

A Study on Funds Flow Statement at EN EN Electrical Engineers Private Limited Anantapur

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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 tools in the hand of management to evaluate the uses of funds by the organization and in determining how funds are used. Fund flow statement is statement which discloses the analytical information about the different sources of fund and the application of the same in the specific accounting cycle. In other words, it incorporates those transactions which change either the amount of current assets or current liabilities (in the form of increased or decreased working capital) or fixed assets, long-term loans and equity capital. Fund flow statement is also called the 'Statement of Sources and Application of Fund 'Movement Funds Statement'. Fund flow statement attempts at providing a link in the completion of final statements. Fund flow statement is a statement in summary form that indicates the changes occurring in items of financial condition between two different balance sheet dates.

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INTRODUCTION

A FUNDS FLOW STATEMENT is a financial statement that analyses a company's balance sheet of two years to validate the movement of funds from the previous financial year to the current year. In other words, It compares the sources of inflow and outflow of funds during the concerned accounting period and analyses how it affects the working capital of an organization It is essential determiner that shows how funds are used. With the help of this statement financial analysts, can assess the funds flow of an organization in the near future

As this statement portrays the movement of funds among several sources and their applications

DEFINITION

According to "FOULKER"

"It is a statement of sources and applications of funds designed to analyze the changes in the financial condition of a business enterprise between two dates"

NEED OF THE STUDY

➤ The study helps to know the inflows and outflows of funds at EN EN ELECTRICAL ENGINEERS PRIVATE LIMITED Anantapur

SCOPE OF THE STUDY

The study on funds flow statement at EN EN electrical engineers private limited is for the period of 5 years i.e, from 2017 to 2021

OBJECTIVES OF THE STUDY

- To study the changes in the working capital of the EN EN electrical engineers private limited Anantapur
- To analyze the funds from operations of EN EN electrical engineers private limited Anantapur
- To know the sources and applications of funds in EN EN electrical engineers private limited Anantapur

RESEARCH METHDODOLOGY

The study is based on the secondary data only.

Secondary Data:

Secondary data which is collected through annual reports, journal and website of the EN EN electrical engineers private limited Anantapur

www.indiamart.com

TOOLS AND TECHNIQUES

- Statement of changes in working capital
- Statement of funds from operation

- Sources and application statement
- Pie charts
- Bar graph
- ANOVA

LIMITATIONS

- The study is confined to one company only.
- The study is limited for a period of 5 years i.e,2016-2017 to 2020-2021

DATA ANALYSIS AND INTERPRETATION**STATEMENT OF CHANGES IN WORKING CAPITAL 2016-2017**

Particulars	Previous year 2016	Current year 2017	Increase	Decrease
(A) Current assets				
Inventories	19,53,864	16,53,194		3,00,670
Trade receivables	4,09,13,891	6,53,05,962	2,43,92,071	
Short term loans and advances	1,78,58,671	2,12,52,033	33,93,362	
Cash and cash equivalents	95,359	118,430	23,071	
Total assets	6,08,21,785	8,83,29,619		

Particulars	Previous year 2016	Current year 2017	Increase	Decrease
(B) Current liabilities				
Short term borrowings	10,99,987	11,41,724		41,737
Trade payables	1,62,16,270	2,03,54,822		41,38,552
Other current liabilities	1,73,29,094	1,98,93,112		25,64,018
Total liabilities	3,46,45,351	4,13,89,658		
Working capital(A-B)	2,61,76,434	4,69,39,961		
Net increase in working capital	2,07,63,527			

