

Answer on Question #39004 - Economics – Finance

Funds flow analysis represents a stock to flow linkage.” – Justify.

Solution

Fund flow analysis is the analysis of flow of fund from current asset to fixed asset or current asset to long-term liabilities or vise- versa. First of all, we make fund flow statement and then study its cause and effect deeply and try to find many important facts and information which can be used in business. The national flow of funds accounts reveal where market players get their funds and how they apply their resources. Flow of funds analysis explains investment market behavior and helps you determine whether current trends are likely to continue.

So, funds flow analysis represents a stock to flow linkage.