

## A STUDY ON FUNDS FLOW STATEMENT WITH THE REFERENCE TO ZUARI CEMENT LIMITED

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### **ABSTRACT**

A project report focused on analyzing the funds flow statement in ZUARI CEMENTS LTD at YERRAGUNTALA. Analyzing the financial performance of the company is the main objective. It involves evaluating the firm financial strength and weakness by accurately determining the relation between balance sheet items and profit and loss statements. The information about the company gathered by secondary source provided by the company officials and it is based on the annual reports. Calculation of this project is the sources and application of funds , along with changes in working capital and funds from operations in the zuari cements ltd. The present study is analytical in esearch

**Key words** : working capital, funds from operations, current assets, current liabilities

### **INTRODUCTION**

#### **Funds flow statement:**

The funds flow statement, a financial document, monitors the flow of funds or assets in and out of a business elucidating alteration in the company's financial status over two successive years through a comparison of their balance sheets. Every organization obtains funding from multiple sources, and likewise allocates funds across diverse investments. The funds flow statement is a report detailing shifts, flux, or monitors within financial operations over a specified period. It is a declaration that details the sources and uses of funds.

“A sources and uses of funds statement is a tool used to assess how financial position of a business have evolved from one date to another date by examining the inflows and outflows of funds”

### **DEFINATION:**

The funds flow statement, also known as a statement of changes in financial position is a financial report that shows the movement of fund's within an organization over a specific period. It details the sources and uses of funds, providing insights into the cash is generated and utilized by a company. The statement typically categorizes activities into operating, investing and financing activities to help stakeholders understand the company's liquidity, solvency and overall financial health.

### **Uses of funds flow statement:**

“A funds flow statement offers a comprehensive snapshot of company's financial status and both cash generating and cash consuming aspects of the business. Some of uses are

- Financial evaluation
- Investment analysis
- Cash oversight
- Future projections
- Performance assessment

### **OBJECTIVIES OF FUNDS FLOW STATEMENT:**

The objectives of funds flow statement as fallowing

- ❖ Monitoring the changes in financial position
- ❖ Assessing the company's financial situations
- ❖ Resources allocation tool

### **Functions of fund flow statement:**

- ❖ Analysis of financial position
- ❖ Identification of financial statement
- ❖ Evaluation of capital structure
- ❖ Crucial role in financial position
- ❖ Decision making in the firm

### **Procedure of making funds flow making:**

The fund flow statement can span multiple years in preparation, they are typically consolidated and presented within single year . The balance sheets of two periods and any additional information from the accounts that may be required are used to gather the information needed to prepare the statement.

**Preparing for funds flow statement:**

Preparing funds flow by the

- 1) schedule of changes in working capital
- 2) funds from operations
- 3) fund from operations

**REVIEW OF LITERATUR:**

The literature review provides an overview of previously published works on a present topic.

**Deloff marc.(2003)** presents a photo of how working capital administration influences the gainfulness of Belgium firms. The essayist has made utilization of exact investigation for the example firms. It was watched that the greater part of the organizations have an expansive measure of trade contributed out working capital. It can, in this way, be derived that the path in which working capital is overseen will significantly affect the benefit of organization.

**I.M Pandey(2010)** a funds flow statement helps in understanding the changes in financial position of business by analyzing the inflow and out flow of funds.

**Kieso (2010)** it is a tool that shows the sources and uses of cash, helping to analyze the cash position and the entity's ability to generate and utilize cash.

**Brigham (2010)** a funds flow statement shows the changes in financial position of a company by analyzing the inflows and outflows of funds from various activities .

**Varma (2013)** the basic problem of working capital in bank was the surplus investments in current assets rather than inadequacies. The investments mainly found in the inventory and receivables components.

**NEED OF THE STUDY:**

Analyzing the funds flow statement is crucial for both internal and external assessments as it provide insight into firm's financial standing and position. An excess or shortage of working capital and funds can lead to either the company's downfall or a decrease in potential profits of that could otherwise be generate. Both an excess a deficiency in funds pose risks from the firm's perspective. The purpose of the study to know the financial position of the zuari cement Ltd.

**OBJECTIVES OF THE STUDY:**

- To know the sources of funds in zuari cement.

- To know the application of funds.
- To determine the movement of funds between two balance sheets in the period of the study
- To know the position of working capital.

