

A Study on Funds Flow Analysis at Siflon Drugs, Anantapur

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ABSTRACT

Fund flow analysis can reveal the strength and weakness in utilization of available fund for business purpose. Fund flow statement is one of the valuable tools of management to evaluate the uses of funds by the organization. Funds flow statement is a statement which discloses the analytical information about the different sources of a fund and the application of the same in an accounting cycle. This study is based on secondary data for 5 years viz., 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021 annual reports and website. This study will provide to know various inflows and outflows of funds.

How to cite this paper: P. Snigdha Mounika | Dr. P. Basaiah "A Study on Funds Flow Analysis at Siflon Drugs, Anantapur" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-6, October 2022, pp.584-593, URL: www.ijtsrd.com/papers/ijtsrd51922.pdf



IJTSRD51922

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INTRODUCTION

Fund Flow Statement which will indicate the changes and movement of funds between two balance sheet dates which are not clearly mirrored in the balance sheet and income statement. That statement is called as funds flow statement. The analysis which studies the flow and movement of funds is called as funds flow analysis. A different statement is an absolute necessity to find any periodical boost or decrease in funds of a firm. This statement is referred as fund flow statement whose purpose is to study the fund sources and its application over an accounting period.

MEANING:

A Fund flow statement is a statement of sources and uses of funds or net working capital. It is a statement which shows how the net working capital is obtained and it is put to use. It is a technical device designed to highlight the changes in the financial condition of a business enterprise between two balance sheet dates.

DEFINITION:

According to Smith and Brown, "A statement of sources and application of fund is a technical device designed to analyze the changes in the financial condition of a business enterprise between two dates".

PROCEDURE FOR PREPARING FUND FLOW STATEMENT:

- The fund flow statement consists of the following:
1. Preparation of statement of changes in working capital.
 2. Preparation of funds from operations.
 3. Preparation of Funds flow statements.

NEED FOR THE STUDY

The study helps to know the inflows and outflows of funds, movement & utilization of funds.

SCOPE OF THE STUDY

The study covers the funds flow analysis for a period of 2016-2017 to 2020-2021.

OBJECTIVES OF THE STUDY

- To study the working capital position and changes.
- To analyze the funds from operations.
- To know the various sources and applications of funds.

RESEARCH METHODOLOGY

The Study is based on the secondary data.

SECONDARY DATA:

Secondary data is collected through annual reports, websites, journals.

Websites:

[https://www.worldwidejournals.com/indian-journal-of-applied-research-\(IJAR\)/recent_issues_pdf/2014/May/May_2014_1492763520__02.pdf](https://www.worldwidejournals.com/indian-journal-of-applied-research-(IJAR)/recent_issues_pdf/2014/May/May_2014_1492763520__02.pdf)
http://ijtsr.com/images/short_pdf/1522223767_1595-1599-oucip921_ijtsr.pdf

TOOLS & TECHNIQUES

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

DATA ANALYSIS & INTERPRETATION**Table 1: Statement showing changes in working capital for the year 2017-2018**

Particulars	2017	2018	Change in working Capital	
			Increase	decrease
Current Assets:				
Closing Stock	8,27,50,841.00	8,70,55,720.48	43,04,879.48	
Deposits (Asset)	68,46,754.41	79,64,911.77	11,18,157.36	
Loans & Advances (Asset)		20,19,760.00	20,19,760.00	
Sundry Debtors	11,43,96,556.24	16,09,73,040.17	4,65,76,483.93	
Cash-in-hand	2,35,812.50	1,98,439.50		37,373.00
Bank Accounts	29,99,146.11	52,02,181.99	22,03,035.88	
Input Balances (GST) - 2017-18		3,63,98,650.00	3,63,98,650.00	
Duty Drawback Receivable - 2017-18		7,65,625.00	7,65,625.00	
Duty Drawback Receivable Up to 31.03.2017		22,17,987.00	22,17,987.00	
LOANS AND ADVANCES (ASSET)	2,54,37,194.42	2,60,55,760.90	6,18,566.48	
Duty Drawback Receivable for 2016-17	3,48,537.00			3,48,537.00
Excise Duty- Cenvat	1,03,34,195.60			1,03,34,195.60
Misc. Expenses (ASSET)	2,39,97,595.73	2,16,76,548.73		23,21,047.00
Total current Assets(A)	26,73,46,633.01	35,05,28,625.54		
Current Liabilities:				
Sundry Creditors	5,36,66,265.00	17,68,54,231.49		12,31,87,966.49
Duties & Taxes	4,32,006.00	7,04,418.00		2,72,412.00
Provisions	43,51,324.00	39,98,501.00	3,52,823.00	
Cst Deferment A/c	31,48,835.00	23,31,064.00	8,17,771.00	
Loans(Unsecured)	50,04,588.10	75,09,120.50		25,04,532.40
Loans (Vehicles)	64,65,322.28	41,45,664.91	23,19,657.37	
Other Liabilities	3,37,15,957.31		3,37,15,957.31	
Bank Accounts/OD/Loans	8,73,97,264.28	13,59,23,876.85		4,85,26,612.57
Total Current Liabilities(B)	19,41,81,561.97	33,14,66,876.75		
Working capital(A-B)	7,31,65,071.04	1,90,61,748.79		
Net Decrease working capital		5,41,03,322.25	5,41,03,322.25	
Total net working capital	7,31,65,071.04	7,31,65,071.04	18,75,32,676.06	18,75,32,676.06

Interpretation:

From Table 1 the working capital of 2018 has decreased to the extent of Rs. 54103322.25 than in 2017 due to the significant increase in creditors in current liabilities.

