

CASH FLOW STATEMENT ANALYSIS -WITH REFERENCE TO SUJANA UNIVERSAL INDUSTRIES LIMITED

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ABSTRACT

In monetary bookkeeping, an income proclamation or articulation of incomes is a fiscal report that shows an organization's approaching and active money during a time span. Every one of the three assertions are organized from a similar bookkeeping data, yet every explanation serves its individual capacity. The assertion of income reports the development of money into and out of your business in a given year. Money is the soul of your organization. The income explanation reports your business' sources and employments of money and the start and finishing esteems for money and money reciprocals every year. It additionally remembers the consolidated all out change for money and money counterparts from all sources and employments of money. Cash flow statements format planning involves forecasting and tabulating all significant cash inflows and analyzing the timing of expected payments in detail. We have highly skilled cash flow financing professionals prepare comprehensive periodic cash flow projections that can assist you in tasks such as budgeting, business planning and fund raising.

Keywords: Recruitment process, Policies,

1. INTRODUCTION

Cash flow Plan is a software tool for preparing cash flow projections for a business. It will be especially useful to your business if you need to improve its future net cash flow. Cash flow Plan will help you to plan cash requirements and thereby improve control over your business's cash flows and to conserve its cash resources.

In addition to compiling detailed monthly cash flow forecasts, Cash flow Plan automatically generates fully-integrated income statements (profit and loss accounts) and balance sheets on a monthly basis. This makes Cash flow Plan very suitable for many other purposes where you may need 12-month projections:

- Preparing shorter term business plans,
- Exploring development options,
- Constructing budgets,
- Assessing strategies,
- Raising external finance and so on.....

A revenue or expense stream that changes a cash account over a given period. Cash inflows usually arise from one of three activities - financing, operations or investing - although this also occurs as a result of donations or gifts in the case of personal finance. Cash outflows result from expenses or investments.

This holds true for both business and personal finance. An accounting statement called the "statement of cash flows", which shows the amount of cash generated and used by a company in a given period. It is calculated by adding noncash charges (such as depreciation) to net income after taxes. Cash flow can be attributed to a specific project, or to a business as a whole. Cash flow can be used as an indication of a company's financial strength. Cash flow Plan is a range of powerful, easy-to-use software packages for preparing comprehensive monthly cash flow projections for 12 months ahead. You can use it for cash flow planning, budgets, business planning, fund raising etc. for young & established businesses of all sizes and types.

2. REVIEW OF LITERATURE

to eliminate cash management difficulties.

- ❖ Research on the relative ability of accounting information aims in examining the ability of accounting information to predict future cash flow and earnings, based on the assertion given by Financial Accounting Standard Board (FASB) which states that the earnings and its components have a better predictive power than cash flow itself (FASB,1978 para 44). Many studies have been conducted by various researchers but only few of these studies succeed to match with this assertion. This study aims to provide review on the study related to ability of earnings, cash flows from operations and accruals to predict future cash flows where methodology used in this line of

research and presentation of empirical results are discussed. The review provides in depth discussion for the purpose of assisting the researchers to get familiarity with line of financial accounting research investigated capital market based accounting research and also as guidance for future researchers. Keywords: Cash flow from operations, Earnings, Accruals, Prediction, Capital Market Based Accounting Research.

- ❖ **Author: Hicham Lamzaouek's** The bullwhip effect is a pervasive phenomenon in all supply chains causing excessive inventory, delivery delays, deterioration of customer service, and high costs. Some researchers have studied this phenomenon from a financial perspective by shedding light on the phenomenon of cash flow bullwhip (CFB). The objective of this article is to provide the state of the art in relation to research work on CFB. Our ambition is not to make an exhaustive list, but to synthesize the main contributions, to enable us to identify other interesting research perspectives. In this regard, certain lines of research remain insufficiently explored, such as the role that supply chain digitization could play in controlling CFB, the impact of CFB on the profitability of companies, or the impacts of the omnichannel commerce on CFB.

- ❖ **Source: Journal of Emerging Technologies and Innovative Research**

Abstract Printing of their funds, investments, and financial transactions of several time and money, or funds to evaluate results and performance, such as trustworthiness, at the end of the course, financial statements consider the location of the event, and occasionally short, non-cash transactions must be in order. Money flowing into the question requires a full class and money, with an emphasis on fundraising and management. Changes in the size and structure of equity and cash debt financing for representative economic activities, investing Activities include real-time assets and investments that are equal to cash and equity. Regulated entities, joint ventures, and partnerships between regions contribute to the movement of funds to overcome management and regulation. There are no activities or fundraising activities for the organization's revenues and actions. It may require the use of techniques. The law of corporate rights to payments and cash payments directly to the main classes will tell you. Enrolment and other fees, as well as failure to make payment or distribution are part of the unit's work.

