacement of fixed assets.
- Cash flow statement is used as basis for the projection of future investing and financing plan of the enterprise.

SCOPE OF THE STUDY:

- It helps to take short term financial decision.
- It indicates the cash requirement needed for plant or equipment expansion program.
- To find strategies for efficient management of cash.

RESEARCH DESIGN:

The researchers used this design is the design of the study design. 3.2 Sources of data There are two types of data:

- **Primary Data:**

Natural data collection is first and foremost natural. For the first time by collecting information from preliminary investigations, experiments and questionnaires, and data collected by themselves or by primary data through the interview process.

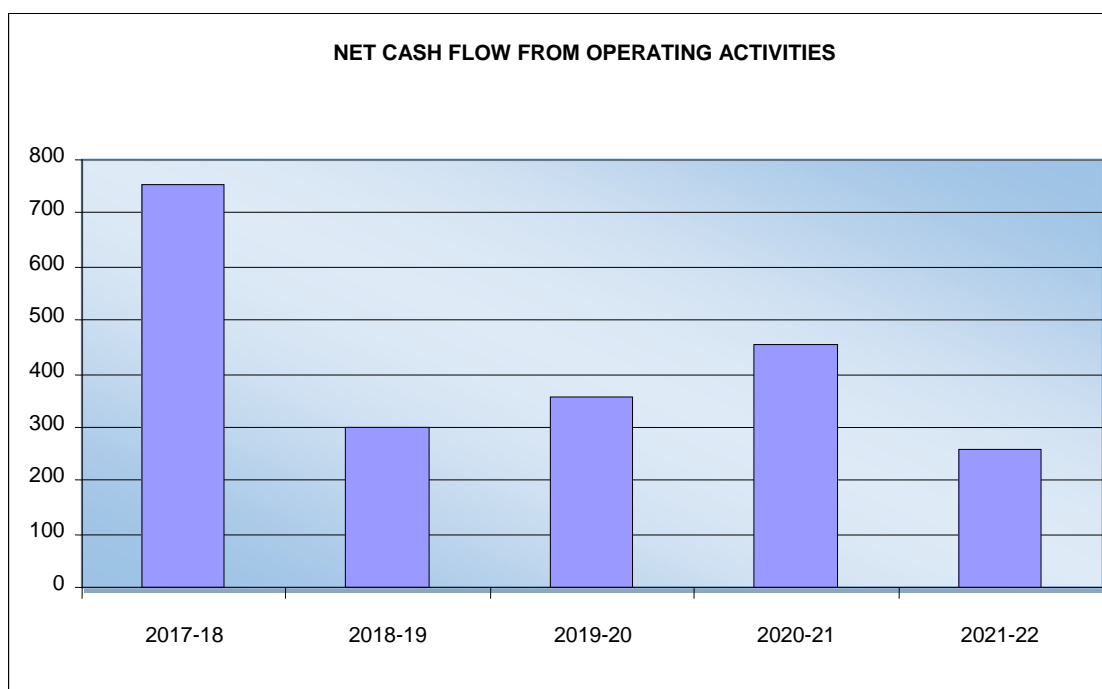
- **Secondary data:**

Secondary data refers to data that is collected by someone other than the primary user. Common sources of secondary data for social science include censuses, information collected by government departments, organizational records and data that was originally collected for other research purposes.