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2016-2017

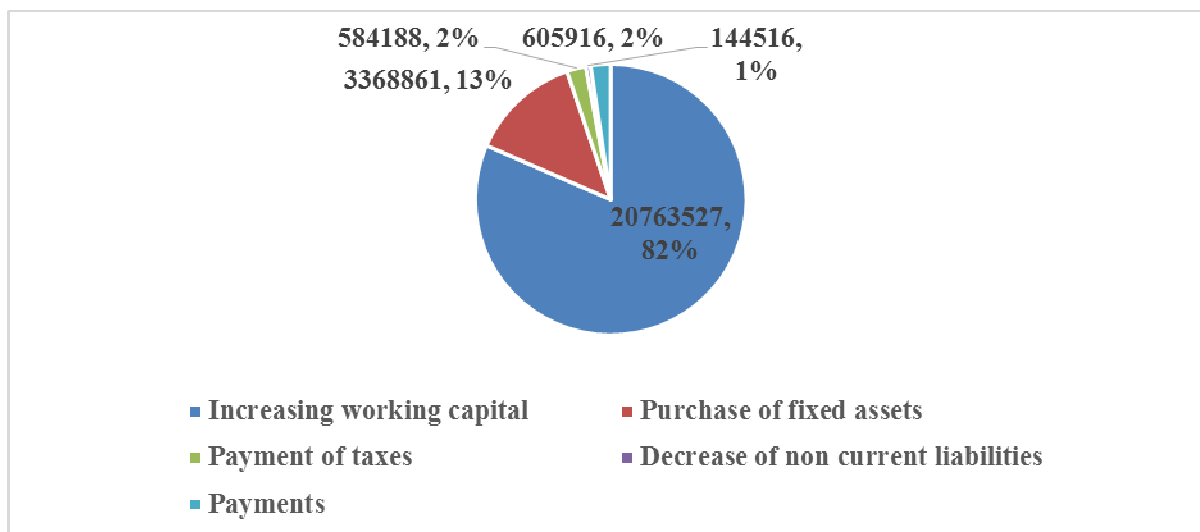
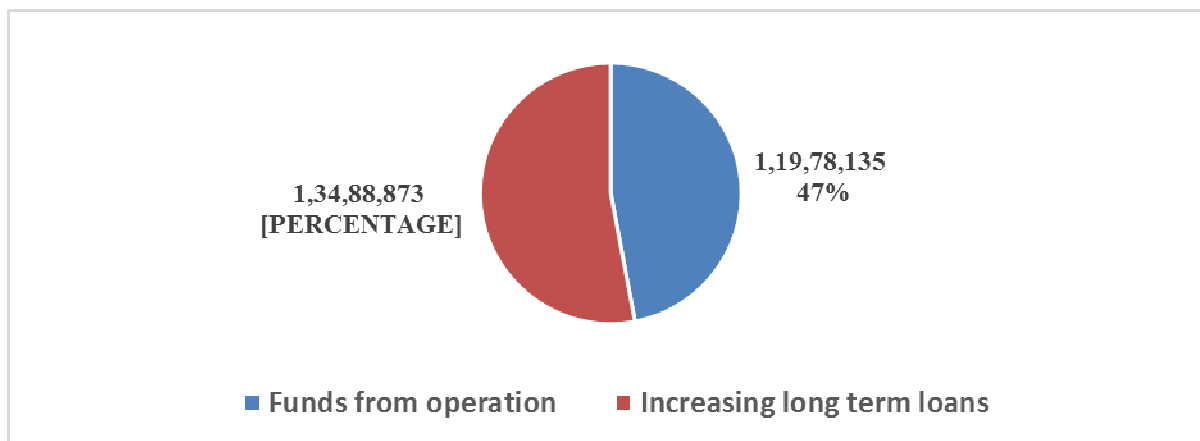
Particulars	Amount	Particulars	Amount
Depreciation	85,56,105	Balance b/d	1,12,522
Provision for taxation	12,72,691		
Balance c/d	22,61,861	Funds from operation	1,19,78,135
	1,20,90,657		1,20,90,657

INTERPRETATION

- The working capital of 2017 has increased to the extent of Rs 20,76,352 than in 2016.
- In the year 2016-2017 funds from operation are Rs 1,19,78,135

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE PERIOD 2016-2017

Sources	Amount	Applications	Amount
Funds from operation	1,19,78,135	Increase in working capital	2,07,63,527
Increasing long term loans	1,34,88,873	Purchase of fixed assets	33,68,861
		Payment of taxes	5,84,188
		Decrease of non-current liabilities	1,44,516
		Payments	6,05,916
	2,54,67,008		2,54,67,008



INTERPRETATION

Sources of funds

In the year 2016-2017 the flow of funds were contributed by funds from operation is Rs 1,19,78,135 and increasing term loans are Rs1,34,88,873

Applications of funds

In the year 2016-2017 the flow of funds were contributed by increasing working capital are Rs 2,07,63,527, Purchase of fixed assets are Rs 33,68,861, Payment of taxes are Rs 5,84,188, decrease of noncurrent liabilities are Rs 1,44,516 and Payments are Rs 6,05,916

The total circulation of funds are Rs 25467008

STATEMENT OF CHANGES IN WORKING CAPITAL 2017-2018

Particulars	Previous year 2017	Current year 2018	Increase	Decrease
(A) Current assets				
Inventories	16,53,194	18,65,084	2,11,890	
Trade receivables	6,53,05,962	9,47,33,384	2,94,27,422	
Short term loans and advances	2,12,52,033	2,32,74,315	20,22,282	
Cash and cash equivalents	1,18,430	3,76,298	2,57,868	
Total assets	8,83,29,619	12,02,49,081		