Table 2: Statement showing changes in working capital for the year 2018-2019

Particulars	2018	2019	Change in working Capital	
			Increase	decrease
Current Assets:				
Current Assets		30,77,25,255.44		
Closing Stock	8,70,55,720.48			
Deposits (Asset)	79,64,911.77			
Loans & Advances (Asset)	20,19,760.00			
Sundry Debtors	16,09,73,040.17			
Cash-in-hand	1,98,439.50			
Bank Accounts	52,02,181.99			
Input Balances (GST) - 2017-18	3,63,98,650.00			
Duty Drawback Receivable - 2017-18	7,65,625.00			
Duty Drawback Receivable Up to 31.03.2017	22,17,987.00			
LOANS AND ADVANCES (ASSET)	2,60,55,760.90			
Misc.Expenses(ASSET)	2,16,76,548.73	1,28,63,983.89		
Total current Assets(A)	35,05,28,625.54	32,05,89,239.33		2,99,39,386.21
Current Liabilities:				
Sundry Creditors	17,68,54,231.49	13,46,72,003.14	4,21,82,228.35	
Duties & Taxes	7,04,418.00	-1,36,73,175.20	1,43,77,593.20	
Provisions	39,98,501.00	72,78,103.00		32,79,602.00
Cst Deferment A/c	23,31,064.00	16,09,878.00	7,21,186.00	
Loans(Unsecured)	75,09,120.50	1,72,64,855.27		97,55,734.77
Loans (Vehicles)	41,45,664.91	34,98,822.00	6,46,842.91	
Bank Accounts/OD/Loans	13,59,23,876.85	15,94,82,843.27		2,35,58,966.42
Total Current Liabilities(B)	33,14,66,876.75	31,01,33,329.48		
Working capital(A-B)	1,90,61,748.79	1,04,55,909.85		
Net decrease in working capital		86,05,838.94	8605838.94	
Total net working capital	1,90,61,748.79	1,90,61,748.79	66533689.4	66533689.4

Interpretation:

From Table 2 the working capital of 2019 has decreased to the extent of Rs. 8605838.94 than in 2018 due to the decrease in creditors in current liabilities.

Table 3: Statement showing changes in working capital for the year 2019-2020

Particulars	2019	2020	Change in working Capital	
			Increase	decrease
Current Assets:				
Current Assets	30,77,25,255.44	35,28,55,126.13	4,51,29,870.69	
Misc.Expenses(ASSET)	1,28,63,983.89	1,65,35,520.15	36,71,536.26	
Total current Assets(A)	32,05,89,239.33	36,93,90,646.28		
Current Liabilities:				
Sundry Creditors	13,46,72,003.14	12,19,80,702.78	1,26,91,300.36	
Duties & Taxes	-1,36,73,175.20	-1,20,87,749.00		15,85,426.20
Provisions	72,78,103.00	95,97,302.00		23,19,199.00
Cst Deferment A/c	16,09,878.00	16,09,878.00		
Loans(Unsecured)	1,72,64,855.27		1,72,64,855.27	
Loans (Vehicles)	34,98,822.00		34,98,822.00	
Bank Accounts/OD/Loans	15,94,82,843.27	17,54,21,940.04		1,59,39,096.77
Total Current Liabilities(B)	31,01,33,329.48	29,65,22,073.82		
Working capital(A-B)	1,04,55,909.85	7,28,68,572.46		
Net increase in working capital	6,24,12,662.61			6,24,12,662.61
Total net working capital	7,28,68,572.46	7,28,68,572.46	8,22,56,384.58	82256384.58

Interpretation:

From Table 3 the working capital of 2020 has increased to the extent of Rs. 62412662.61 than in 2019 due to the increase in current assets.