### **METHODOLOGY FOR THE STUDY:**

The research on the study was made by the primary and secondary data.

Primary data:

The primary data collected from the direct observation in the firm.

Secondary data:

The secondary data has been collected from the published sources such as annual reports, returns and internal records.

The data collection includes:

- Data collected from annual reports
- Reference from textbooks relating to financial management.

### **RESEARCH TOOL:**

Various statistical tools were used to process the data, of effectiveness of funds flow statement in organization and management in zuari cements Ltd.

Research design : analytical study

Data sources : secondary data

**Data analysis:**

### **Statement of changes in working capital of zuari cements in the year 2019-2020:**

Statement of schedule changes in working capital from 2019-2020				
particulars	2019	2020	Increases	Decreases
current assets				
Current investment	7,00,00,000.98	6,00,00,000.16	-	1,00,00,000.82
Inventories	1,01,65,000.38	1,02,70,000.76	1,05,000.43	-
Trade receivables	1,00,40,000.32	1,00,60,000.89	20,000.57	-
Cash and cash equivalents	4,05,00,000.26	9,00,70,000.32	4,95,70,000.06	-
Short term loans And advances	1,00,70,000.96	2,00,10,000.39	99,39,999.43	-

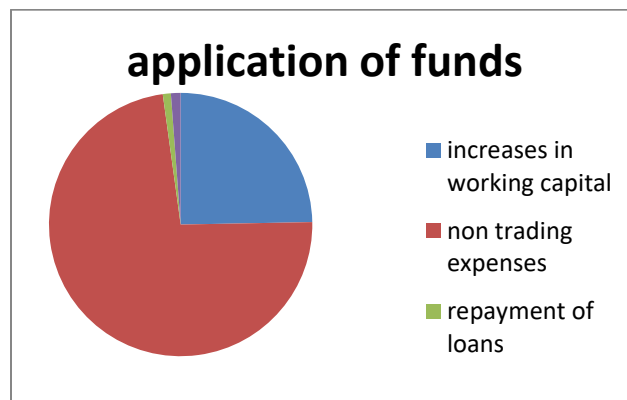
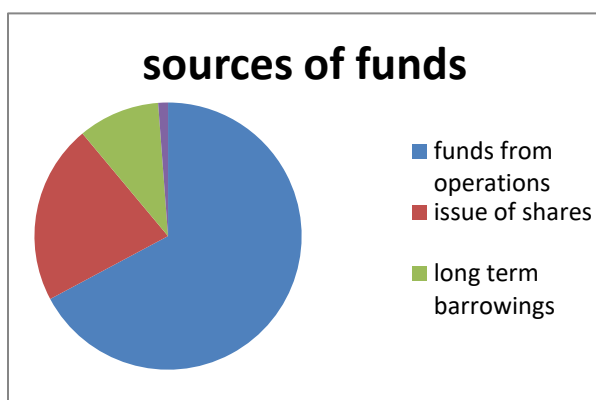
Other current assets	2,07,00,000.66	1,59,00,000.40	-	-
Total current Assets(A)	16,14,75,003.50	20,63,10,002.90		
Current liabilities				
Short term borrowings	3,00,90,000.39	3,04,00,000.07	-	3,09,999.75
Trade payables	3,09,60,000.46	4,08,60,000.86	-	99,00,000.40
Other current liabilities	4,02,00,000.33	5,01,60,000.35	-	99,60,000.02
Short term provisions	2,00,60,000.86	1,00,60,000.97	99,99,999.89	-
Total current Liabilities(A)	12,13,10,002	13,14,80,002.25		
Total working Capital (A-B)	4,01,65,001.50	7,48,30,000.65		
Net increases in Working capital	3,46,64,999.13			
Total net working Capital	7,48,30,000.65	7,48,30,000.65	6,96,35,000.38	6,96,35,000.38

### Adjusted profit and loss account

particulars	Amount	particulars	Amount
To depreciation	2,50,00,000.47	By opening balance	3,50,00,000.25
To preliminary expenses	8,10,00,000.17	By funds from operations	9,61,00,000.36
To dividend paid	1,25,00,000		
To closing balance	1,06,00,000.97		
Total	13,11,00,001.6		13,11,00,001.6

