

A STUDY ON FUNDS FLOW STATEMENT ANALYSIS

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ABSTRACT

Fund flow statement is a statement showing sources and application of funds for a period of time. Fund flow statement is one of the valuable tool in the hand of management to evaluate the uses of funds by the organisation and in determining as to how these uses are financed. Fund Flow Statements abridge a firm's arrival and address of funds. Simply put, it tells investors area funds accept appear from and area funds accept gone. The statements are generally acclimated to actuate whether companies calmly antecedent and advance funds accessible to them. Fund flow statements are able by demography the antithesis bedding for two dates apery the advantage period. The increases and decreases have to again be affected for anniversary item. Finally, the changes are classified beneath four categories: (1) Abiding sources, (2) abiding uses, (3) concise sources, (4) concise uses. It is as well important to aught out the non-fund-based adjustments in adjustment to abduction alone the changes that are accompanys by flow of funds. However, assets accrued but accustomed and costs incurred but not accustomed reckoned in the accumulation and accident account should not be afar from the accumulation amount for the fund flow statement. Fund flow statements can be acclimated to analyze a array of problems in the way a aggregation operates. For example, companies that are application concise money to accounts abiding investments may run into clamminess problems in the future. Meanwhile, a aggregation that is application abiding money to accounts concise investments may not be calmly utilizing its capital.

Keywords: Fund flow statement, reckoned, Abiding sources, abiding.

1. INTRODUCTION

The basic financial statements i.e., the Balance Sheet and Profit & Loss A/c or Income Statement of business reveals the net effect of various transactions on operational and financial position of the company. The balance sheet gives a summary of the assets & liabilities of an undertaking at a particular point of time.

There are many transactions that take place in an undertaking and which do not operate Profit & Loss A/c. Thus another statement has to be prepared to show the change in Assets & Liabilities from the end of one period of time to the end of another period of time. The statement is called a statement of changes in financial position or a Funds Flow Statement. The Funds Flow Statement is a statement which shown the movement of funds and is a report of financial operations of business undertaking. In simple words it is a statement of source and application of funds.

MEANING & CONCEPT OF FUNDS:

The term "Fund" has been defined and interpreted differing by different experts.

Broadly the term fund refers to all the financial resource of the company on the other extreme fund has been understood as cash only. The most acceptance meaning of the "fund" is "working capital".

Working Capital is excess of current assents over current liability. The term fund has a variety of meaning.

A) CASH FUND OR NARROW SENSE:

In a narrow sense, funds mean only cash. 'Cash flow statement portrays net effect of various business transactions cash into account receipts & disbursement of cash. The concept of preparing funds from statement is not accepted, as there are many such transactions that do not affect cash but represent the flow of fund.

For Ex:

Purchase of furniture on credit does not affect cash but there is flow of fund.

B) CAPITAL FUND (or) BROADER SENSE

Here funds means all financial resources used in business, whether in the form of men, money, material, machine & others.

C) NET WORKING CAPITAL (or) POPULAR SENSE

Networking capital means differences between current assets & liabilities. A fund generally refers to cash or cash equipment or to working capital.

In any business we cannot under estimate the flow of funds from two operations. The business runs with funds but the organization knows how to flow of funds.

The Funds Flow Statement is concerned with sources and applications of organization.

Statement of changes in working capital shows the increase or decrease in the working capital.

“Funds from Operations” statement shows how much funds from operations.

2. REVIEW OF LITERATURE

ARTICLE: 1

Title: A Study on Fund Flow Management with Reference to Integrated Support

Author: Tanya Gupta and Magdalene Peter

Source: Indian Journal of Science and Technology

Abstract

The net of all cash inflows and outflows in and out of various financial assets. Fund flow is usually measured on a monthly or quarterly basis. The performance of an asset or fund is not taken into account, only share redemptions (outflows) and share purchases (inflows). Net inflows create excess cash for managers to invest, which theoretically creates demand for securities such as stocks and bonds. Investors and market analysts watch fund flows to gauge investor sentiment within specific asset classes, sectors, or for the market as a whole. For instance, if net fund flows for bonds funds during a given month is negative by a large amount, this would signal broad-based pessimism over the fixed-income markets.