RESEARCH GAP:

The project provides in depth discussion for the purpose of assisting the researchers to get familiarity with line of financial accounting research investigated capital market based accounting research and also as guidance for future researchers.

OBJECTIVES:

- ❖ To find the liquidity position of the Sujana universal. For the availability of cash and utilization of the cash by the organization.
- ❖ It will help find to assess the company's ability to generate positive cash flows in the future.
- ❖ To assess its ability to meet its obligations to service loans, pay dividends etc.
- ❖ To assess the effect on its finances of major transactions in the year.
- ❖ To study the firms liquidity.

3. RESEARCH METHODOLOGY

Need For the Study

Cash Flow Statement provides with a basis to assess the ability of the enterprise to generate cash and cash equivalents and its needs to utilize those cash flows. It helps in assessing liquidity and solvency of the enterprise. This statement exhibits the inflow and outflow of cash and cash equivalents during a specified period of time. Cash flow statement reports the amount of cash used during the period in various long-term investing activities, such as purchase of fixed assets. Cash flow statement reports the amount of cash received during the period through various financing activities, such as issue of shares, debentures and raising long-term loan.

Scope of the Study:

The scope of the present study on composes within its fold a theoretical frame work of Cash flow analysis. In general, analysis of Cash flow analysis trends, relationship of Cash flow analysis to sales, liquidity of Cash flow analysis, analysis of management of components of Cash flow analysis and the management of Cash flow analysis finance Pharmacy Company in five years from 2020 to 2023..

Research is the systematic collection, analysis and reporting of data and making relevant finding to deal with a specific situation faced by the company. The data can be collected and analyzed with the help of diagram and charts, which help in arriving to a conclusion. In general sense research methodology means how to research and which best way select for finding out data from the company during the industrial training. The main objective of the research methodology is choosing the best path for collecting required data.

The report is on “cash flow statement” at Sujana Universal. The following research methodology is being followed for the project work.

Type of data used:

For the preparation of report the data used is secondary data

Data collection:

The following sources of data are used for preparation of the report.

Annual report of “Sujana Universal”

Website of “Sujana Universal”

4. DATA ANALYSIS & INTERPRETATION

The study of accounting is not restricted to recording of business transactions in books of accounts and preparing necessary accounts but to analyze and interpret the financial health of the enterprise. Analysis of financial statements reveals the underlying significance of the items composed in them. Analysis breaks down the complex set of facts and figures in to simple elements. Interpretation is the next step. It consists in explaining the real significance of these statements.

Thus, the analysis of financial statement has to be undertaken to suit the purpose for which it is required. Analysis of financial statements is undertaken with a variety of objectives like:

- 1) Determination of the health of the business enterprise.
- 2) Judging the solvency of the enterprise
- 3) Management can measure the operational efficiency of the Organization.
- 4) To know liquidity position of the organization

Many companies are interested in calculating cash flow analysis, for that personal use and they are use number.

Management of the company would be interested in every aspect of the financial analyses because they have responsibility to set that the Resources Of The Firm Are Used More Effectively And Efficiently.

The Sujana Industries Analyses Of Cash Flow For The Organization Because Of Knowing Of Cash Available And Utilization Of The Cash. And How It Would Be Distributed Among the various expenses.

5. RATIO ANALYSIS

Net Profit Ratio

What Does Net profit Ratio Mean?

Net profit ratio is the ratio of net profit (after taxes) to net sales. It is expressed as percentage.

Net profit ratio is used for knowing the profitability of the company as follows;

Net Profit Ratio: (Net profit / sales) X 170

For 2021-22

Net Profit Ratio: (Net profit / sales) X 170

= (463953 / 48814199) X 170

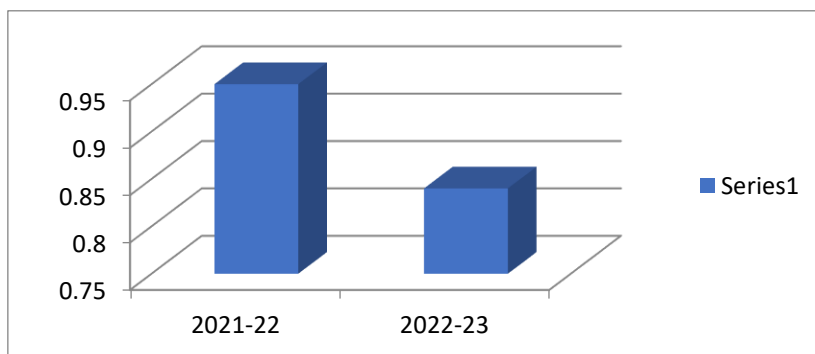
= 0.95

For 2022-23

Net Profit Ratio: (Net profit / sales) X 170

= (498237 / 59020214) X 170

= 0.84



Interpretation:

From the above ratio we can conclude that in the year 2021-22 the net profit ratio is **0.95** and in the year 2022-23 is **0.84** so it is greater than the current year. Thus the profitability of the firm is decreased in the current year. Thus, the company's efficiency is decreased in the current 2021-23 year. Company should have to take corrective steps to take to improve the net profit ratio.