Table 4: Statement showing changes in working capital for the year 2020-2021

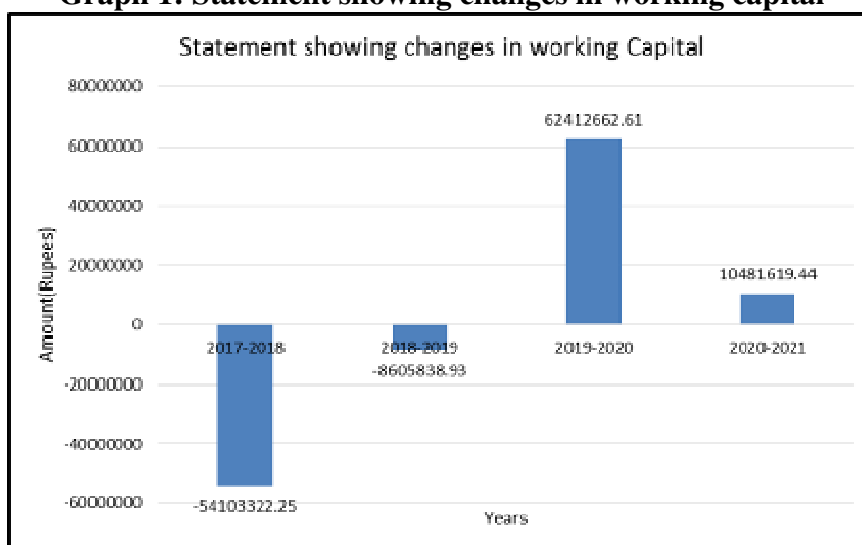
Particulars	2020	2021	Change in working Capital	
			Increase	decrease
Current Assets:				
Current Assets	35,28,55,126.13			
Stock in Hand		11,75,41,474.00		
Deposits (Asset)		2,65,43,588.00		
Sundry Debtors		23,86,66,205.83		
Cash-in-hand		1,94,322.50		
Bank Accounts		1,75,79,069.08		
Sundry Advances		47,828.00		
Miscellaneous Exp(Asset)	16535520.15	7,47,02,086.30		
Total current Assets(A)	36,93,90,646.28	47,52,74,573.71	10,58,83,927.43	
Current Liabilities:				
Sundry Creditors	12,19,80,702.78	11,04,12,517.93	1,15,68,184.85	
Duties & Taxes	-1,20,87,749.00	19,71,412.15		1,40,59,161.15
EMD from Suppliers		4,68,52,340.37		4,68,52,340.37
Provisions	95,97,302.00	69,06,885.00	26,90,417.00	
Cst Deferment A/c	16,09,878.00		16,09,878.00	
Bank Accounts/OD/Loans	17,54,21,940.04	225781226.4		5,03,59,286.32
Total Current Liabilities(B)	29,65,22,073.82	39,19,24,381.81		
Working capital(A-B)	7,28,68,572.46	8,33,50,191.90		
Net increase in working capital	1,04,81,619.44			1,04,81,619.44
Total net working capital	8,33,50,191.90	8,33,50,191.90	121752407.3	121752407.3

Interpretation:

From Table 4 the working capital of 2021 has increased to the extent of Rs. 10481619.44 than in 2020 due to the increase in Debtors in current assets.

Table 5: Statement showing changes in working capital

Year	Changes in Working Capital
2017-2018	-54103322.25
2018-2019	-8605838.93
2019-2020	62412662.61
2020-2021	10481619.44

Graph 1: Statement showing changes in working capital

Interpretation:

From Table 5 & Graph 1 in 2017-2018, the working capital is decreased to Rs. 54103322.25 compared to 2017, in 2018-2019 it decreased to Rs. 8605838.93 compared to 2018, in 2019-2020 it increased to Rs. 62412662.61 compared to 2019 & in 2020-2021 it increased to Rs. 10481619.44 compared to 2020.

Table 6: Statement of Funds from Operations for the year ending 31 March 2018

Particulars	Amount
Net Profit	96,94,245.18
Add:	
Depreciation	3,52,97,810.80
Total(A)	4,49,92,055.98
Less:	
<i>Interest/Income on Bonds/Investments received</i>	29,92,541.68
<i>Total(B)</i>	29,92,541.68
Funds from Operations	4,19,99,514.30

Interpretation:

From Table 6 in the year 2017-2018 the funds from operations is Rs. 41999514.30.

Table 7: Statement of Funds from Operations for the year ending 31 March 2019

Particulars	Amount
Net Profit	1,89,48,840.67
Add:	
Depreciation	3,27,45,356
Total(A)	5,16,94,196.67
Less:	
<i>Interest/Income on Bonds/Investments received</i>	445978.47
<i>Total(B)</i>	445978.47
Funds from Operations	5,12,48,218.20

Interpretation:

From Table 7 in the year 2018-2019 the funds from operations is Rs. 51248218.20.

Table 8: Statement of Funds from Operations for the year ending 31 March 2020

Particulars	Amount
Net Profit	3,76,12,496.74
Add:	
Depreciation	2,86,23,109.00
Total(A)	6,62,35,605.74
Less:	
<i>Interest/Income on Bonds/Investments received</i>	2802173.6
<i>Total(B)</i>	2802173.6
Funds from Operations	63433432.14

Interpretation:

From Table 8 in the year 2019-2020 the funds from operations is Rs. 63433432.14.

