Solution:

"The statement of cash flow is an optional statement included by most companies in their annual report."

Let's analyse the above sentence.

What exactly is a statement of cash flow? In simple terms, cash flow statements are statements that help to track the movement of cash (and cash equivalents) in a business during a given period by operational, investment or financial activities.

Such a statement is crucial for any kind of business because tracking the cash & equivalents helps the business to track the actual monetary earnings that is generated from the business during the given period.

This is illustrated as follows: Suppose a business has all its sales on credit and no collection during a period. Thus, while there is a huge income (due to accrual accounting), there is no cash flow from this revenue. If dues become obligated during this period, the business must deplete its cash reserve to pay the same. If the business does not have sufficient cash to pay the obligations, then this is problematic because they must raise cash & equivalents somehow. If they fail, then the business might have to undergo bankruptcy.

This means that while the business is showing a positive income to shareholders, a negative cash flow implies that the business is unable to meet its obligation if needed at a certain point.

Several cases like American Airlines, Jet Airways etc. underwent similar problems and declared bankruptcy despite showing positive income for the years.

Thus, it becomes essential for businesses to track their cash reserves as well and such a tracking takes the form of cash flow statements.

So, the response to the above sentence? It's a NO.