ARTICLE: 2

Title: Analytical Study of Fund Flow Statements in an

Organization using Data Analysis Method

Source: European Journal of Molecular & Clinical Medicine

Author: Amit Agrawal

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ARTICLE: 3

Title: The Importance of Fund Flow Statements

Author: Rami Ali

Source: European Journal of Molecular & Clinical Medicine- ISSN 2515-8260

Abstract

Because the cash go with the flow announcement displays the real receipt of coins, regardless of wherein it comes from, the entries are a piece different from the sales shown in a corporation's income announcement. These finances are generally made from gross receipts on income, dividend and interest profits, and invested capital. Gross receipts on income constitute the whole money that we soak up on sales throughout the duration. Gross receipts are based on our gross revenue, of direction, but in addition they remember while you surely receive charge. Dividend and hobby earnings are the earnings that we receive from financial savings bills and other securities (Dividend Income, 2010). This is one of these amounts which might be also stated at the earnings announcement and ought to be similar to long as we truly obtain the cash during the length covered by means of the coins float announcement. Invested capital is part of the owner's fairness in the balance sheet. Although it does not represent revenue from our business operations and might not be part of the profit's announcement, it could be a supply of coins for our employer.

RESEARCH GAP:

However, graduate employees possessed significant skill gaps with regards to technical skills such as valuation, property investment analysis, feasibility and viability appraisal, market research methods and facility management.

OBJECTIVES:

- To find factors of employability skills in present scenario for procuring a job.
- To identify the skills that organization needs from employees and workers.
- To analyse the need of employability skills.
- The study also gives suggestion for the appropriation of employability skill.
- To enhance the importance of employability skills for employees in workplace.
- To provide the view of employability skills to employees that need in their professional work life.

3. RESEARCH METHODOLOGY

Need For The Study

Employability skills are important because the employers are looking for people who are flexible, take the initiative and have the ability to undertake a variety of tasks in different environments.

Scope Of The Study:

Employability means what it says-it's about having the skills needed to perform well at work. The main problem that faces many graduates is that they are not aware of employability skills that employers demand. This report tried to find level of employability skills among employees. These skills and attitudes are fundamental to improving young people's employability as well as their learning. Employers all around the world are prominently looking for hiring the best talents.

Methodology

The methods of marketing research are in a way the methods of data collection. The sources of information fall under two categories:

- Primary data
- Secondary data

PRIMARY DATA:

Primary data are data gathered for a specific purpose or for a specific research report. For systematically collecting the data the closed end questionnaire is used. The questionnaire consists of questions relating to various aspects of the study for proper data collection.

SECONDARY DATA:

Secondary data are data that are collected for another purpose and already exist somewhere. Data pertaining to company is collected from company web site company catalogues and magazines. The company profile gives a detailed report of history, various products manufacture by its etc.

Limitations Of The Study

- As the project is a simple sample study and is confined to 103 respondents only, it may or may not picture the entire employees' opinions.
- The perception of employees changes from time to time so there is no possibility of changes in research results.
- Collection of data is tough because it is difficult to approach people in this pandemic
- The respondents were unable or unwilling to give response.

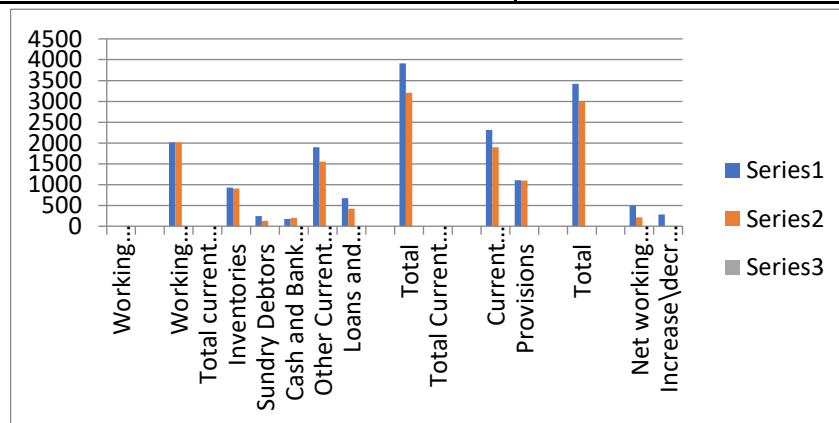
4. DATA ANALYSIS & INTERPRETATION

STATEMENT OF CHANGES IN WORKING CAPITAL

Rs in Crores

Working capital turnover ratio 2023		
Working capital turnover ratio	2023	2022
Total current Assets		
Inventories	954.27	924.97