Particulars	Previous year 2017	Current year 2018	Increase	Decrease
(B) Current liabilities				
Short term borrowings	11,41,724	8,90,443	2,51,281	
Trade payables	2,03,54,822	333,71,356		1,30,16,534
Other current liabilities	1,98,93,112	3,16,40,430		1,17,47,318
Total liabilities	4,13,89,658	6,59,02,229		
Working capital(A-B)	4,69,39,961	5,43,46,852		
Net increase in working capital	74,06,891			

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2017-2018

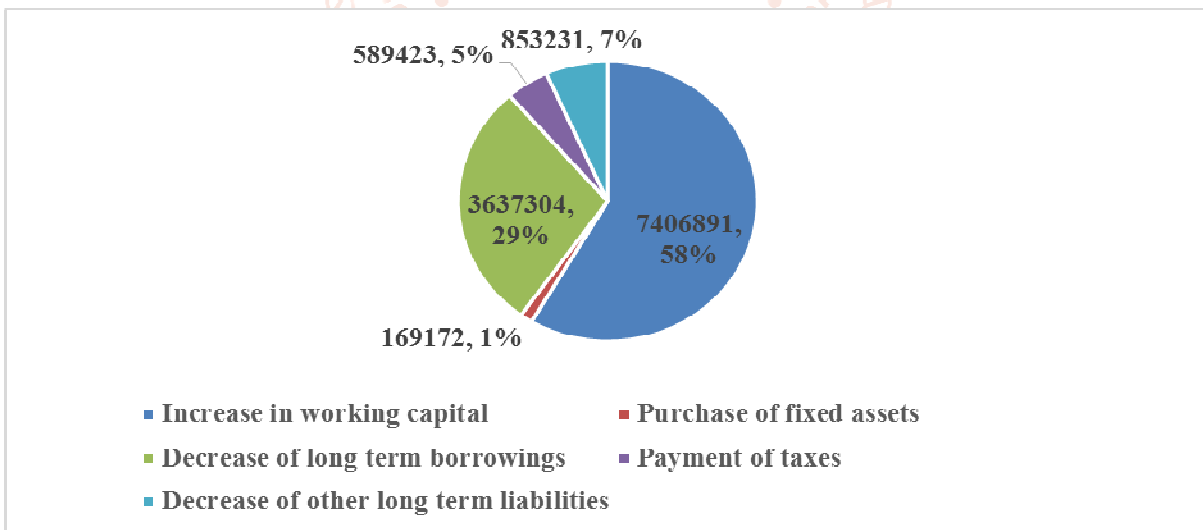
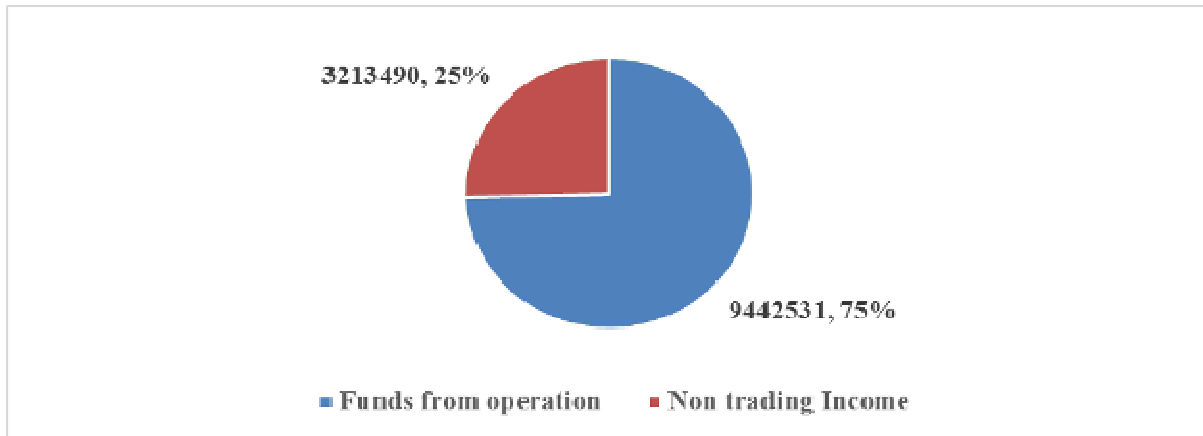
Particulars	Amount	Particulars	Amount
Depreciation	77,67,060	Balance b/d	22,61,861
Provision for taxation	13,29,227	Refund of tax	18,14,138
Balance c/d	44,22,243	Funds from operation	94,42,531
	1,35,18,530		1,35,18,530

