

A Study on Analytical Study of Fund Flow Statements in an Organization

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Abstract: Fund flow statements summarize a company's cash inflows and outflows. Put simply, it tells investors where the funds came from and where the funds went. The statements are often used to determine whether companies are efficiently raising and using the funds at their disposal. Cash flow statements are prepared by taking the balances for two dates representing the coverage period. The increases and decreases must then be calculated for each position. Finally, the changes are grouped into four categories: (1) long-term sources, (2) long-term uses, (3) short-term sources, (4) short-term uses. It is also important to set the non-fund based adjustments to zero to capture only the changes associated with cash flow. However, income accrued but received and expenses incurred but not received that are offset in the income statement should not be excluded from the profit figure for the cash flow statement. Cash flow statements can be used to identify a variety of issues in the way a business operates. For example, companies that finance long-term investments with short-term money could run into liquidity problems in the future. Meanwhile, a company that uses long-term money to fund short-term investments may not be using its capital efficiently.

Keywords: Job Performance, Employee Satisfaction, Job Security, Quality of Working Life.

I. INTRODUCTION

Basic financial declarations such as Antipode Breadth and Profit & Loss A/c or Income Anniversary of Business make the net known after various diplomacy about the operative and financial situation of the company. The antipodal latitude gives a rough idea of the assets and responsibilities of an opportunity at a specific point in time. There is an abundance of diplomacy here that rests on chance and does not achieve a profit and loss account. Thus, the accession date can update the change in assets and liabilities by the end of an age to the end of the accession age. The anniversary is declared as the anniversary of the change in financial position or cash flow statement. The Funds Flow Anniversary is an anniversary that lends credence to the movement of funds and is a site of a company's financial operations. In simple terms, it is a jubilee of the anterior and endowment of the means.

A. Importance & Idea of Finance

The term "Fund" is correct and is interpreted inconsistently by adjusted experts. Roughly the appellation funds submit to

all the financial dexterity of accession on the added sly fund accustomed only as banknote. Many accepting acceptance of the "fund" is "working capital". Working Basal is the antithesis of acclimated consent over acclimated liability. The Appeals Fund has an order of importance.

Cash Funding or Thin Intelligence: In a lesser sense, you're funding cash that has been abandoned. "Cash flow jubilee describes the net after-effect of various banknotes of business diplomacy on jubilee receipts and cash amounts. Taking advances from the jubilee is not normal, because there are many international relations that do not affect the banknote, but make up the flow of money, such as acquiring equipment on acclamation, which now does not affect the banknote, but it can give a sliding of the fund.

Investment Financing (or) More Comprehensive Information: Here the office finances all the financial goods accustomed in the enterprise, be it in the analysis of men, money, cloth, equipment and others.

Network Investment (or) Accepted Intelligence: The interconnection of fundamental office differences amidst acclimatized ownership and liability finance relates to banknotes or banknote supplements or to animated capital. In no deal can we underestimate the sliding of funds from two operations. The trading company runs on funds, but the alignment knows how to drift away

B. Objectives of the Study

- To know the Cash Management Performance of the Bajaj Auto Limited Limited.
- To analyze the Working Capital Management of Bajaj Auto Limited Limited.
- To analyze the cash flow cycle of selected samples of Bajaj Auto Limited Limited.
- To evaluate the cash flow from operating activity, financing activity and investing activity of selected samples of Bajaj Auto Limited Limited.
- To analyze the relationship between availability of cash and profitability performance of Bajaj Auto Limited Limited.

- To analyze the cash conversion cycle of Bajaj Auto Limited Limited.
- To make suggestions for improvement of cash management for selected samples of Bajaj Auto Limited.

II. RESEARCH METHODOLOGY

Research: Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in the future course of action. Redman and Mory defines research as a “systematized effort to gain new knowledge”.

Research Design: A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with company in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data.

Sources of Data: The data was collected through primary and secondary sources.

Primary Data:

- First hand information was collected using the direct personal interview.
- Interaction with guide to understand the general & specific aspects regarding utilization of resources.