Table 9: Statement of Funds from Operations for the year ending 31 March 2021

Particulars	Amount
Net Profit	15,48,44,475.55
Add:	
Depreciation on Fixed Assets	2,85,88,138.00
Total(A)	183432613.6
Less:	
<i>Interest/Income on Bonds/Investments received</i>	6388469
<i>Total(B)</i>	6388469
Funds from Operations	177044144.6

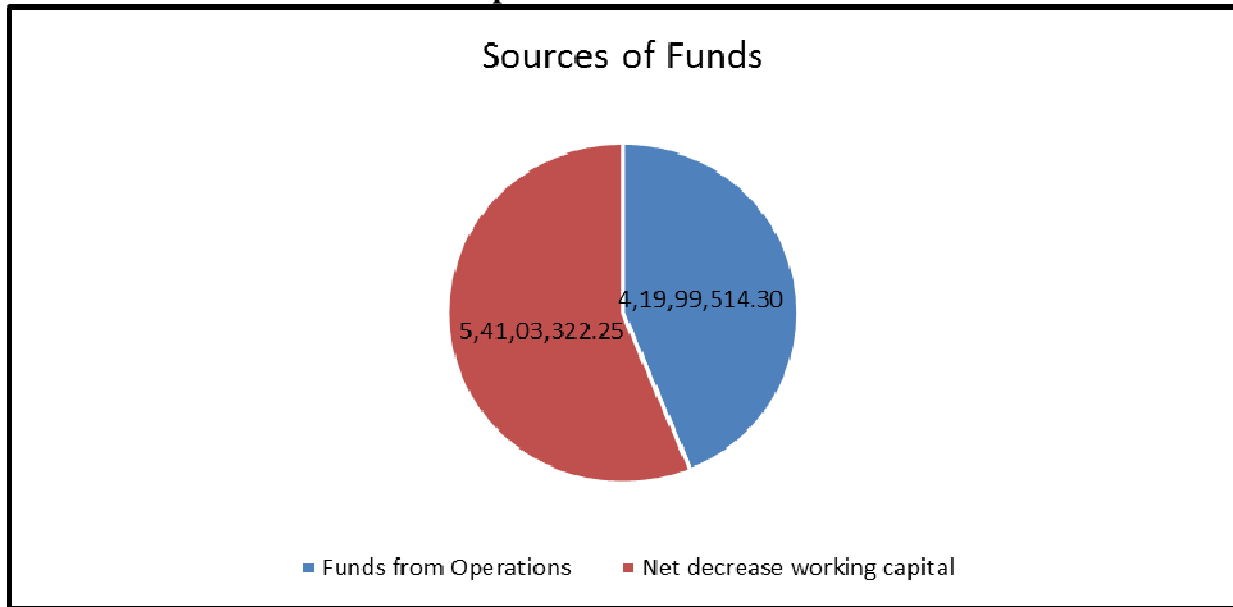
Interpretation:

From Table 9 in the year 2020-2021 the funds from operations is Rs. 177044144.6.

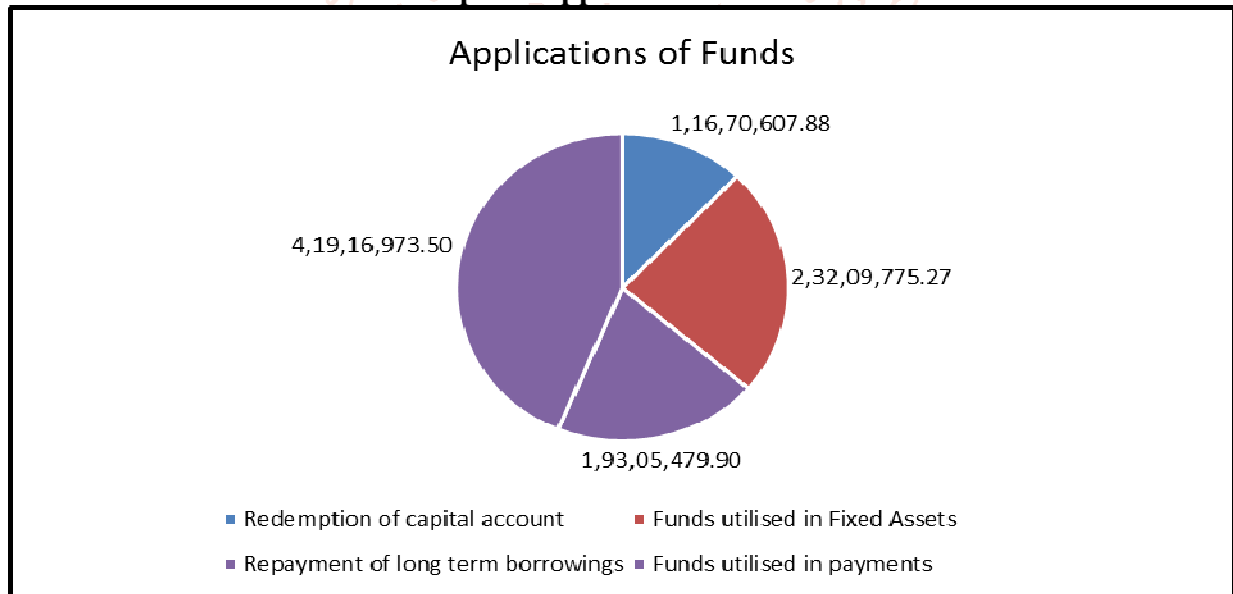
Table 10: Funds Flow Statement for the year ending 31 March 2018