INTERPRETATION

The working capital of 2018 increased to the extent of Rs74,06,891 than in 2017
 In the year 2017-2018 funds from operation are Rs 94,42,531

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR 2017-2018

Sources	Amount	Applications	Amount
Funds from operation	94,42,531	Increase in working capital	74,06,891
Non trading Income	32,13,490	Purchase of fixed assets	169,172
		Decrease of long term borrowings	36,37,304
		Payment of taxes	5,89,423
		Decrease of other long term liabilities	8,53,231
	1,26,56,021		1,26,56,021



INTERPRETATION

Sources of funds

In the year 2017-2018 the flow of funds were contributed by funds from operation are Rs 94,42,531 and increasing Non trading income is Rs 32,13,490

Applications of funds

In the year 2017-2018 the flow of funds were contributed by increase in working capital are Rs 74,06,891, Purchase of fixed assets are Rs1,69,172 decrease of long term borrowings are Rs 6,37,304 Payment of taxes are Rs 5,89,423 and decrease of other long term liabilities are Rs 8,53,231

The total circulation of funds are Rs 1,26,56,021

STATEMENT OF CHANGES IN WORKING CAPITAL 2018-2019

Particulars	Previous year (2018)	Current year (2019)	Increase	Decrease
(A) Current assets				
Inventories	18,65,084	30,58,654	11,93,570	
Trade receivables	9,47,33,384	4,41,28,233		5,06,05,151
Short term loans and advances	2,32,74,315	4,10,53,677	1,77,79,362	
Cash and cash equivalents	3,76,298	46,65,676	42,89,378	
Total assets	120249081	92906240		
Particulars	Previous year (2018)	Current year (2019)	Increase	Decrease
(B) Current liabilities				
Short term borrowings	8,90,443	-	8,90,433	
Trade payables	3,33,71,356	1,22,23,169	2,11,48,187	
Other current liabilities	3,16,40,430	2,02,76,697	1,13,63,733	
Total liabilities	6,59,02,229	3,24,99,866		
Working capital(A-B)	5,43,46,852	6,04,06,374		

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2018-2019

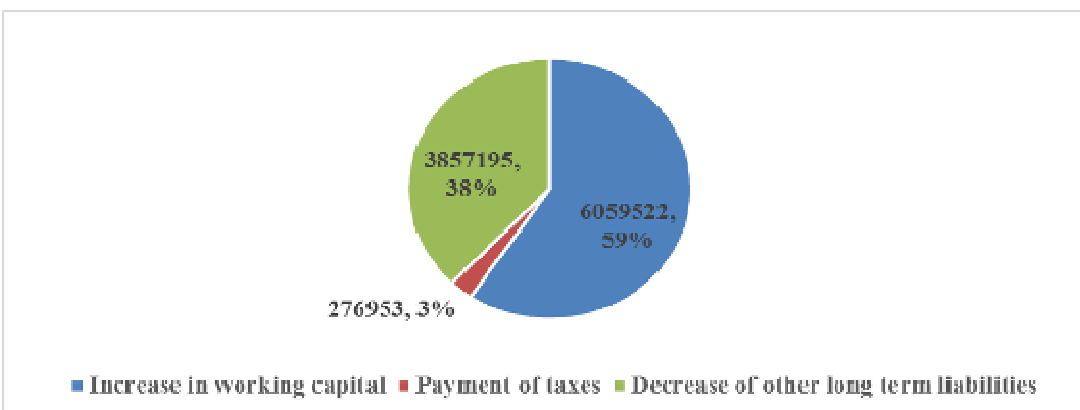
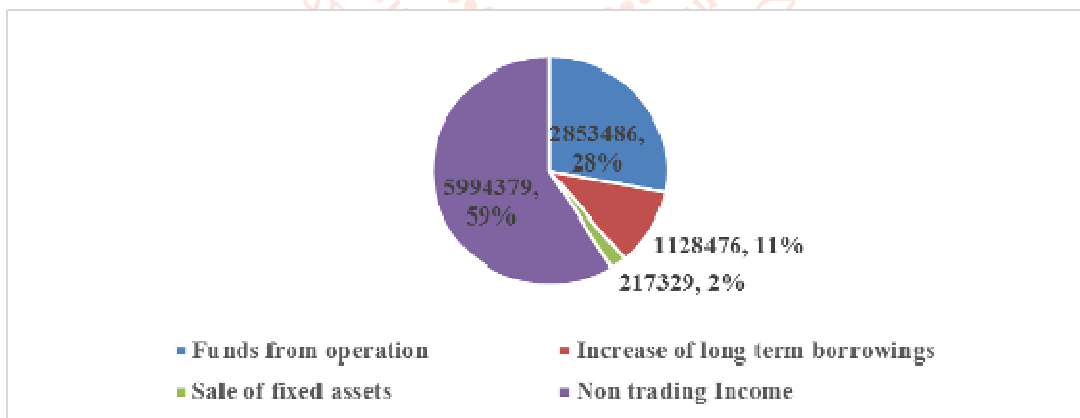
Particulars	Amount	Particulars	Amount
Depreciation	69,92,008	Balance b/d	44,22,243
Provision for taxation	4,73,428	Refund of tax	12,77,882
Balance c/d	10,88,175	Funds from operation	28,53,486
	85,53,611		85,53,611