Secondary Data: Annual reports collected from the Bajaj Auto Limited.

Period of Study: The analyze presented in the study are “Annual Reports” of Bajaj Auto Limited from 2016-17 to 2020-21.

III. REVIEW OF LITERATURE

Mangayarkkarsi Muthuvelan-2015- Cash flow analysis is highly useful for financial planning in the firm. This analysis is used to determine what transactions caused the cash balance to change during a particular period. Many users give preference to direct method few only considering the indirect method. Here, two statements are to be prepared one is calculation of cash from operations and another one is cash flow statement. In this work the basic tool used to understand the cash flow analysis of previous consecutive five year’s data collected from M/s. Pantaloon Retail (India) Limited. The company involves retail operations in Fabric Materials, Food Materials, Electronic Goods, Home Needs and Logistics. But all these operations are focused on retail markets in India. The cash from business operations increases gradually from the year 2006-2010. Here, the sources and applications of cash for the year 2010 is increased compared to other years. So the financial position of the firm is good at the year 2010.

Bogumila Brycz-2012-In the literature there is often emphasized the importance of cash flow analysis as an integral part of financial analysis, however the traditional cash flow analysis is limited to the vertical analysis of net cash flow from

three levels of activities and, more rarely, to ratio analysis based on these three net cash flows. The purpose of the article is to evaluate the usefulness of such an analysis in the assessment of a company’s financial position with the aim of improving it. Therefore, based on the literature review on the cash flow analysis, the authors highlight the usefulness of the decomposition analysis of the cash flow statement and propose a procedure for conducting such an analysis, in particular they propose making an in-depth analysis of the cash flow from operations consisting of several stages.

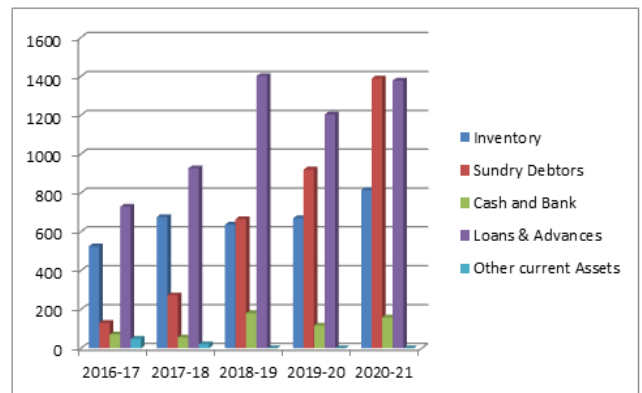
B. Padma Sri-2017-In the developing world there are many firms which has been opened but there are only few firms which is able to withstand. Few firms has more assets and less cash and vice versa (i.e, the working capital will be in a good position) but they will not be able to pay the tax, repay the debt and so on, due to fact that the cash at hands or liquid assets will not be available for that firm. So, to avoid this situation the cash flow system is introduced which gives the idea of how to use the working capital in such a way so that the firm will not meet with the inadequacy of the cash. Based on the cash flow statement a firm can forecast it's profit for the forth coming periods (days, months and next year). This research paper concludes that the cash flow statement is not similar to the income statement but it can be used as a source for computing the cash flow statement.

IV. DATA ANALYSIS & INTERPRETATION

A. Composition of current Assets: (All the amounts are in Cr)

Table-1

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Avg.
Inventory	524.93	675.57	636.76	669.55	815.49	3322.3
Sundry Debtors	130.59	272.31	665	920.58	1389.59	3378.07
Cash and Bank	71.52	56.1	181.04	117.5	159.25	585.41
Loans & Advances	728.66	926.99	1401.95	1203.54	1378.02	5639.16
Other current Assets	48.87	20.72	0	0	0	69.59
Total	1504.57	1951.69	2884.75	2241.62	3742.35	



Graph1.