SAMPLE OF DATA ANALYSIS & INTERPRETATION

NET CASH FLOW FROM OPERATING ACTIVITIES

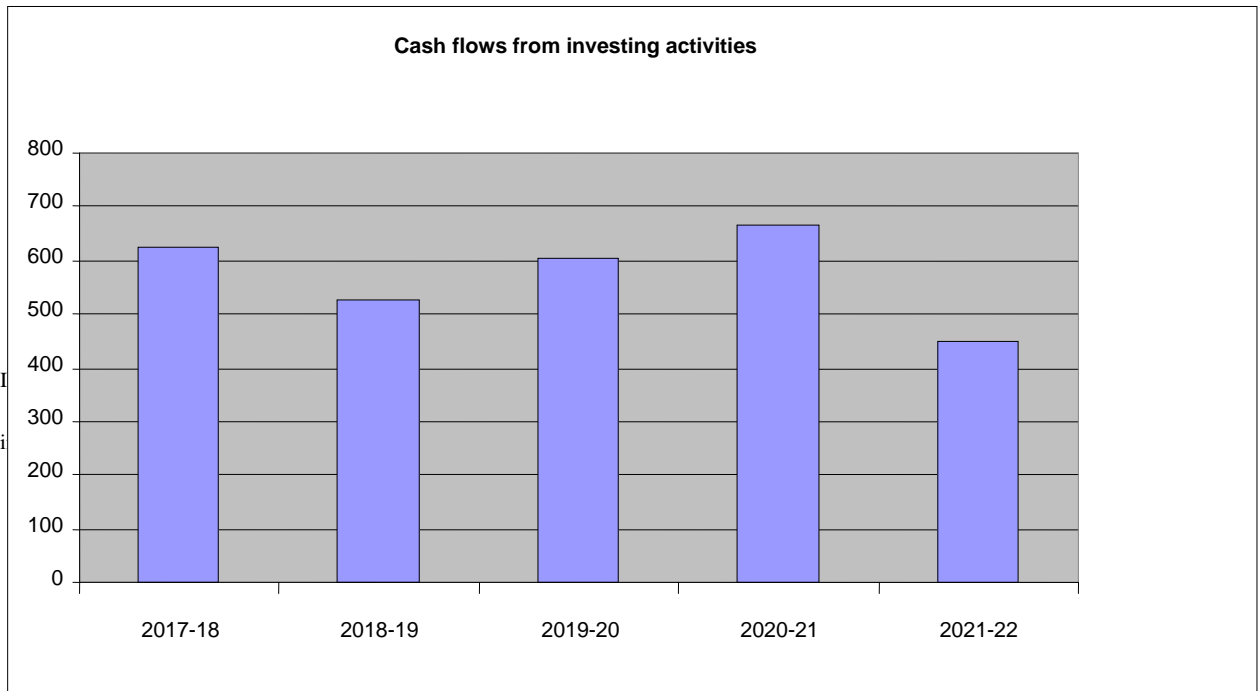
YEAR	2017-18	2018-19	2019-20	2020-21	2021-22
CASH FLOWS	755.57	298.97	355.74	456.62	257.72

**INTERPRETATION:**

The above graph shows that the cash flows for 5 years. For the period of 2017-18 the cash flow from operating activities were in the increasing order 755.57, but in the whereas the next years it was in decreasing stage.

INVESTING ACTIVITIES**CASH FLOWS FROM INVESTING ACTIVITIES**

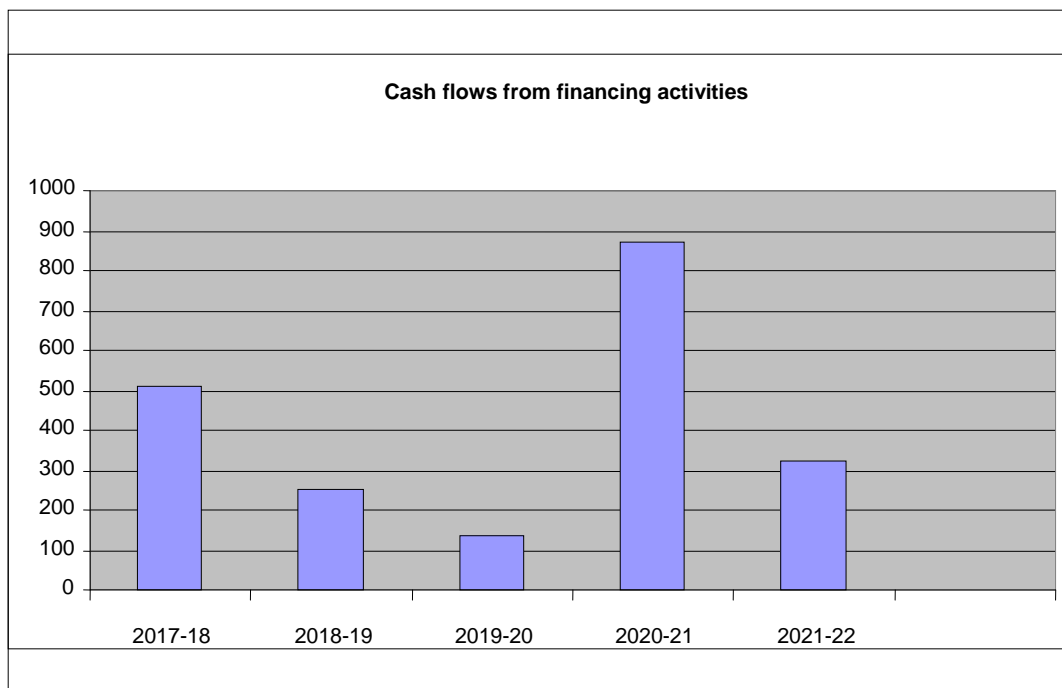
YEAR	2017-18	2018-19	2019-20	2020-21	2021-22
CASH FLOWS	622.12	526.18	605.14	668.35	449.85



