

The Impact of Cash flows and Firm's Performance Evidence of Food, Beverage and Tobacco Companies Listed in CSE

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Abstract

Studying the relationship between cash flows and firm performance in food, beverage and tobacco companies in Sri Lanka is significant since it is less researched area by most of the scholars. Some studies found positive relationship between cash flows and firm performance while some other studies found the negative relationship. These inconclusive findings created a gap in the literature leading to further inquiries in this area. All the Food, beverage and tobacco companies listed in Colombo Stock Exchange are taken as the sample of this study. This is a quantitative study and utilized secondary data. Data collected from the annual reports and the duration under study was the period between 2015- 2020. Three dependent variables are cash flows from operating activities, investing activities and financing activities. Return on assets and return on equity used as dependent variables to measure the firm performance. Descriptive statistic, correlation amount, R square amount, sig. value and regression equation used for this analyze. The findings may have implication for making numerous financial decisions.

Key words: *Operating Activities, Investing Activities, Finance Activities, Return on Assets, Return on Equity*