Source of Funds	Amount	Application of Funds	Amount
Funds from Operations	4,19,99,514.30	Redemption of capital account	1,16,70,607.88
Net decrease working capital	5,41,03,322.25	Funds utilised in Fixed Assets	2,32,09,775.27
		Repayment of long term borrowings	1,93,05,479.90
		Funds utilised in payments	4,19,16,973.50
Total	9,61,02,836.55	Total	9,61,02,836.55

Graph 3: Sources of Funds



Graph 4: Applications of Funds



Interpretation:

Sources of Funds:

From Table 10 & graph 3 in 2017-2018 the inflows of funds are funds from operations is Rs. 41999514.30 and net decrease in working capital is Rs. 54103322.25.

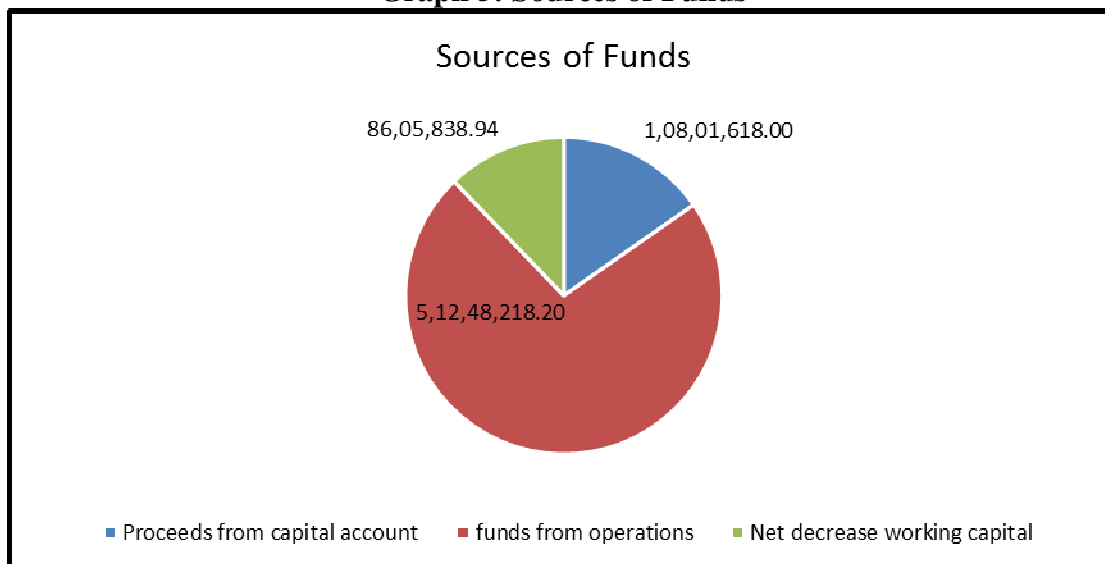
Applications of Funds:

From Table 10 & graph 4 in 2017-2018 the outflows of funds are Redemption of capital account is Rs. 19305479.90, Repayment of long term borrowings is Rs. 11670607.88 and Funds utilised in Fixed Assets is Rs.23209775.27.

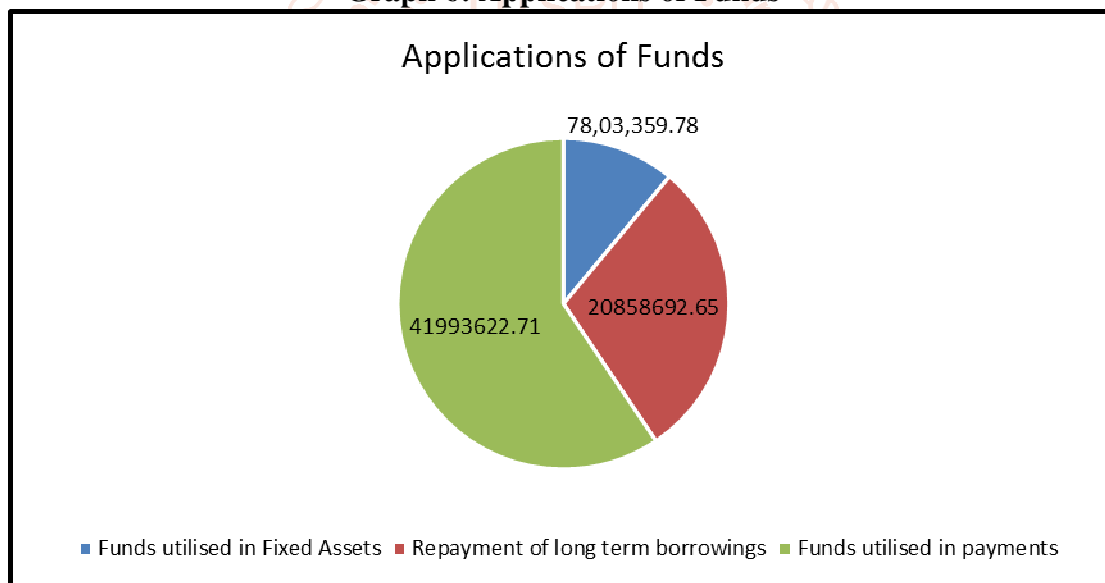
Table 11: Funds Flow Statement for the year ending 31 March 2019