INTERPRETATION

The working capital of 2019 increased to the extent of Rs 60,59,522 than in 2018
 In the year 2018-2019 funds from operation are Rs 28,53,486

STATEMENT OF SOURCES AN APPLICATIONS OF FUNDS FOR THE YEAR 2018-2019

Sources	Amount	Applications	Amount
Funds from operation	28,53,486	Increase in working capital	60,59,522
Increase of long term borrowings	11,28,476	Payment of taxes	2,76,953
Sale of fixed assets	2,17,329	Decrease of other long term liabilities	38,57,195
	10193670		10193670



INTERPRETATION**Sources of funds**

In the year 2018-2019 the flow of funds were contributed by funds from operation are Rs 28,53,486 Increase of long term borrowings are Rs 11,28,476 Sale of fixed assets are Rs 2,17,329 and Non trading Income is Rs 59,94,379

Applications of funds

In the year 2018-2019 the flow of funds were contribute by increase in working capital are Rs 60,59,522, Payment of taxes are Rs 2,76,953 and decrease of other long term liabilities are Rs 38,57,195
The total circulation of funds are Rs 1,01,93,670

STATEMENT OF CHANGES IN WORKING CAPITAL 2019-2020

Particulars	Previous year (2019)	Current year (2020)	Increase	Decrease
(A) Current assets				
Inventories	30,58,654	19,34,302		11,24,352
Trade receivables	4,41,28,233	6,78,18,861	2,36,90,628	
Short term loans and advances	4,10,53,677	4,73,88,194	63,34,517	
Cash and cash equivalents	46,65,676	1,25,857		45,39,819
Total assets	9,29,06,240	11,72,67,214		
Particulars	Previous year (2019)	Current year (2020)	Increase	Decrease
(B) Current liabilities				
Short term borrowings	2,69,91,979	2,57,46,001	12,54,978	
Trade payables	1,22,23,169	1,37,82,623		15,59,454
Other current liabilities	2,02,76,697	1,10,70,361	92,06,336	
Total liabilities	5,94,91,845	5,05,98,985		
Working capital(A-B)	3,34,14,395	6,66,68,229		
Net increase in working capital	3,32,53,834			

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2019-2020

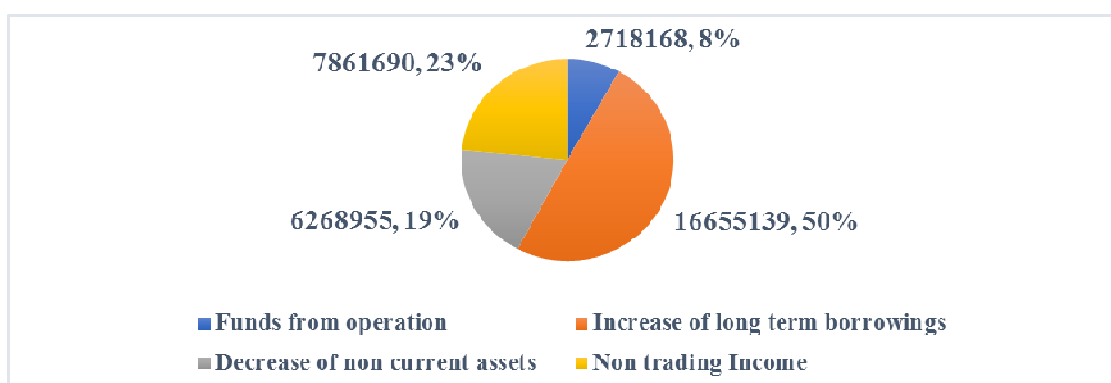
Particulars	Amount	Particulars	Amount
Depreciation	2,94,986	Balance b/d	10,88,175
Provision for taxation	20,31,363	Refund of tax	37,02,103
Balance c/d	51,82,097	Funds from operation	27,18,168

