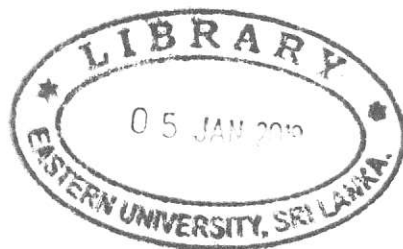


**RELATIONSHIP BETWEEN CASH FLOW VARIABLES AND  
PROFITABILITY OF COMPANIES IN  
MANUFACTURING SECTOR IN SRI LANKA**



by

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## **ABSTRACT**

This study related to identify the relationship between cash flow variables and firm profitability of companies in manufacturing sector in Sri Lanka. Operating activities, investing activities and finance activities only consider as a cash flow variables. Return on assets and return on equity use for measure the firm profitability. Manufacturing companies are sample of this research. Only consider the 2013 - 2017 annual report information for analyze.

Amount of operating activities, investing activities and financing activities, net profit after tax before interest, average total assets and average total equity used for this study. Operating activities, investing activities, financing activities used as independent variable for measure the cash flows. Return on assets and return on equity used as dependent variables for measure the firm profitability.

SPSS package and Microsoft excel use for analyze data. Descriptive statistic, correlation amount, R square amount, sig. value and regression equation used for this analyze. Some previous studies represent the positive relationship between cash flows and firm profitability. As well as some studies represents the negative relationship between cash flows and firm profitability.

According to these studies positive impact of OA on ROA and shows significant relationship. IA and ROA represent the insignificant positive relationship. Insignificant negative impact shows the FA on ROA. As well as OA and ROE shows positive significant relationship. Positive insignificant relationship shows the IA on ROE. But FA and ROE represent the insignificant negative relationship. Overall cash flows and ROA show significant positive relationship and ROE show insignificant positive relationship.

Key words: Operating Activities, Investing Activities, Financing Activities, Profitability, Return on Assets, Return on Equity, Manufacturing Companies

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