Source of Funds	Amount	Application of Funds	Amount
Proceeds from capital account	1,08,01,618.00	Funds utilised in Fixed Assets	78,03,359.78
funds from operations	5,12,48,218.20	Repayment of long term borrowings	20858692.65
Net decrease working capital	86,05,838.94	Funds utilised in payments	41993622.71
Total	7,06,55,675.14	Total	7,06,55,675.14

Graph 5: Sources of Funds



Graph 6: Applications of Funds



Interpretation:

Sources of Funds:

From Table 11 & graph 5 in 2018-2019 the inflows of funds are Proceeds from capital account is Rs. 10801618.00, funds from operations is Rs. 51248218.20 and net decrease in working capital is Rs. 8605838.94.

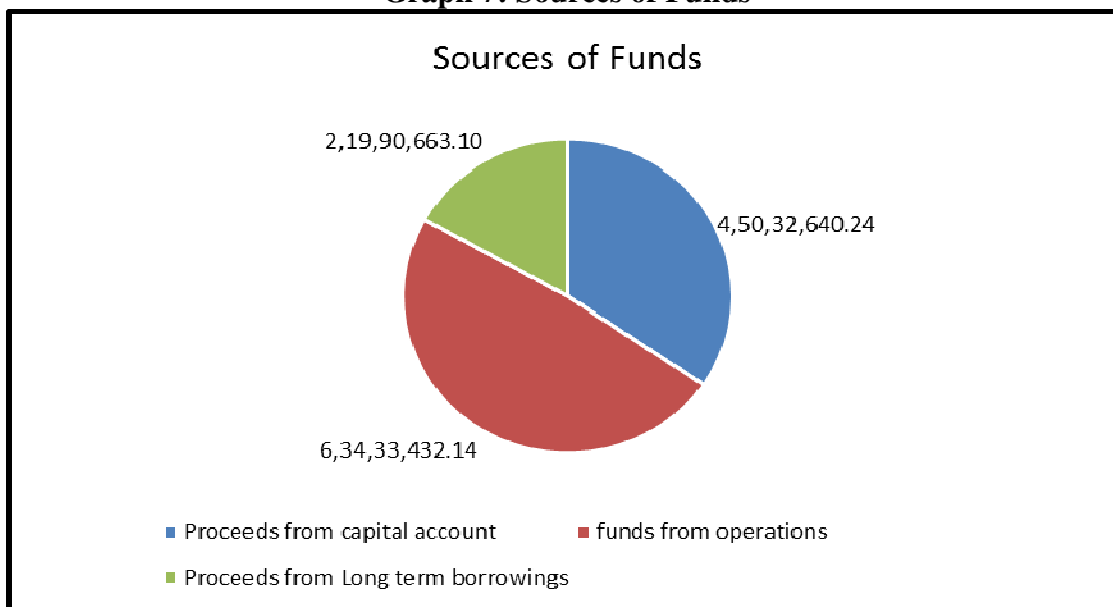
Applications of Funds:

From Table 11 & graph 6 in 2018-2019 the outflows of funds are Funds utilised in Fixed Assets is Rs. 7803359.78 and Repayment of Long term borrowing is Rs. 20858692.65.