FINANCING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

YEAR	2017-18	2018-19	2019-20	2020-21	2021-22
CASH FLOWS	509.10	250.78	136.09	872.50	319.43

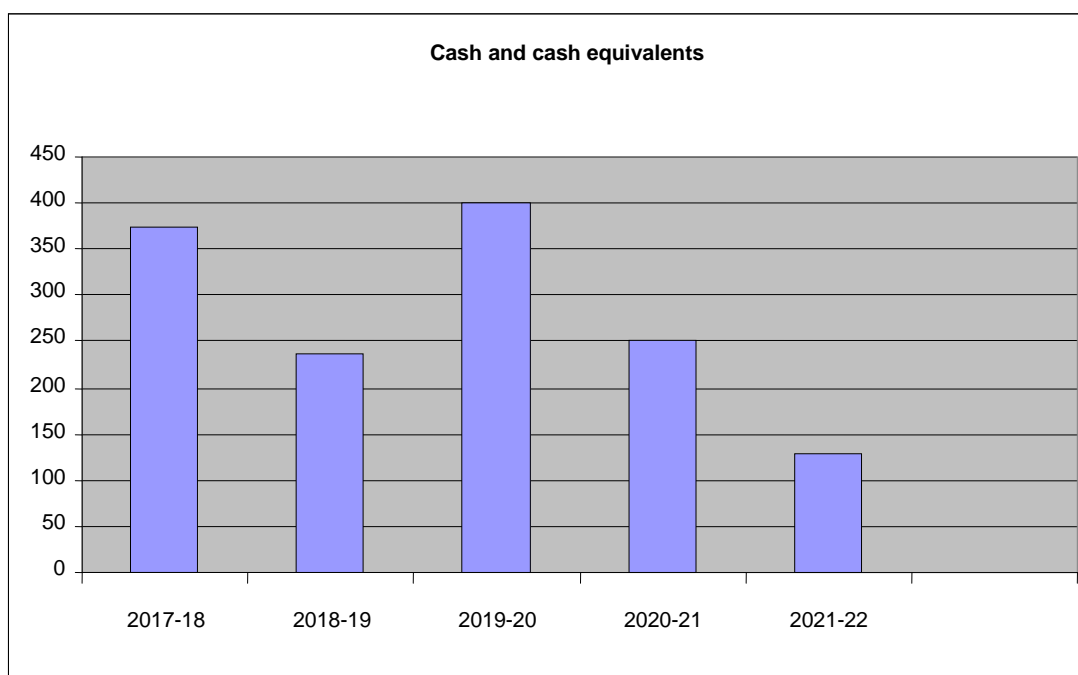


INTERPRETATION:

The above graph shows the cash flow from financing activities for the 5 years. For the period of 2019-20 the cash flow from Financing Activities increasing order 872.50, but the remaining year it was decreasing order.

CASH AND CASH EQUIVALENTS

YEAR	2017-18	2018-19	2019-20	2020-21	2021-22
CASH FLOWS	374.58	235.74	400.74	252.47	127.30

**INTERPRETATION:**

The above graph shows the cash and cash equivalents for the 5 years. For the period of 2020-21, the cash and cash equivalents increasing order 400.74, but in the remaining year it was decreasing stage.

FINDINGS:

1. During the financial year 2017-18, the net cash flows from operating activities is Rs.2,88,96,094, net cash flows from investing activities.
2. During the financial year 2018-19, the net cash flows from operating activities is Rs.6,12,77,441, net cash flows from investing activities.
3. During the financial year 2019-20, the net cash flows from operating activities is Rs.4,39,66,908, net cash flows from investing activities.
4. During the financial year 2020-21, the net cash flows from operating activities is Rs.8,23,89,740, net cash flows from investing activities.
5. During the financial year 2021-22, the net cash flows from operating activities is Rs.11,12,23,009, net cash flows from investing activities.

SUGGESTIONS:

1. The organization needs to improve the cash inflows from investing activities.
2. The organization should try to reduce the more cash outflow from investing activities compared to operating activities and financing activities.
3. The organization needs to maintain the cash and cash equivalents up to the standard levels consistently.
4. The organization tries to reduce the unnecessary long term borrowings.

CONCLUSION:

Finally, from this study, the cash fluctuations increase in cash level from year to year has high variations. So, it is necessary to reduce these variations in cash. To avoid the high increases in cash and try to invest more fixed assets to maintain the company in a better position for a long run. Company has to increase its current assets such as cash in hand and cash at bank and maintain the cash reserves for smooth running of business activities in future.

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