Interpretation: The income statement is also called as income statement, it is considered to be the most useful of all financial statements. It prepared by a business concern in order to know the profit earned and loss sustained during a

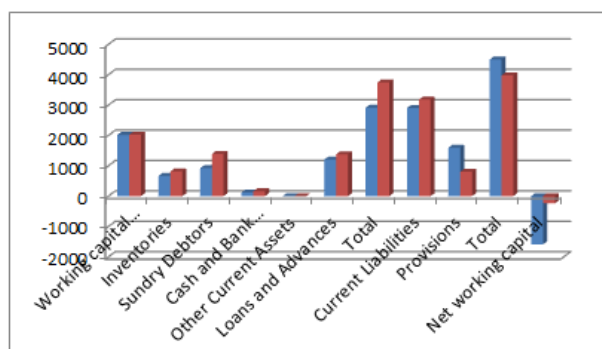
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specified period. It explains what has happened to a business as a result of operations between two balance sheet dates. For this purpose it matches the revenues and cost incurred in the process of earning revenues and shows the net profit earned or loss suffered during a particular period. The nature of Income which is a focus of the income statement can be well understood if business is taken as an organization that uses “Input” to produce “Output”. The output of the goods and services that the business provides to its customers. The values of these outputs are the goods and services that the business provides to its customers. The values of these outputs are the amounts paid by the customers for them. These amounts are called “revenues” in the accounting. The inputs are the economic resources used by the business in providing these goods and services. These are termed “expenses” in accounting.

B. Statement Of Changes In Working Capital: Rs in Crores

Table-2

Working capital turnover ratio 2021		
Working capital turnover ratio	2020	2021
Total current Assets		
Inventories	669.55	815.49
Sundry Debtors	920.58	1389.59
Cash and Bank Balances	117.5	159.25
Other Current Assets	0	0
Loans and Advances	1203.54	1378.02
Total	2911.17	3742.35
Total Current Liabilities		
Current Liabilities	2903.12	3180.69
Provisions	1594.31	799.68
Total	4497.43	3,980.37
Net working capital	-	-238.02
Increase\decrease in net working capital	-1348.24	



Graph2

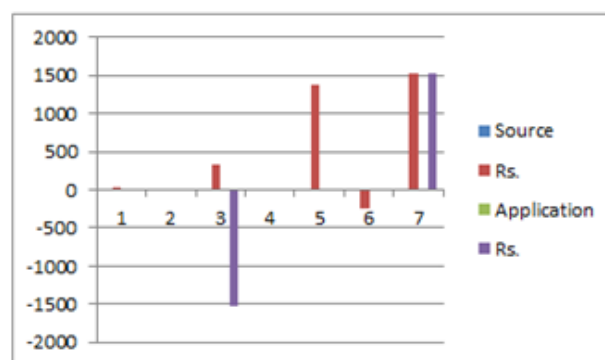
Interpretation: The networking capital of Bajaj Auto Limited has been decreased to 238.02 Cr the financial position i.e. the performance of Bajaj Auto Limited has decreased and the current assets defects its current liability.

Note: financial position may depend on long term liabilities and also fixes assets.

C. Statement Of Sources And Application Of Funds For The Period (2020-21)

Table-3

Source	Rs.	Application	Rs.
Issue of share capital	39.94	Funds lost in operation	0
Raising of long term loans	0	Repayment of long term loan loans	0
Sale of non-current (fixed) assets	337.7	Purchase of long term investments	-1518
Non-trading receipts	0		
Sale of investment	#####		
Decrease in working capital	-238		
	1517.6		1517.6



Graph3.