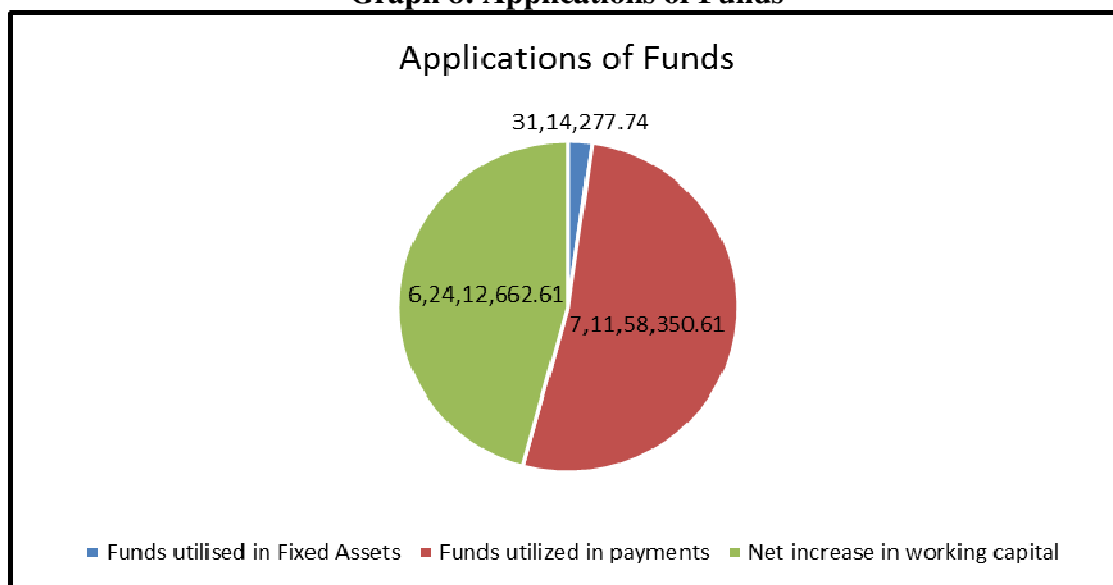
Table 12: Funds Flow Statement for the year ending 31 March 2020

Source of Funds	Amount	Application of Funds	Amount
Proceeds from capital account	4,50,32,640.24	Funds utilised in Fixed Assets	(31,14,277.74)
funds from operations	6,34,33,432.14	Funds utilised in payments	7,11,58,350.61
Proceeds from Long term borrowings	2,19,90,663.10	Net increase in working capital	6,24,12,662.61
Total	13,04,56,735.48	Total	13,04,56,735.48

Graph 7: Sources of Funds



Graph 8: Applications of Funds



Interpretation:

Sources of Funds:

From Table 12 & graph 7 in 2019-2020 the inflows of funds are Proceeds from capital account is Rs. 45032640.24, funds from operations is Rs. 63433432.14 and Proceeds from Long term borrowing is Rs. 21990663.10.

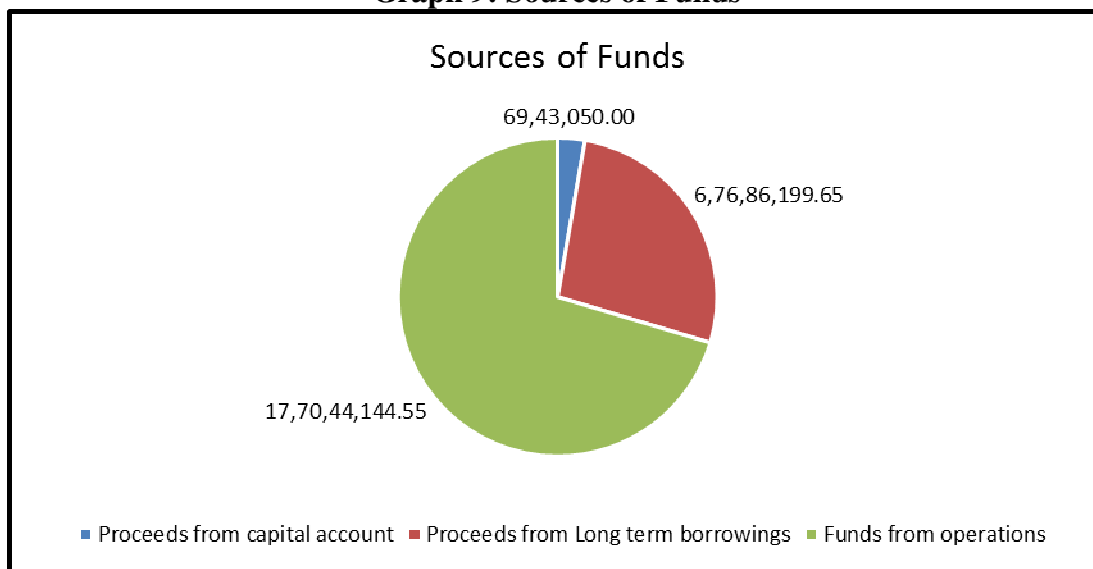
Applications of Funds:

From Table 12 & graph 8 in 2019-2020 the outflows of funds are Funds utilised in Fixed Assets is Rs. 3114277.74 and net increase in working capital is Rs. 62412662.61.

