

Solution:

The purposes of a statement of cash flow are that it helps to track the cash & cash equivalent so that they can use it whenever the need arises. It also helps them to assess their economic standing and ensures that the company avoids the fear of bankruptcy (unless the conditions force the company to do so.).

Moreover, cash flow statements is a great way to understand the economic health of company and allows investors & shareholders to draw the conclusion about the ambitions of a company, be it in terms of investments or financing their work, and whether these ambitions are actually offset by the sufficient operational cash flow.