

**“A STUDY ON FUND FLOW MANAGEMENT WITH REFERENCE TO ZENITH
INTEGRATED SUPPORT AND ALLIED FINANCIAL SERVICES PVT LTD-
BANGALORE KARNATAKA”**

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INTRODUCTION

Definition of 'Fund Flow'

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.

The following points highlight the importance of funds flow statement.

- ✓ Funds flow statement helps in identifying the change in level of current assets investment and current liabilities financing.
- ✓ Funds flow statement helps in analyzing the changes in working capital level of a firm.
- ✓ Funds flow statement shows the relationship of net income to the changes in funds from business operation.
- ✓ Funds flow statement reports about past fund flow as an aid to predict future funds flow.

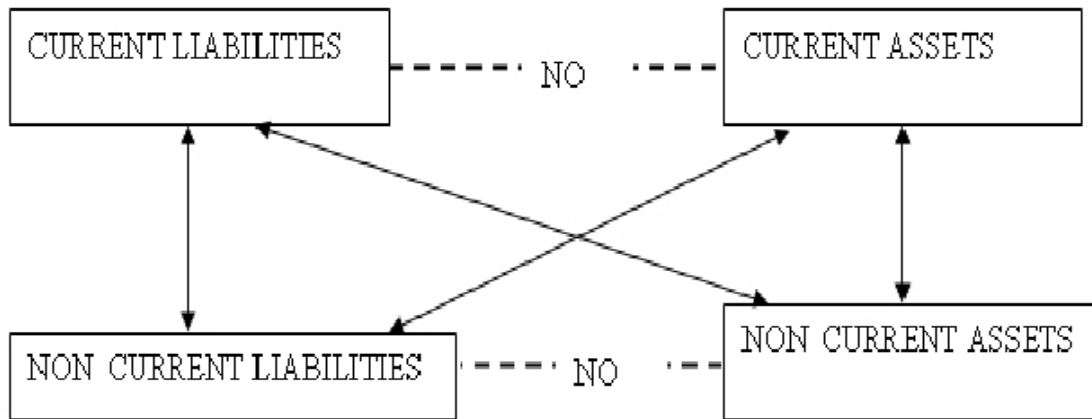
- ✓ Funds flow statement helps in determining the firms' ability to pay interest and dividend, and pay debt when they become due.
- ✓ Funds flow statement shows the firms' ability to generate long-term financing to satisfy the investment in long-term assets.

Importance of Fund Flow Analysis

Funds flow statement is an important financial tool, which analyze the changes in financial position of a firm showing the sources and applications of its funds. It provides useful information about the firm's operating, financing and investing activities during a particular period. The following points highlight the importance of funds flow statement.

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4. Funds flow statement reports about past fund flow as an aid to predict future funds flow.
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6. Funds flow statement shows the firms' ability to generate long-term financing to satisfy the investment in long-term assets.
7. Funds flow statements helps in identifying the factor responsible for changes in assets, liabilities and owners' equity at two balance sheet date.

FIGURE SHOWING FLOW OF FUND



OBJECTIVE OF THE STUDY

PRIMARY OBJECTIVES:

To study the fund flow analysis of Integrated Support and Allied Services Pvt. Ltd. (INSAS)

SECONDARY OBJECTIVES:

1. To determine the operational efficiency of the company using ratios
2. To know the changes in financial statement for the past 5 years by using working capital statement
3. To forecast the future changes using the trend analysis
4. To conduct fund flow statement for 2012-2018
5. To identify the financial strength and weakness that the company might have.
6. To analyze the relationship between Net profit and EPS using Correlation analysis

NEED FOR THE STUDY

- ✓ To understand that an ongoing approach to the problem is essential and that short term responses may have negligible effect.

- ✓ Data such as savings ratio, debt-to-income ratio, self-evaluation of the productivity, performance rating, and absenteeism are difficult to gather as individuals may not know the exact figures of each category or may not want to reveal this information

SCOPE OF STUDY

- ✓ The study covers all the components of current assets and current liabilities for the year 2009-2013
- ✓ The study also deals with the various ratios imparted in the organization.
- ✓ The working capital is one of the dynamic and vital aspects of the business operation.