Sundry Debtors	296.64	240.85
Cash and Bank Balances	211.64	175.43
Other Current Assets	1987.51	1895.80
Loans and Advances	713.34	674.03
Total	4159.40	3913.08
Total Current Liabilities		
Current Liabilities	2451.88	2316.49
Provisions	1565.21	1306.13
Total	3817.11	3420.60
Net working capital	342.31	490.48
Increase\decrease in net working capital	-168.17	



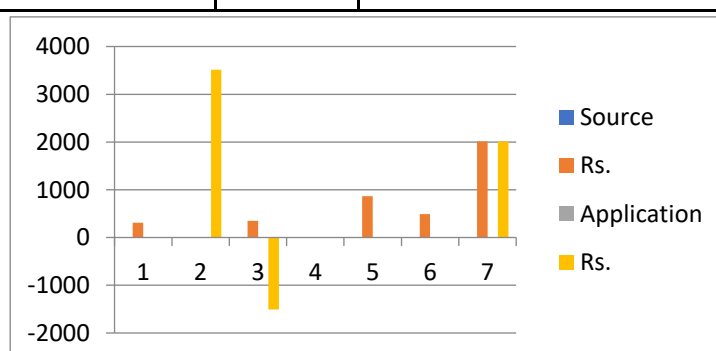
INTERPRETATION:

The networking capital of Sponge Iron India Limited has been increased to 342.31 Cr the financial position i.e. the performance of Sponge Iron India Limited has increased and the current assets exceeds its current liability.

STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE PERIOD (2022-23)

Rs in Crores

Source	Rs.	Application	Rs.
Issue of share capital	315.54	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3658.87
Sale of non-current (fixed) assets	358.64	Purchase of long term investments	-1868.98
Non-trading receipts	0.00		
Sale of investment	967.54		
Decrease in working capital	168.17		
	1789.89		1789.89



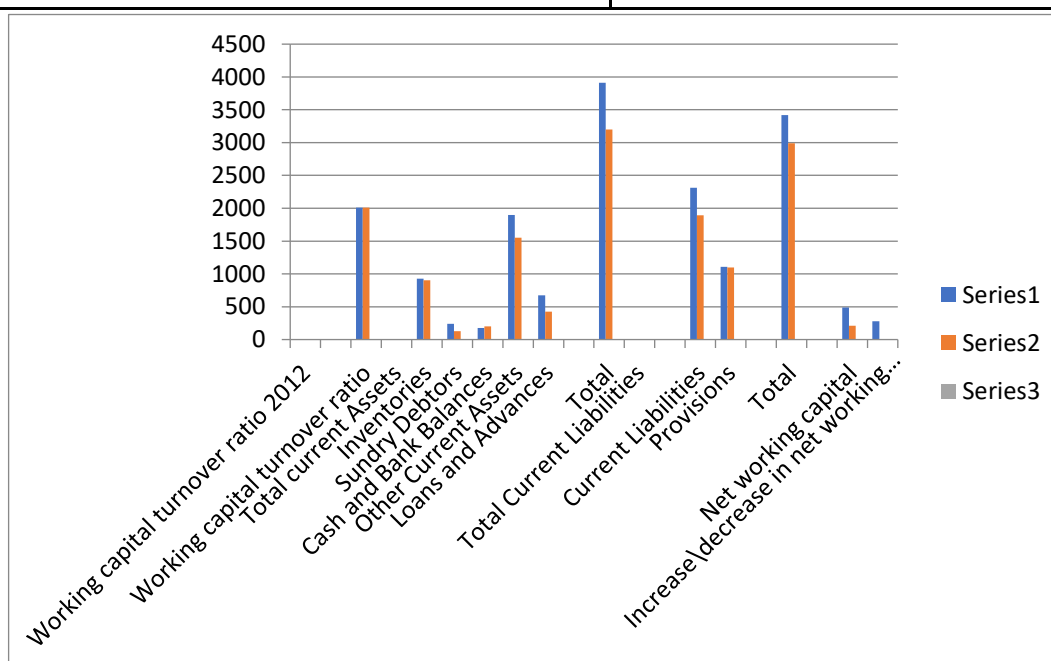
INTERPRETATION:

From the table it is observed that the working capital of company shows increased trend. The current Asset of the company has increased Rs 3658.89 in 2022-2023. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2022-2023. In the net working capital of company stood 1789.89 It is decreased in 2022-23. The decreasing net working capital.