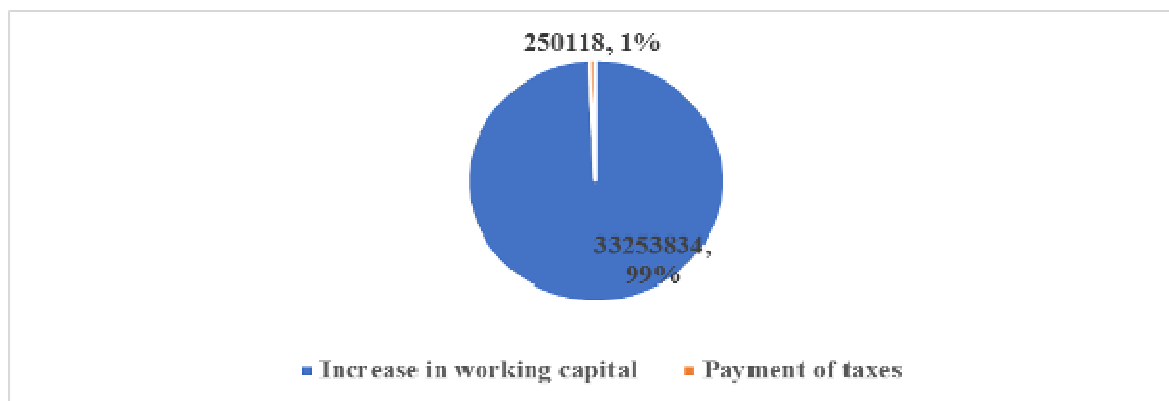
INTERPRETATION

The working capital of 2020 increased to the extent of Rs 3,32,53,834 than in 2019
In the year 2019-2020 funds from operation are Rs 27,18,168

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR 2019-2020

Sources	Amount	Applications	Amount
Funds from operation	27,18,168	Increase in working capital	3,32,53,834
Increase of long term borrowings	1,66,55,139	Payment of taxes	2,50,118
Decrease of non current assets	62,68,955		
Non trading Income	78,61,690		
	3,35,03,952		3,35,03,952





INTERPRETATION

Sources of funds

In the year 2019-2020 the flow of funds were contributed by increasing of long term borrowings are Rs 1,66,55,139, decrease of non-current assets are Rs 62,68,955 and non-trading income is Rs 78,61,690

Applications of funds

The flow of funds were contributed by increasing in working capital are Rs 3,32,52,834 and payment of taxes are Rs 2,50,118

The total circulation of funds are 3,35,03,952

STATEMENT OF CHANGES IN WORKING CAPITAL 2020-2021

Particulars	Previous year (2020)	Current year (2021)	Increase	Decrease
(A) Current assets				
Inventories	19,34,302	32,52,184	15,17,882	
Trade receivables	6,78,18,861	9,41,28,471	2,63,09,610	
Short term loans and advances	4,73,88,194	7,16,65,676	2,42,77,482	
Cash and cash equivalents	1,25,857	60,02,965	58,77,108	
Total assets	11,72,67,214	17,52,49,296		
Particulars	Previous year (2020)	Current year (2021)	Increase	Decrease
(B) Current liabilities				
Short term borrowings	2,57,46,001	3,71,06,019		1,13,60,018
Trade payables	1,37,82,623	1,22,63,809	15,18,814	
Other current liabilities	1,10,70,361	3,44,31,300		2,33,60,939
Total liabilities	5,05,98,985	8,38,01,128		
Working capital(A-B)	6,66,68,229	9,14,48,168		
Net increase in working capital	2,47,79,939			

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2020-2021

Particulars	Amount	Particulars	Amount
Depreciation	60,24,771	Balance b/d	51,82,097
Provision for taxation	25,07,805	Refund of tax	20,31,363
Balance c/d	59,70,801	Funds from operation	72,89,917
	1,45,03,377		1,45,03,377