LIMITATIONS OF THE STUDY

- ✓ The study mainly depends on the secondary data taken from annual report and internal records of the company.
- ✓ The figures taken from the financial statement for analysis were historical in nature.
- ✓ The study is confined to a short period of 4 months. This would not picture the exact position of company
- ✓ In depth analysis of data is not possible due to time constraint.
- ✓ Some of the data has not given by the company due to maintenance of financial secrecy.

RESEARCH METHODOLOGY

RESEARCH

Research is an organized, systematic, database, critical, objective, scientific, inquiry or investigation into a specific problem, undertaken with the purpose of finding answer or solutions to it. Emory defines research as, “any organized inquiry designed and carried out to provide information for solving a problem”

RESEARCH DESIGN

Research design is specification of methods and procedures for acquiring the information needed to structure or to solve problem. Research design is defined as, “the arrangement of condition for collection and analysis of the data in a manner that aims to combined relevant to the research purpose with economy in procedure” Analytical research technique was adopted in this study The researcher used analytical type of research to analyze the past data based on which certain future decision can be made.

SOURCE OF DATA

SECONDARY DATA

These data, which have already been collected, compiled and presented earlier by any agency, may be used for the purpose of investigation. Such data may be called secondary data. Secondary data may earlier be published data or unpublished data. Usually published data are available in annual report.

ANNUA REPORT REORTS & PRESS RELEASES

It provides the detailed information about the company for the accounting period. This enables to understand the existing performance of the company.

TOOLS USED FOR THE STUDY

- i) Ratio analysis
- ii) Cash flow Statement.

RATIO ANALYSIS

The following ratios are used to calculate the liquidity.

- a. Current ratio = current assets / Current liabilities
- b. Cash position ratio = cash & company / Current liabilities

WORKING CAPITAL

- Working capital = current assets – current liabilities

Working capital refers to the cash a business requires for day-to-day operations. It is the amount of funds necessary to cover the cost of operating the enterprise. It is also known as revolving or circulating capital or short-term capital.

DATA ANALYSIS AND INTERPRETATION

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

PARTICULARS	2017 AMOUNT Rs.	2018 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
CURRENT ASSETS:				
Cash & Balances	61290.87	94395.50		33104.6
Balance with Company's	34892.98	28478.65	6414.33	
Advances	631914.15	756719.45		124805
TOTAL CURRENT ASSETS	728098	879593.6		
LESS: CURRENT LIABILITIES				
Other Liabilities & Provisions	80336.70	105248.39	24911.69	
TOTAL CURRENT LIABILITIES	80336.70	105248.39		
NET WORKING CAPITAL	647761.30	774345.21		
TOTAL			31326.02	157909.6
NET CHANGE IN WC				126583.58

STATEMENT OF CHANGES IN NON-CURRENT ACCOUNTS

Account	Balance as on		Change		Type	Result
	2017	2018	Amount	Direction		
Fixed Asset	9957229.89	344142.60	(9613087)	Decrease	Asset	Outflow
Share Capital	634.88	635.00	0.12	Increase	Liability	Inflow
Reserves	65314.32	64351.04	(963.28)	Decrease	Liability	Outflow
Debt	907127.83	1053501.77	146374	Increase	Liability	Inflow

CALCULATION OF FUND FLOW STATEMENT

Sources/ Inflow of funds	RS	Application/ Outflow of funds	Rs
Debt	146374	Fixed Asset	9613087
Share Capital	0.12	Reserves	963.28
Funds from Operation	9594259.74	Increase in WC	126583.58
	9740633.06		9740633.06

INFERENCE:

The Net Increase in Working capital for the year 2011-2012 is 126583.58

The fund from operation for the year 2011-2012 is 9594259.74

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

PARTICULARS	2017 AMOUNT Rs.	2018 AMOUNT Rs.	INCREASE AMOUNT Rs.	DECREASE AMOUNT Rs.
CURRENT ASSETS:				
Cash & Balances	94395.50	54075.94		40319.56
Balance with Company's	28478.65	43087.23	14608.60	
Advances	756719.45	867578.89	110859	
TOTAL CURRENT ASSETS	879593.6	964742.06		
LESS: CURRENT LIABILITIES				
Other Liabilities & Provisions	105248.39	80915.09	24333.30	
TOTAL CURRENT LIABILITIES	105248.39	80915.09		
NET WORKING CAPITAL	774345.21			
TOTAL			149800.9	40319.56
NET CHANGE IN WC				109481.34

