

**IMPACT OF CASH FLOW MANAGEMENT ON THE
FINANCIAL PERFORMANCE OF THE LISTED COMPANIES IN
SRI LANKA**



By

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ABSTRACT

The study was attempted to investigate the impact of cash flow management on the financial performance of the listed companies in Sri Lanka. Cash flow management is essential to every business that designs to meet up with its financial obligations. No business operation is isolative of cash flow management. Business firms need cash to execute their operational activities and investment. The purpose of this research is to identify the impact of cash flow management on the financial performance of the listed companies in Sri Lanka. Cash flow from operating activities, cash flow from investing activities and cash flow financing activities are the independent variables and firm financial performance is dependent variable of this study.

Required data is collected from annual reports published by companies which are listed under CSE. The study population for this study is all listed companies in Colombo Stock Exchange. The sample for this study has been selected 25 listed companies listed under CSE directory for the period of 2015 to 2019. The researcher used quantitative methodology for this study.

Findings of this research indicates that cash flow from operating activities had a significant and positive impact on financial performance while cash flow from investing and financing activities had a significant and negative impact on financial performance. Therefore the study reveals that there is significant impact of cash flow management on financial performance of listed companies in Sri Lanka. Therefore, this study provides some useful recommendations about the impact of cash flow management on the financial performance. When the companies spend their cash they want to maintain equality level between operating, investing, and financing activities. Inequalities between the cash flow activities impact the efficiency of the financial performance of the companies.

Keywords: Cash Flow Management, Financial Performance, Cash Flow from Operating Activities, Cash Flow from Investing Activities, Cash Flow from Financing Activities, Return on Assets

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