STATEMENT OF CHANGES IN WORKING CAPITAL

Rs in Crores

Working capital turnover ratio 2022		
Working capital turnover ratio	2022	2021
Total current Assets		
Inventories	924.97	901.86
Sundry Debtors	240.85	148.18
Cash and Bank Balances	175.43	198.40
Other Current Assets	1895.80	1549.77
Loans and Advances	674.03	422.61
Total	3913.08	3200.82
Total Current Liabilities		
Current Liabilities	2316.49	1893.98
Provisions	1306.13	1296.57
Total	3420.60	2990.55
Net working capital	490.48	212.32
Increase\decrease in net working capital	280.16	



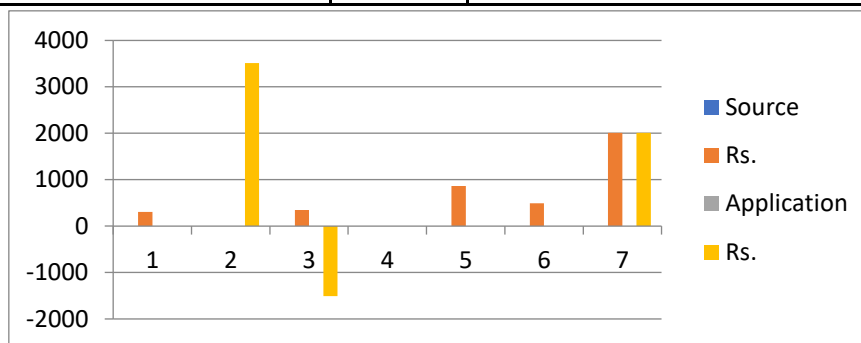
INTERPRETATION:

The working capital of Sponge Iron India Limited has been increased to 280.16 Cr the financial position i.e. the performance of Sponge Iron India Limited has increased and the current assets exceeds its current liability.

STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE PERIOD (2021-22)

Rs in crores

Source	Rs.	Application	Rs.
Issue of share capital	306.87	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3515.83
Sale of non-current (fixed) assets	347.46	Purchase of long term investments	-1506.71
Non-trading receipts	0.00		
Sale of investment	864.31		
Decrease in working capital	490.48		
	2011.14		2011.14



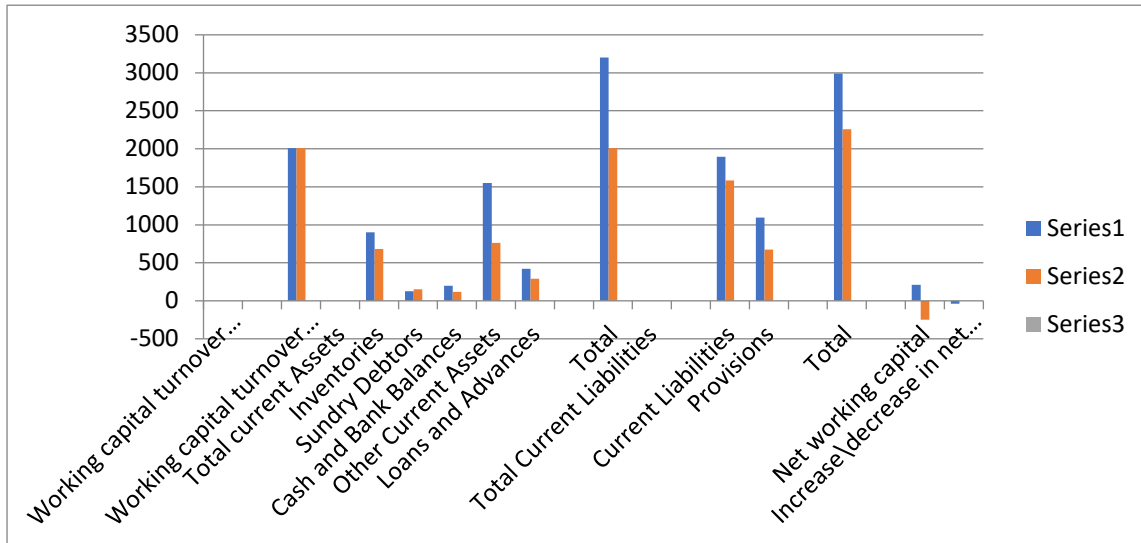
INTERPRETATION

From the table it is observed that the working capital of company shows increased trend. The current Asset of the company has increased Rs 3913.08 in 2021-2022 is 3200.82. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2021- 2022. In the net working capital of company stood 3420.60 It is decreased in 2021-22. The decreasing net working capital.