STATEMENT OF CHANGES IN NON-CURRENT ACCOUNTS

Account	Balance as on		Change		Type	Result
	2017	2018	Amount	Direction		
Fixed Asset	344142.60	370777.18	26634.58	Increase	Asset	Inflow
Share Capital	635.00	671.04	36.04	Increase	Liability	Inflow
Reserves	64351.04	83,280.16	18929.12	Increase	Liability	Inflow
Debt	1053501.77	1,170,652.93	117151.16	Increase	Liability	Inflow

CALCULATION OF FUND FLOW STATEMENT

Sources/ Inflow of funds	RS	Application/ Outflow of funds	Rs
Fixed Asset	26634.58	Increase in WC	109481.34
Share Capital	36.04	Funds flow Operation	53277.56
Reserves	18929.12		
Debt	117151.16		
	162758.90		162758.90

INFERENCE:

The Net Increase in Working capital for the year 2017-2018 is 109481.34

The fund from operation for the year 2017-2018 is 53277.56

TABLE: Dividend Payout Ratio:

Dividend Payout Ratio = Total Dividend / Total Income

Year	Total Dividend	Total Income	Ratio's
2014	1,357.66	6,729.46	0.20
2015	1,841.15	9,121.57	0.20
2016	1,904.65	9,166.39	0.21
2017	1,905.00	7,370.69	0.26
2018	2,348.66	11,713.34	0.20

Significance:

From the above table it is found that the dividend payout ratio is found to be high in the year 2012 with 0.26 and low in the years 2009, 2010 and 2013 with 0.20. The current year 2013 dividend payout ratio is found to be decreasing with 0.20 when compared to the previous year.

TABLE SHOWING TREND PERCENTAGE OF CURRENT LIABILITIES

Years	Current Liabilities (Y)	X	XY	X ²	y= a+b(x)
2014	83362.30	-2	-166725	4	94180.73
2015	110697.57	-1	-110698	1	93146.37
2016	80336.70	0	0	0	92112.01

2017	105248.39	1	105248.4	1	91077.65
2018	80915.09	2	161830.20	4	90043.29
Total	460560.05	0	-10343.60	10	

SIGNIFICANCE

From the above it is inferred that the current liabilities of the company is in the decreasing position the year 2013 with Rs. 80915.09 when compared to the previous year 2012 (105248.39). From the above chart it is shown that the current liabilities value is tend to decrease in the future. From the above chart it is inferred that the company is trying to decrease the current liabilities which shows a positive sign to the company

FINDINGS

1. The Net decrease in Working capital for the year 2014-15 is 135337.18
2. The fund flow operation for the year 2015-16 is 142545.18
3. The Net decrease in Working capital for the year 2010-2011 is 9288332.39
4. The fund flow operation for the year 2016-17 is 9579226.83
5. The Net Increase in Working capital for the year 2017-18 is 126583.58
6. The Net Increase in Working capital for the year 2014-2015 is 109481.34
7. The fund from operation for the year 2015-2016 is 53277.56
8. The current year (2014) current ratio is found to be the highest (11.92) due to the decrease in the liabilities.
9. The current year (2015) cash position ratio has increased to 1.20 when compared to the previous year 2014 with 1.17.
10. The current year (2015) proprietary ratio is found to be 0.06286 it is in a increasing position.
11. The Standard Deviation for NP is 1735.12
12. The standard deviation of Cash and company balance is 17862.287

SUGGESTIONS

1. There are various global challenges that are faced by every company in the present competitive environment and Integrated Support and Allied Services Pvt Ltd is not any exemption. To face the present global challenges the human resources department should be develop to improve various skills among the employees specially the motivational skills and having the regular training for the employees about various developments in the market.
2. The current assets should be managed more effectively so as to avoid unnecessary blocking of capital that could be used for other purposes.
3. The Working Capital requirement is to be assessed based on the norms circulated by RBI
4. The company has maintained proper records showing full particulars, quantitative details and solutions of fixed assets are indicated for major items in the register, the managements during the year has conducted a random verification in respect of fixed assets, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets.

CONCLUSION

The company is performing exceptionally well due to the up wising in the global market followed by the domestic market. It is an upcoming one with good and innovative ideas and believed in improving all the areas of its operations. The company has a good liquidity position and does not delay its commitment in cash of both its creditors and debtors. The company being mostly dependent on the working capital facilities, it is maintaining very good relationship with their companies and their working capital management is well balanced

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