### Funds flow statement during the year 2019-2020

Sources of funds	Amount	Application of funds	Amount
Funds from operations	9,61,00,001.36	Increase in working capital	3,46,64,999.8
Issue of share capital	2,90,00,000.49	Non-trading expenses	10,60,00,000.6
long term borrowings	1,38,80,000.22	Repayment of loans	16,84,997.63
Total	14,06,64,999.7	Total	14,06,64,999.7



**Statement of changes in working capital of zuari cements in the year  
2020-2021:**

Statement of schedule changes in working capital 2020-2019				
particulars	2020	2021	Increases	decreases
<b>Current assets</b>				
Current investments	6,00,00,000.16	2,50,00,000.19	-	3,49,99,999.97
inventories	1,02,70,000.76	1,23,00,000.07	20,29,999.31	-
Trade receivables	10,06,00,000.89	9,10,00,000.12	8,09,39,999.23	-
Cash and cash equivalents	9,00,70,000.32	1,48,00,000.67	-	7,52,70,000.32
Short term loans and advances	2,00,10,000.39	1,80,00,000.95	-	20,09,999.44
Other current assets	1,59,00,000.40	1,74,00,000.42	15,00,000.02	-
<b>Total current Assets(A)</b>	<b>20,63,10,002.90</b>	<b>17,85,00,002.40</b>		
<b>Current liabilities</b>				
Short term borrowings	3,04,00,000.07	3,58,00,000.22	-	54,00,000.15
Trade payables	4,08,60,000.86	3,70,00,000.09	38,60,000.77	
Other current liabilities	5,01,60,000.35	5,60,00,000.38	-	58,40,000.03
Short term provisions	1,00,60,000.97	1,70,00,000.21	-	69,39,999.24
<b>Total current Liabilities(B)</b>	<b>14,58,00,001</b>	<b>1,56,80,001.40</b>		
<b>Total working capital(A-B)</b>	<b>6,05,10,002.10</b>	<b>16,28,20,001.20</b>		
<b>Net increases in working capital</b>	<b>5,71,13,000.18</b>			<b>5,71,13,000.18</b>

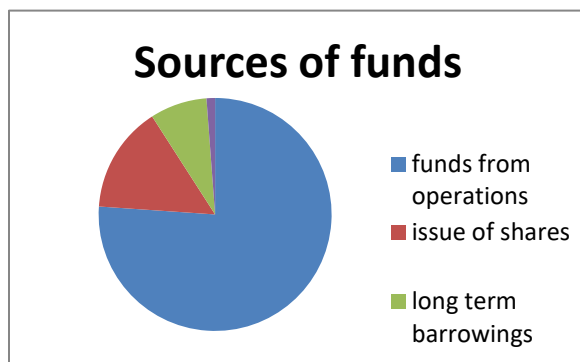
Total net working capital	16,28,20,001.20	16,28,20,001.20	8,83,29,999.23	8,83,29,999.23
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### Adjusted profit and loss account 2020-2021:

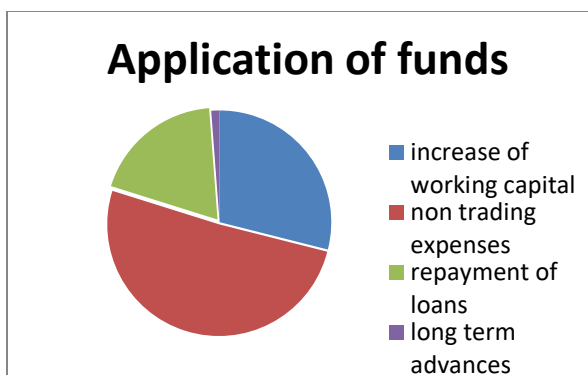
particulars	Amount	particulars	Amount
To depreciation	2,90,00,000.25	By opening balance	1,26,00,000.97
To preliminary expenses	7,10,00,000.27	By funds from operations	15,14,00,000.5
To dividend paid	3,20,00,000		
To closing balance	3,20,00,000.93		
Total	16,40,00,001.5		16,40,00,001.5

### Funds flow statement during the year 2020-2021

Sources of funds	Amount	Application of funds	Amount
Funds from operations	15,14,00,000.5	increase in working capital	5,71,13,000.18
Issue of shares capital	2,90,00,000.44	Non-trading expenses	10,00,00,000.52
Long term borrowings	1,63,60,000.70	Repayment of loans	3,68,00,000
		Long term advances	28,47,000.9
Total	19,67,60,001.6	Total	19,67,60,001.6







