

A STUDY OF FUND FLOW STATEMENT

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ABSTRACT

A Statement On Fund Flow Statement AtRk Metal RoofingsPvt Ltd Trichy“cash flow statement is an important tool to analyze the cash position of a business firm. It can denote changes in cash position during two financial years.it also provides information about the cash receipts and the payments of a business for given period.It provides notable information that compliments the profit and loss account and balance sheet. Cash flow statement analysis is statement which provides acomplete explanation for the change in a firm’s cash during a particular period by specify the firm sources and uses of cash during the period from operating, investing and financing activities.It provides convenient information about an entity’s activities in generating cash from operations. It informs about programme to repay debt distributed dividends or reinvest to conserve or enlarge its operating capacity. It provides information about its financing activities both debt and equity and about its investment in both fixed assets or current assets other than cash. This Article is based on the practice followed and instruction for its preparation contained in the various text books for the guidance of the students and accountants. It is hoped that the content of this Article would help the readers to understand cash-flow statement properly.

KEYWORDS: *current assets, investment, financing activities ETC.,*

INTRODUCTION

Funds flow statement is a statement which discloses the analytical information about the different sources of a fund and thtransactions which change either the amount of current assets and current liabilities (in the form of decrease or increase in working capital) or fixed assets, long-term loans including ownership fund.

It gives a clear picture about the movement of funds between the opening and closing dates of the Balance Sheet. It is also called the Statement of Sources and Applications of Funds, Movement of Funds Statement; Where Got Where Gone Statement: Inflow and Outflow of Fund Statement, etc. No doubt, Funds Flow Statement is an important indicator of financial analysis and control. It is valuable and also helps to determine how the funds are financed. The financial analyst can evaluate the future flows of a firm on the basi of the same in an accounting cycle.

REVIEW OF LITERATURE

Carslaw and Mills (2015) represented the concept of cash based performance ratios is not a new system to accounting. What is new is the availability of cash flow data. The cash flow statement offers measures to evaluate performance. If cash flow information is useful but unused, the logical

conclusion is that analysts are not analyzing the available data properly. Carslaw and Mills found that cash flow ratios are based on the cash flow from operations CFO of the company.

Neil et al (2013)Forecasting cash flow is a responsibility needed in different economic decision, because cash flow plays an important role of whole decision making of every party such as security analysts, creditors and managers. Overall, financial managers and decision makers predict the demand cash flow of companies because they expect that current cash flow affect on future cash flows

Giaccotto (2011) Discussed in terms of Net Pretend Value (NPV), for example, the project is accepted if the pretend value of the cash flows for the operation exceeds the initial investment cost or the project provides a positive net pretend value of cash flow. However, the prediction cash flow is made very difficult because the future cash flows generated by the investment cannot be estimated perfectly and certainly at the time of initial outlays

OBJECTIVES OF THE STUDY

- ❖ To Schedule of changes in working capital in each year and to examine the funds flow statement position of an organization.

DATA ANALYSIS AND INTERPRETATION

SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2014-2015

TABLE 1

(Rupees)

PARTICULARS	2015	2014	INCREASE	DECREASE
Inventories	710.27	682.52	27.75	-
Sundry Debtors	264.79	146.74	118.05	-
Cash and Bank Balance	68.42	52.84	15.58	-
Total Current Assets (A)	1,043.48	938.06	105.42	-
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Secured Loans	1,280.07	1,154.23	125.84	-
Unsecured Loans	56.46	42.52	13.94	-
Total Debt	1,336.53	1,196.75	139.78	-
Total Liabilities(B)	1,810.53	1,602.75	207.78	-

SOURCES: Secondary data

INTERPRETATION

Net working capital has increased (207.78) in the year 2014 when compared to 2015.