STATEMENT OF CHANGES IN WORKING CAPITAL

Rs in Crores

Working capital turnover ratio 2021		
Working capital turnover ratio	2021	2020
Total current Assets		
Inventories	901.86	683.24
Sundry Debtors	148.18	152.20
Cash and Bank Balances	198.40	136.64
Other Current Assets	1549.77	764.04
Loans and Advances	422.61	292.65
Total	3200.82	2008.77
Total Current Liabilities		
Current Liabilities	1893.98	1582.32
Provisions	1296.57	674.04
Total	2990.55	2256.36
Net working capital	212.32	-247.59
Increase\decrease in net working capital	-37.27	



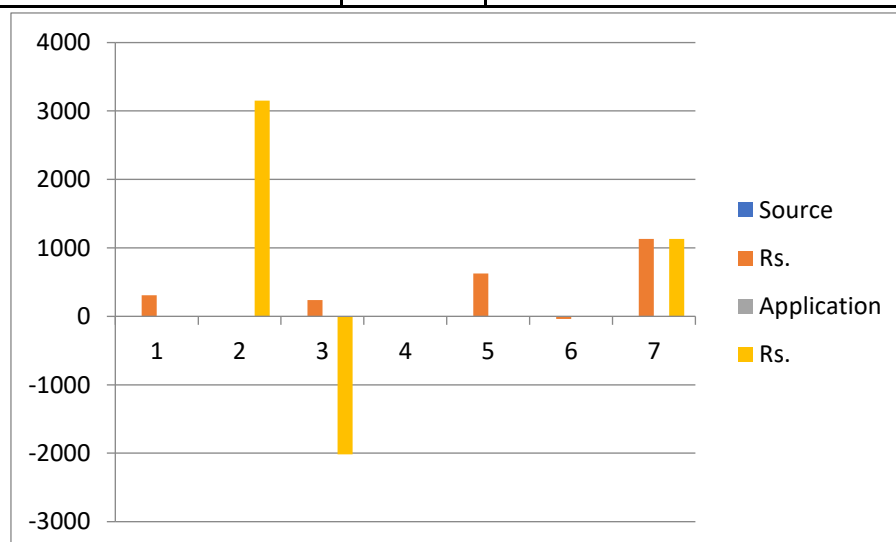
INTERPRETATION:

The networking capital of Sponge Iron India Limited has been decreased to 37.27 Cr the financial position i.e. the performance of Sponge Iron India Limited has increased and the current assets defects its current liability.

STATEMENT OF SOURCES AND APPILICATION OF FUNDS FOR THE PERIOD (2020-21)

Rs in crores

Source	Rs.	Application	Rs.
Issue of share capital	305.97	Funds lost in operation	0.00
Raising of long term loans	0.00	Repayment of long term loan loans	3151.07
Sale of non-current (fixed) assets	238.27	Purchase of long term investments	-2018.15
Non-trading receipts	0.00		
Sale of investment	625.95		
Decrease in working capital	-37.27		
	1352.92		1352.92



INTERPRETATION:

From the table it is observed that the working capital of company shows decreased trend. The current Asset of the company has increased Rs 3200.82 in 2020-2021 is 2008.77. But the item cash balance showing increasing trend. The current liabilities of company are decreased in 2020- 2021. In the net working capital of company stood -2018.15. It is decreased in 2020-21. The decreasing net working capital is Rs 37.27 Regarding the application of funds 33.71% used for investment in fixed assets and funds used for working capital purpose. Constitute 30.77% respectively.

5. CONCLUSION

- The sources were not utilized up to the expectation.
- The working capital decreased, which indicates that have more current liabilities than the current assets.
- The reason for this unsatisfaction is due to maintenance of improper books of accounts and it will lose the control over its funds.

6. REFERENCES

- [1] www.spongeiron.com
- [2] www.italialcement.com
- [3] www.indiancements.com