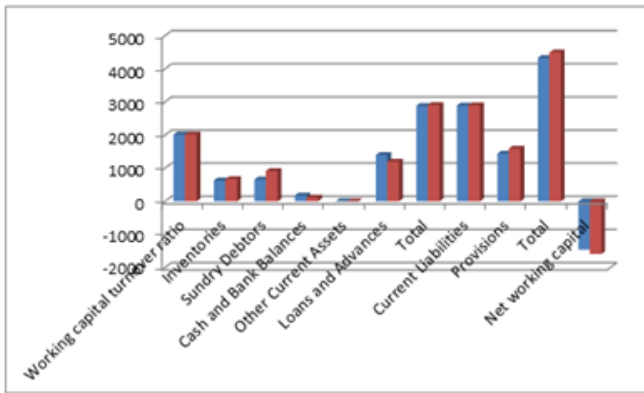
Table4- Statement of Changes in Working Capital

Working capital turnover ratio 2020		
Working capital turnover ratio	2019	2020
Total current Assets		
Inventories	636.76	669.55
Sundry Debtors	665	920.58
Cash and Bank Balances	181.04	117.5
Other Current Assets	0	0
Loans and Advances	1401.95	1203.54
Total	2884.75	2911.17
Total Current Liabilities		
Current Liabilities	2893.39	2903.12
Provisions	1439.86	1594.31
Total	4333.25	4497.43
Net working capital	-1448.5	-1586.26
Increase\decrease in net working capital	-137.76	

Analysis: From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has increased Rs 3742.35 in 2020-21. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2019-20. In the net working capital of company stood -238.02 It is decreased in

2020-21. The decreasing net working capital. Regarding the application of funds 45.27 % used for investment in fixed assets and funds used for working capital purpose. Constitute 35.57 % respectively.

Interpretation: It is concluded that during the period 2020-21 Increasing gross block and net Decreasing in working capital.



Graph4

Interpretation: The networking capital of Bajaj Auto Limited has been decreased to 137.76 Cr the financial position i.e. the performance of Bajaj Auto Limited has decreased and the current assets defects its current liability.

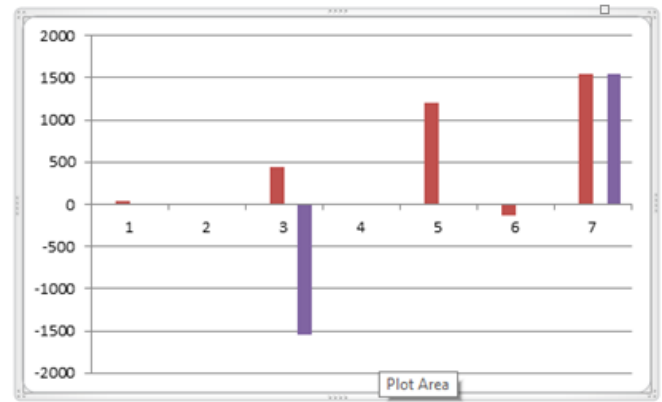
Note: financial position may depend on long term liabilities and also fixes assets.

Table-5. Statement of Sources and Application of Funds For The Period (2019-20)

Source	Rs.	Application	Rs.
Issue of share capital	39.94	Funds lost in operation	0
Raising of long term loans	0	Repayment of long term loan loans	0
Sale of non-current (fixed) assets	446.38	Purchase of long term investments	-1552
Non-trading receipts	0		
Sale of investment	1203.5		
Decrease in working capital	-137.8		
	1552.1		1552

Analysis: From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has decreased Rs 137.76 in 2019-20. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2019-20. In the net working capital of company stood -137.76 It is decreased in 2019-20. The decreasing net working capital. Regarding the application of funds 39.97 % used for investment in fixed assets and funds used for working capital purpose. Constitute 28.04% respectively.

Interpretation: It is concluded that during the period 2019-20 Increasing gross block and net Decreasing in working capital.



Graph5.

V. CONCLUSION

The Bajaj Auto Limited net working capital is satisfactory between the years since it shows increasing trend; but after that it is in declining position Profit Margin of Bajaj Auto Limited is decreasing and showing negative profit because there is increase in the price of copper The Bajaj Auto Limited Net Working Capital Ratio is satisfactory. The Operating Ratio of Bajaj Auto Limited isn't satisfactory. Due to increase in cost of production, this ratio is decreasing. So the has to reduce its office administration expenses Improve position funds should be utilized properly. Better Awareness to increase the sales is suggested. Cost cut down mechanics can be employed. Better production technique can be employed.

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