Quick ratio

An indicator of a company's short-term liquidity. The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. The higher the quick ratio, the better the position of the company.

The quick ratio is calculated as:

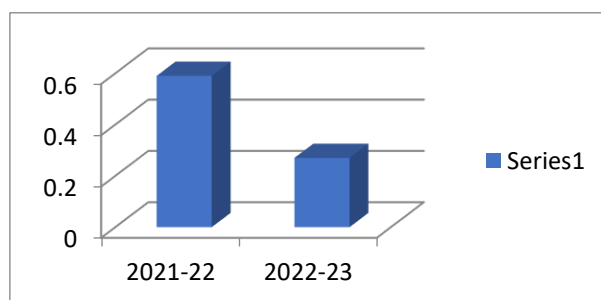
$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

For 2021-22

$$\begin{aligned} &= \text{current assets} - \text{inventory} / \text{current liabilities} \\ &= 19604934 - 70,86,018.00 / 2,18,993.80 \\ &= \mathbf{0.59} \end{aligned}$$

For 2022-23

$$\begin{aligned} &= \text{current assets} - \text{inventory} / \text{current liabilities} \\ &= 78840433 - 4,16,88,768 / 2,69,493 \\ &= \mathbf{0.27} \end{aligned}$$



Interpretation:

From the above ratio we can conclude that in the year 2018-19 quick ratio is 0.59 and in 2019-20 quick ratios is 0.27. Obviously, it is less than the previous year. So we can say that company effectiveness of working is decreased is in the current year. Thus, company should have to find the reason for the decreased in the quick ratio and should have to take corrective steps to remove it.

Cash Ratio

The ratio of a company's total cash and cash equivalents to its current liabilities. The cash ratio is most commonly used as a measure of company liquidity. It can therefore determine if, and how quickly, the company can repay its short-term debt. A strong cash ratio is useful to creditors when deciding how much debt, if any, they would be willing to extend to the asking party.

Formula:

Following formula is used to calculate cash ratio

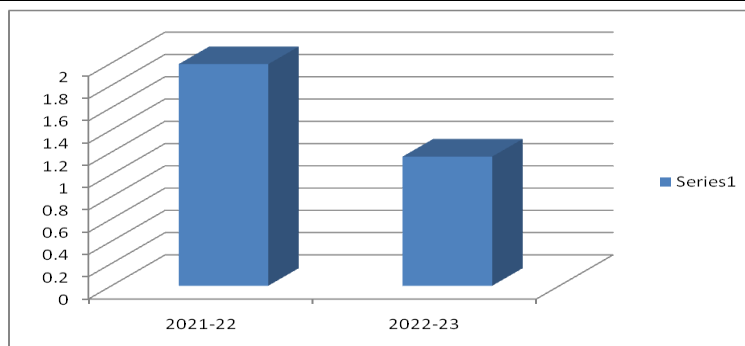
$$\text{Cash ratio} = \text{cash} / \text{current liability}$$

For 2021-22

$$\begin{aligned} &\text{Cash ratio} = \text{cash} / \text{current liability} \\ &= 18,20,986 / 2,18,993 \\ &= \mathbf{5.28} \end{aligned}$$

For 2022-23

$$\begin{aligned} &\text{Cash ratio} = \text{cash} / \text{current liability} \\ &= 2,57,13,73 / 2,69,493 \\ &= \mathbf{9.54} \end{aligned}$$



Interpretation:

From the above cash we can conclude that in the year 2021-22 the cash ratio is 5.28 and in the 2021-22 ratios is 9.54 it shows positive ratio as compared to the previous year. It indicates that cash balance of the company is increased about double in the current year. It shows that company has enough cash to compensate its short term liability. Thus, we can say that cash ratio is higher or about double in the current year as compared to the previous year. The company should have to increase cash ratio to pay the liability of firm

6. CONCLUSION OF THE STUDY

I had a great experience in taking training SUJANA INDUSTRIES. It is really a progressive company. On seeing its production, it is tremendous development for any new company; from all points of view is perfect in its work of SUJANA INDUSTRIES. It employees around 180 workers, so from social point of view, it increases workers esteems by giving them earnings The brand name “SUJANA INDUSTRIES” is now becoming house hold because it is very easy to remember and its product quality cannot forget the name SUJANA INDUSTRIES. All employees and management works together without any conflict and with dull responsibility. And I give my best wishes to SUJANA INDUSTRIES to achieve more and more success and to become world famous.

7. REFERENCES

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