Statement of schedule changes in working capital from 2021-2022				
particulars	2021	2022	Increase	Decrease
<b>Current assets</b>				
Current investments	2,50,00,000.19	1,50,00,000.96	-	99,99,999.23
inventories	1,23,00,000.12	1,25,00,000.86	2,80,000.79	
Trade receivables	9,10,00,000.12	7,20,00,000.59	-	1,89,99,999.53
Cash and cash equivalents	1,48,00,000.67	3,23,00,000.45	1,74,99,999.78	-
Short term loans and advances	1,80,00,000.95	8,40,00,000.06	6,59,99,999.11	-
Other current assets	1,74,00,000.42	1,64,00,000.70	-	9,99,999.72
<b>Total current Assets(A)</b>	<b>17,85,00,002.40</b>	<b>23,22,80,003.77</b>		
<b>Current liabilities</b>				
Short term borrowings	3,58,00,000.22	7,28,00,000.06	-	3,69,99,999.84
Trade payables	3,70,00,000.09	3,45,00,000.20	24,99,999.89	
Other current liabilities	5,60,00,000.38	3,35,00,000.38	2,25,00,000	-
Short term provisions	1,70,00,000.21	1,60,00,000.73	9,99,999.48	-
<b>Total current Liabilities(B)</b>	<b>14,58,00,001.40</b>	<b>1,56,80,001.40</b>		

Total working capital (A-B)	3,27,00,001.60			
Net increase in Working capital	4,27,00,000.78			4,27,00,000.78
Total net working capital	7,54,80,002.30	7,54,80,002.30	10,97,79,999.1	10,97,79,999.10

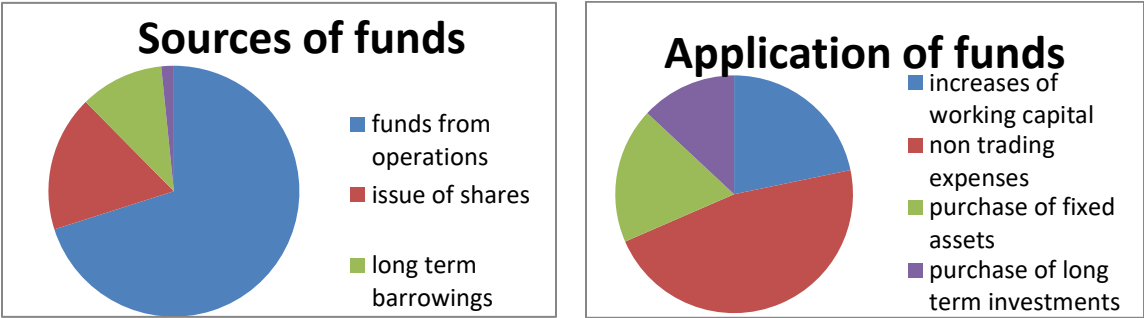
### Adjustment of profit and loss account

particulars	Amount	Particulars	Amount
To depreciation	2,20,00,000.71	By opening balance	3,20,00,000.93
To preliminary expenses	7,30,00,000.19	By funds from operations	11,40,00,000.6
To dividend paid	1,20,00,000		
To closing balance	3,90,00,000.63		
total	14,60,00,001.5		14,60,00,001.5

### Funds flow statement during the year 2021-2022

Sources of funds	Amount	Application of funds	Amount
Funds from operations	11,40,00,000.6	Increase in working capital	4,27,00,000.78
Issue of share capital	2,90,00,000.44	Non-trading expenses	9,50,00,000.9
Long term borrowings	1,71,20,000.29	Purchase of fixed assets	3,75,70,00
		Purchase of long term investments	2,60,80,000.86
Issue of debentures	5,80,00,000.91	Repayment of loans	1,67,69,999.66