Current asset was Rs.938.06in the year 2014 and in the year 2015 the total current asset was Rs. 1,043.48. The total current liability in the year 2014 was 1,196.75and in the year 2015was1,336.53. The net working capital in the year 2014 it was Rs.1,810.53and in the year 2015 it was Rs. 1,810.53.

SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2015-2016

TABLE 2

(Rupees)

PARTICULARS	2016	2015	INCREASE	DECREASE
Inventories	679.87	710.27		-30.4
Sundry Debtors	238.15	264.79		-26.64
Cash and Bank Balance	113.77	68.42	45.35	
Total Current Assets (A)	1,031.79	1,043.48		-11.69
			0	
Secured Loans	1,618.26	1,280.07	338.19	
Unsecured Loans	420.88	56.46	364.42	
Total Debt	2,039.14	1,336.53	702.61	
Total Liabilities(B)	2,416.84	1,810.53	606.31	

SOURCES: Secondary data

INTERPRETATION

Net working capital has increased (606.31) in the year 2015 when compared to 2016.

Current asset was Rs.1,043.48in the year 2015 and in the year 2016 the total current asset was Rs. 1,031.79. The total current liability in the year 2015 was 1,336.53and in the year 2016was2,039.14. The net working capital in the year 2015 it was Rs. 1,810.53and in the year 2016 it was Rs. 2,416.84.

SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-2018

TABLE 3

(Rupees)

PARTICULARS	2017	2016	INCREASE	DECREASE
Inventories	420.82	679.87		-259.05
Sundry Debtors	137.87	238.15		-100.28
Cash and Bank Balance	162.3	113.77	48.53	
Total Current Assets (A)	720.99	1,031.79		-310.8
			0	
Secured Loans	1,393.37	1,618.26		-224.89
Unsecured Loans	764.37	420.88	343.49	
Total Debt	2,157.74	2,039.14	118.6	
Total Liabilities(B)	2,492.62	2,416.84	75.78	

SOURCES: Secondary data

INTERPRETATION

Net working capital has increased (75.78) in the year 2016 when compared to 2017. Current asset was Rs.1,031.79 in the year 2016 and in the year 2017 the total current asset was Rs. 720.99. The total current liability in the year 2016 was 2,039.14 and in the year 2017 it was 2,157.74. The net working capital in the year 2016 it was Rs. 2,416.84 and in the year 2017 it was Rs. 2,492.62.

SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

TABLE 4

(Rupees)

PARTICULARS	2018	2017	INCREASE	DECREASE
Inventories	409	420.82		-11.82
Sundry Debtors	212.36	137.87	74.49	
Cash and Bank Balance	133.38	162.3		-28.92
Total Current Assets (A)	754.74	720.99	33.75	
			0	
Secured Loans	2,219.03	1,393.37	825.66	
Unsecured Loans	426.12	764.37		-338.25
Total Debt	2,645.15	2,157.74	487.41	
Total Liabilities(B)	3,281.80	2,492.62	789.18	

SOURCES: Secondary data

INTERPRETATION

Net working capital has increased (789.18) in the year 2017 when compared to 2018.

Current asset was Rs.720.99in the year 2017 and in the year 2018 the total current asset was Rs. 754.74. The total current liability in the year 2017 was 2,157.74and in the year 2018was2,645.15. The net working capital in the year 2017 it was Rs.2,492.62and in the year 2018 it was Rs. 3,281.80

TABLE 5
SCHEDULE OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

(Rupees)

PARTICULARS	2019	2018	INCREASE	DECREASE
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Inventories	2,200.52	409	1,791.52	
Sundry Debtors	1,092.22	212.36	879.86	
Cash and Bank Balance	74.5	133.38		58.88
Total Current Assets (A)	3,367.24	754.74	2,612.50	
Secured Loans	3,943.88	2,219.03	1,724.85	
Unsecured Loans	0	426.12		426.12
Total Debt	3,943.88	2,645.15	1,298.73	
Total Liabilities(B)	4,128.39	3,281.80		