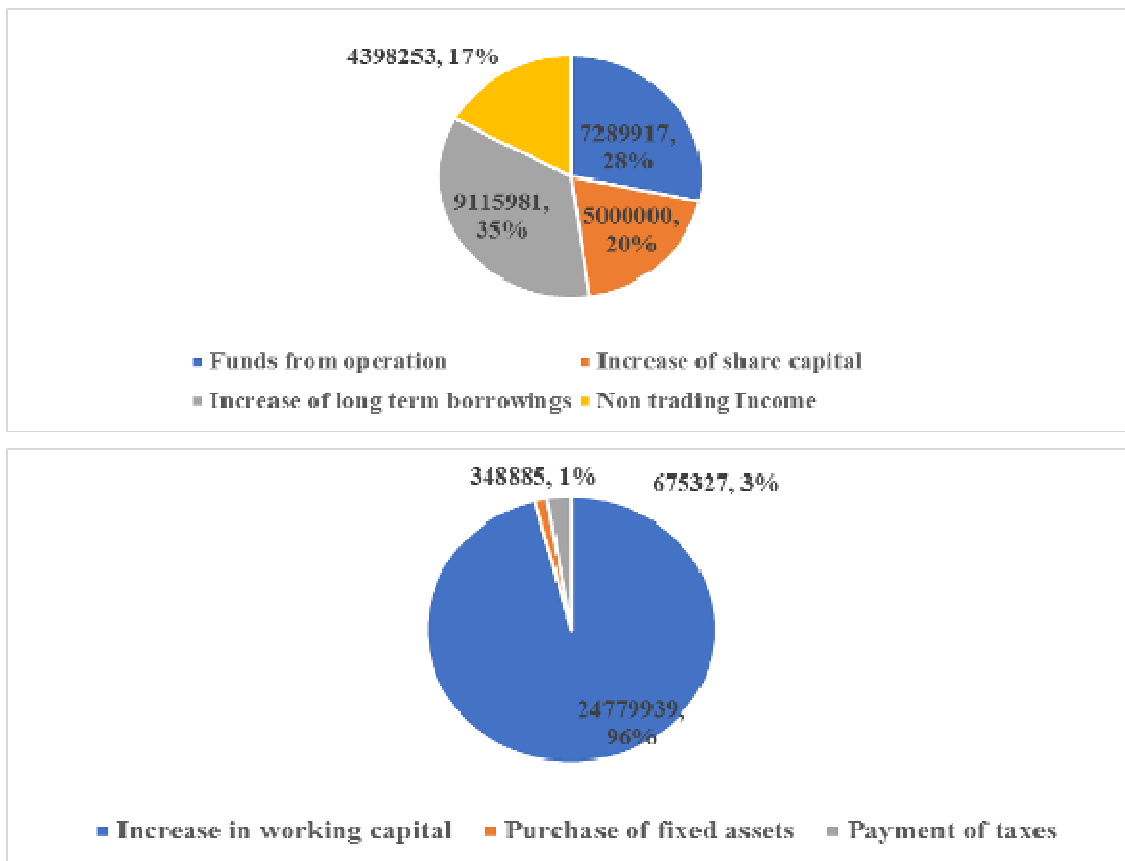
INTERPRETATION

The working capital of 2021 increased to the extent of Rs 2,47,79,939 than in 2020

In the year 2020-2021 funds from operation are Rs 72,89,917

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE YEAR 2020-2021

Sources	Amount	Applications	Amount
Funds from operation	72,89,917	Increase in working capital	2,47,79,939
Increase of share capital	50,00,000	Purchase of fixed assets	3,48,885
Increase of long term borrowings	91,15,981	Payment of taxes	6,75,327
Non trading Income	43,98,253		
	2,58,04,151		2,58,04,151



INTERPRETATION

Sources of funds

In the year 2020-2021 the flow of funds were contributed by funds from operation are Rs 72,89,917, increase in share capital are Rs 50,00,000 and long term borrowings are Rs 91,15,981 and Non trading income is Rs 43,98,253

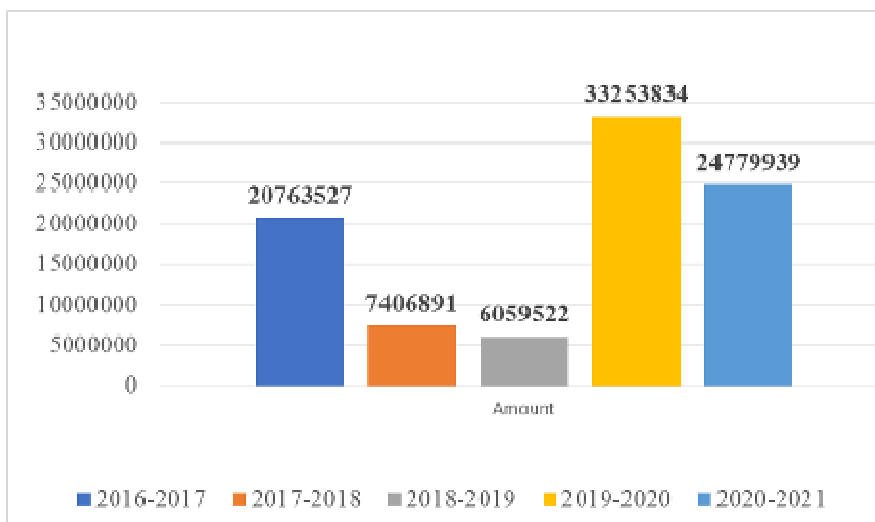
Applications of funds

The flow of funds were contributed by increasing in working capital are Rs 2,47,79,939 and purchase of fixed assets are Rs 34,88,85