Total	21,81,20,002.2	Total	21,81,20,002.2
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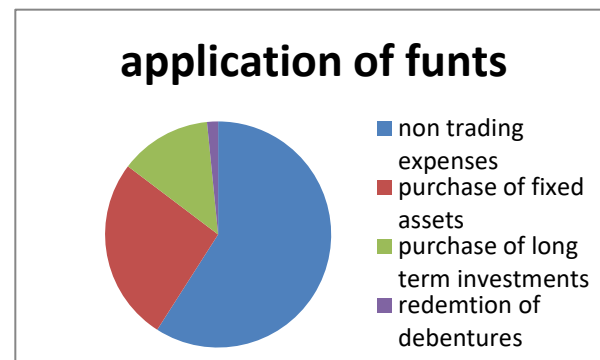
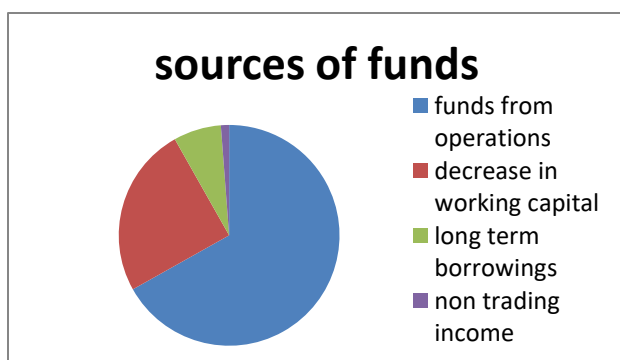
Statement of schedule changes in working capital from 2022-2023				
particulars	2022	2023	Increase	Decrease
<b>current assets</b>				
Current investments	1,50,00,000.96	1,10,00,000.93	-	40,00,000.30
inventories	1,25,80,000.86	1,10,00,000.47	-	15,80,000.39
Trade receivables	7,20,00,000.59	8,00,00,000.87	79,99,999.41	-
Cash and cash equivalents	3,23,00,000.45	6,26,00,000.87	3,03,00,000.42	-
Short term loans And advances	8,40,00,000.06	4,42,00,000.63	-	3,97,99,999.43
Other current assets	1,64,00,000.70	1,55,00,000.43	-	9,00,000.27
<b>Total current Assets(A)</b>	<b>23,22,80,003.00</b>	<b>22,43,00,003.30</b>		
<b>Current liabilities</b>				
Short term borrowings	7,28,00,000.06	8,46,00,000.13	-	1,18,00,000.07
Trade payables	3,45,00,000.20	2,50,00,000.18	95,00,000.02	-
Other current liabilities	3,35,00,000.38	4,99,00,000.44	-	1,64,00,000.06
Short term provisions	1,60,00,000.73	5,00,00,000.23	-	3,39,99,999.50
<b>Total current Liabilities(B)</b>	<b>15,68,00,001</b>	<b>20,95,00,001.00</b>		
<b>Total working Capital(A-B)</b>	<b>7,54,80,002.30</b>	<b>1,48,00,002.30</b>		
<b>Net decrease in Working capital</b>		<b>6,06,79,999.95</b>	<b>6,06,79,999.95</b>	
<b>Total net working capital</b>	<b>7,54,80,002.25</b>	<b>7,54,80,002.25</b>	<b>10,84,79,999.80</b>	<b>10,84,79,999.80</b>

**Adjustment profit and loss account 2022-2023**

Particulars	Amount	Particulars	Amount
To depreciation	2,70,00,000.42	By opening balance	3,90,00,000.63
To preliminary expenses	8,90,00,000.69	By funds from operations	16,13,00,000.9
To dividend paid	1,03,00,000		
To closing balance	7,40,00,000.37		
Total	20,03,00,001.5	Total	20,03,00,001.5

**Funds flow statement during the year 2022-2023**

Sources of funds	Amount	Application of fund	Amount
Funds from operations	16,13,00,000.9	Non-trading expenses	10,60,00,000.11
Decrease in working capital	6,06,79,999.95	Purchase of fixed assets	5,13,00,000.81
Long term borrowings	1,77,30,000.49	Purchase of long term investments	2,57,30,000.75
Non-trading income	13,20,001.28	Redemption of debentures	5,80,00,000.91
Total	24,10,30,002.6	Total	24,10,30,002.6

**CONCLUSION:**

Zuari cements is experiencing positive overall performance, it need to enhance production efficiency and reduce expenses, the company need to establish a cutting-edge strategies. The corporation can secure both short-term and long-term financial positions in the competition through the development of innovative techniques.

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