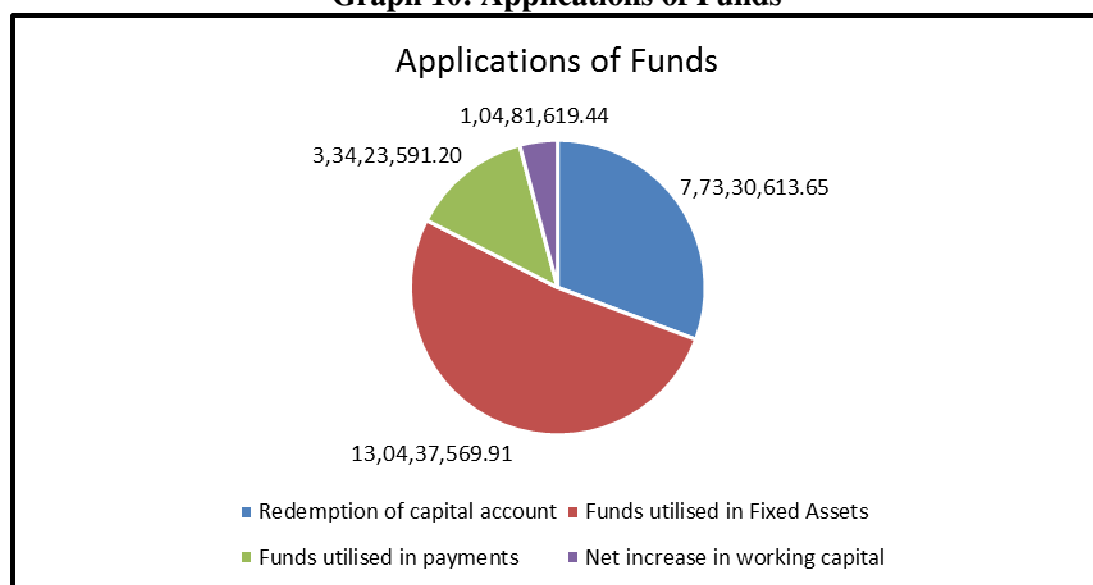
Table 13: Funds Flow Statement for the year ending 31 March 2021

Source of Funds	Amount	Application of Funds	Amount
Proceeds from capital account	69,43,050.00	Redemption of capital account	7,73,30,613.65
Proceeds from Long term borrowings	6,76,86,199.65	Funds utilised in Fixed Assets	13,04,37,569.91
Funds from operations	17,70,44,144.55	Funds utilised in payments	3,34,23,591.20
		Net increase in working capital	1,04,81,619.44
Total	25,16,73,394.20	Total	25,16,73,394.20

Graph 9: Sources of Funds



Graph 10: Applications of Funds



Interpretation:

Sources of Funds:

From Table 13 & graph 9 in 2020-2021 the inflows of funds are Proceeds from capital account is Rs. 6943050.00, funds from operations is Rs. 177044144.55 and Proceeds from Long term borrowing is Rs. 67686199.65.

Applications of Funds:

From Table 13 & graph 10 in 2020-2021 the outflows of funds are Redemption of capital account is Rs. 77330613.65, Funds utilised in Fixed Assets is Rs. 130437569.91 and net increase in working capital is Rs. 10481619.44.

FINDINGS

- In 2017-2018, the working capital is decreased to Rs. 54103322.25 compared to 2017, in 2018-2019 it decreased to Rs. 8605838.93 compared to 2018, in 2019-2020 it increased to Rs. 62412662.61 compared to 2019 & in 2020-2021 it increased to Rs. 10481619.44 compared to 2020.
- In 2017-2018 the inflows of funds are funds from operations is Rs. 41999514.30 and net decrease in working capital is Rs. 54103322.25 & the outflows of funds are Redemption of capital account is Rs. 11670607.88, Repayment of long term borrowings is Rs. 11670607.88 and Funds utilised in Fixed Assets is Rs.23209775.27.
- In 2018-2019 the inflows of funds are Proceeds from capital account is Rs. 10801618.00, funds from operations is Rs. 51248218.20 and net decrease in working capital is Rs. 8605838.94 & the outflows of funds are Funds utilised in Fixed Assets is Rs. 7803359.78 and Repayment of Long term borrowing is Rs. 20858692.65.

- In 2019-2020 the inflows of funds are Proceeds from capital account is Rs. 45032640.24, funds from operations is Rs. 63433432.14 and Proceeds from Long term borrowing is Rs. 21990663.10 & the outflows of funds are Funds utilised in Fixed Assets is Rs. 3114277.74 and net increase in working capital is Rs. 62412662.61.
- In 2020-2021 the inflows of funds are Proceeds from capital account is Rs. 6943050.00, funds from operations is Rs. 177044144.55 and Proceeds from Long term borrowing is Rs. 67686199.65 & the outflows of funds are Redemption of capital account is Rs. 77330613.65, Funds utilised in Fixed Assets is Rs. 130437569.91 and net increase in working capital is Rs. 10481619.44.

SUGGESTIONS

- The better utilization of sources of funds for getting maximum benefits.

- Maintain the adequate working capital to increase financial efficiency.

CONCLUSION

Funds were utilized for financing the working capital requirements, funds from operations and those are generated in sources and applications of total funds. The study revealed the trend of sources and application of funds i.e. funds flow performance is good in the company.

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- [2] <https://www.gacbe.ac.in/pdf/ematerial/18BBA23C-U3.pdf>

