

**CASH FLOW STATEMENTS AS TOOL FOR ASSESSING LIQUIDITY IN  
COMMERCIAL COMPANY: A CASESTUDY OF NDOLI  
SUPER MARKET KIGALI-RWANDA.**

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**ABSTRACT**

The main purpose of this study was to find out the extent to which statement of cash flows could be used as tool of assessing the liquidity of commercial companies especially Ndoli Supermarket in Kigali-Rwanda. The specific objectives were to investigate the effectiveness of cash flows statement used by NDOLI Supermarket in Kigali-Rwanda; to find out the level of liquidity of NDOLI Supermarket in Kigali-Rwanda; and to evaluate the relationship between cash flows statement and liquidity of NDOLI Supermarket in Kigali-Rwanda. The methodology used is the descriptive and correlational research. The study population was 48 employees of NDOLI Supermarket Kigali-Rwanda. The questionnaires were addressed to the 37 respondents, and the study used documentary technique. Methods of analysis were descriptive statistics methods, correlation coefficient, and financial ratios analysis. The findings of this study were presented in accordance to research objectives. The effectiveness of cash flow statements was presented to tables from 4.6 to 4.8 which confirmed income statement was on average rate of 88.41%. Balance sheet/ financial position were on average rate of 90.55%, and Cash flow analysis was average rate of 88.23% of respondents' confirmation at NDOLI Supermarket Kigali-Rwanda. The liquidity of NDOLI Supermarket Kigali-Rwanda from 2013-2015 were shown to the tables 4.9 to 4.22 which confirmed that increase of return on assets was on rate of 54.1%; return on equity was on rate of 91.8%; return on investment was on rate on 86.5%; gross profit margin was on rate of 86.5%; and current ratio was on 94.6%. Generally, liquidity evolution has averaged on rate of 68.91%. Current Ratio; it was 1.13 in 2013; it was became 0.84 in 2014; and it was 0.98 in 2015. Quick Ratio (Acid Test) where it was 1.13 in 2013; while in 2014, QR was 0.84 and it was became 0.98 in 2015. The relationship between cash flow statement and liquidity of NDOLI Supermarket Kigali-Rwanda was shown the table 4.23 which confirmed that effective cash flow statement contributes 87.56% of liquidity evolution. As conclusion, according to the findings from NDOLI Supermarket Kigali-Rwanda. The study recommends that Ndoli Supermarket should improve the quality of services and the trainings of employees in relation to annual financial statement reports to achieve more profits.