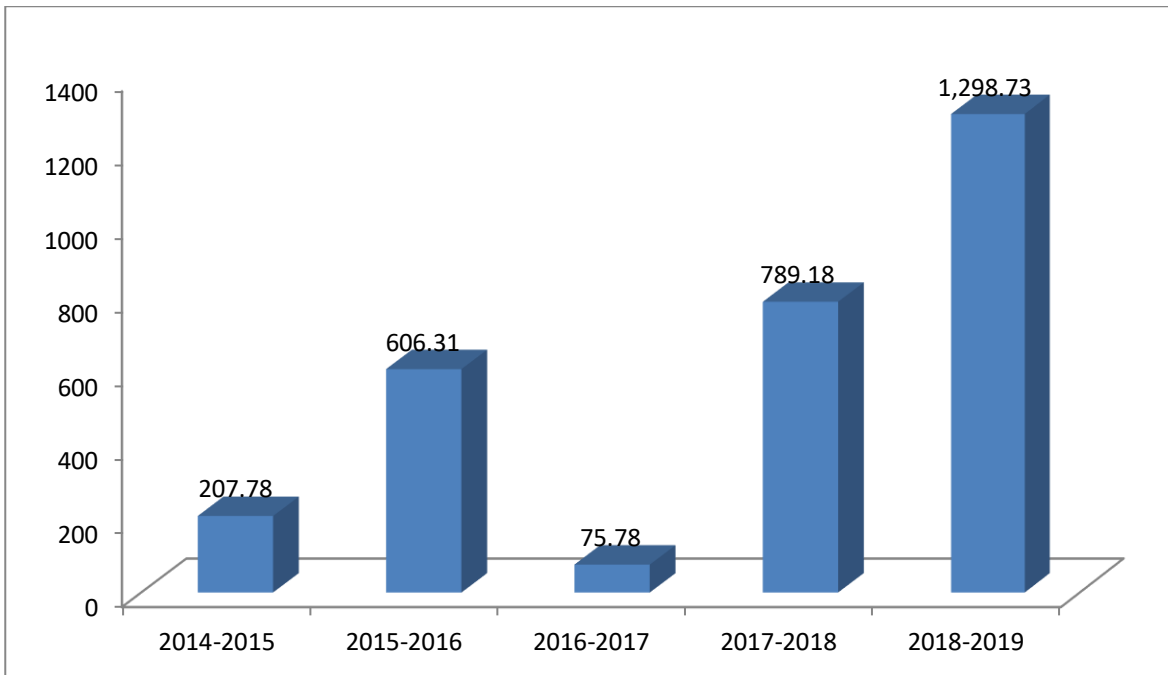
SOURCES: Secondary data

INTERPRETATION

Net working capital has increased (1,298.73) in the year 2018 when compared to current asset was Rs.754.74 in the year 2018 and in the year 2019 the total current asset was Rs. 3,367.24. The total current liability in the year 2018 was 2,645.15 and in the year 2019 was 3,943.88. The net working capital in the year 2018 it was Rs. 3,281.80 and in the year 2019 it was Rs. 4,128.39.

NET CHANGES IN WORKING CAPITAL

FIGURE: 4



Findings

Changes in Working Capital

Net working capital has increased (207.78) in the year 2014 when compared to 2015.

Net working capital has increased (606.31) in the year 2015 when compared to 2016.

Net working capital has increased (75.78) in the year 2016 when compared to 2017.

Net working capital has increased (789.18) in the year 2017 when compared to 2018.

Net working capital has increased (1,298.73) in the year 2018 when compared to 2019.

CONCLUSION

This project of fund flow analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analyze the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of financial statements it is clear the firm. Have been incurring loss during the period of study. So the firm should focus on getting of profits in the coming years by taking care internal as well as external factors. And with regard to resources, the firm is take utilization of the assets properly. And also the firm has a maintained low inventory.

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