The total circulation of funds are Rs 2,58,04,151

STATEMENT OF CHANGES IN WORKING CAPITAL

year	Increase/Decrease	Amount
2016-2017	Increase	2,07,63,527
2017-2018	Increase	74,06,891
2018-2019	Increase	60,59,522
2019-2020	Increase	3,32,53,834
2020-2021	Increase	2,47,79,939

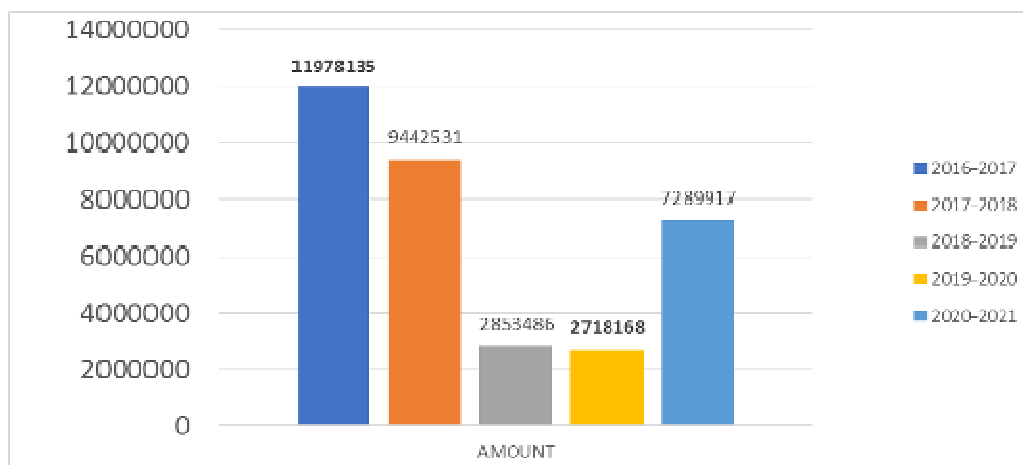


INTERPRETATION

From the bar graph it shows that in 2016-2017 working capital has increased, in 2017-2018 the working capital has decreased and it follows the same in 2018-2019, then in 2019-2020 working capital has increased and again it slightly decreased in 2020-2021, so there is a fluctuations in working capital

FUNDS FROM OPERATION

YEAR	AMOUNT
2016-2017	1,19,78,135
2017-2018	94,42,531
2018-2019	28,53,486
2019-2020	27,18,168
2020-2021	72,89,917

**INTERPRETATION**

In 2016-2017 there is an increased in funds from operation, it decreased for the year of 2017-2018 and it follows the same in 2018-2019 and 2019-2020 where as in 2020-2021 it again increased in funds from operations

FINDINGS

- In the year 2016-2017 the flow of funds were contributed by funds from operation Rs1,19,78,135 increasing term loans are Rs1,34,88,873 and working capital Rs2,07,63,527. The total circulation of funds are Rs2,54,67,008
- In the year 2017-2018 the flow of funds were contributed funds from operation are Rs94,42,531, purchase of fixed assets are Rs1,69,172 and Increased in working capital are Rs74,06,891 The total circulation of funds are Rs1,26,56,021
- In the year 2018-2019 the flow of funds were contributed by increase of long term borrowings are Rs11,28,476, payment of taxes are Rs2,76,953 The total circulation of funds are Rs1,01,93,670
- In the year 2019-2020 the flow of funds were contributed by increase of long term loans Rs1,66,55,139 and decrease of non-current assets are Rs62,68,955. The total circulation of funds are Rs3,35,03,952
- In the year 2020-2021 the flow of funds were contributed by increase in share capital Rs50,00,000 long term borrowings are Rs91,15,981 The total circulation of funds are Rs2,58,04,151

SUGGESTIONS

- Financial measures should be taken in order to maintain the adequate working capital without any fluctuations
- Trading activity should be operated effectively to generate to more funds
- It can be suggested that better utilization of sources of funds for getting maximum benefits.

CONCLUSION

Funds were utilized for financing the working capital requirements, except for the first year the study period is observed that the funds from operations are more fluctuated, it generated in application of total funds. The study revealed the trend of sources and application of funds in respect of increase and decrease of long-term borrowings and payment of taxes

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