

A STUDY ON FUNDS FLOW STATEMENTS ANALYSIS WITH REFERENCE TO TRIVENT SYSTEMS PVT LTD

Submitted in partial fulfillment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

By

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SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade “A” by NAAC | 12B Status by UGC | Approved by AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

MAY 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **Refuge Ronald R 41410250** who carried out the project entitled "**A study on funds flow statements analysis with reference to Trivent systems Pvt Ltd**" under my supervision from January 2023 to April 2023.

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Submitted for Viva voce Examination held on **05.05.2023**

Internal Examiner

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DECLARATION

I **REFUGE RONALD R (41410250)** hereby declare that the Project Report entitled **“A study on funds flow statements analysis with reference to Trivent systems Pvt Ltd”** done by me under the guidance of **DR. JOHN BRITTO** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05.05.2023

PLACE: CHENNAI

A handwritten signature in black ink, appearing to be 'R.R.' or similar, with a horizontal line underneath.

REFUGE RONALD R

ACKNOWLEDGEMENT

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REFUGE RONALD R

ABSTRACT

This study is important for understanding the management of working capital in Trivent Systems Pvt Ltd it gives information on the basis of analysis about percentage of investment in each current asset cause for changes in working capital from different sources amount of working capital required.

The firm's trade creditors are interest in the firm ability to meet their claim over a short period of time. So they required the evaluation of the firm's liquidity position. The suppliers of the long-term debt on the other hand of concerned with the long-term resolutions and survival. They analyses the firm profitability over time.

The present study is intended cover a period of 5 years from 2016-2017 to 2020-2021 for examining the cash management receivable management manages the short-term investment and also investor's management for the purpose of working capital management in Trivent Systems Pvt Ltd.

Working capital management policies have a great effect on firm's profitability, liquidity and its structural health. A financial manager therefore chalks out appropriate working capital, so as to ensure higher profitability proper liquidity and sound structural health of the organization. In order to achieve this objective the financial manager as to perform basically following two functions.

1. Estimating the amount of working capital.
2. Source from which these funds have to arises.

This project is based on the study of working capital management & includes estimation of the amount of working capital requirements and also analyzing the sources from which these have to be raised.

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CHAPTER 1 INTRODUCTION

Meaning and Definition of Funds Flow Statement:

Funds Flow Statement is a method by which we study changes in the financial position of a business enterprise between beginning and ending financial statements dates. It is a statement showing sources and uses of funds for a period of time.

Funds flow statement is the statement of sources and uses of fund. Funds flow statement shows the source from which the funds are receive and the areas to which they obtained funds have been utilized. Funds flow statement indicates various mean by which funds were received during a particular period and the ways in which these funds were applied.

Funds flow statement comprises three words: fund, flow and statement.

Fund means the financial resources used by a concern. In the sense of working capital. 'Fund' represents the net working capital. The excess current asset over the current liabilities is called net working capital.

Similarly, the term **Flow** means the movement of funds and includes both inflows (receipt) and outflows (payments) of found. Funds from operation, issue of share and debentures, additional long term debt, non-operating revenues etc. are considered as the major sources of fund. Increase in working capital, redemption of debenture, repayment of long term loan, payment for non-operating expenses etc. are the amine areas of uses of fund.

The term **Statement** represents the format or account under which the flows of fund i.e. cash inflows and outflows are recorded.

Funds flows statement is known by various names such as statements of sources and uses of funds, summary of financial operations, which got and where goes statement, movement of working capital statement, funds received and disbursement statement etc.

Objective and Importance of Funds Flow Statement

1. To Explain the Changes in Financial Position:

The objective of funds flow statement is to disclose the cause of changes in the assets, liabilities and equity capital between two balance sheet dates. It highlights the changes in financial position of a concern and indicates the various means by which funds were obtained during a particular period and the ways to where these funds were utilized.

2. To Analyze the Operational Position:

Another objective of funds flow statement is to analyze the operational position of a concern. Balance sheet gives a static view of the financial position and the profit and loss reported by income statement cannot tell about the actual liquidity position of a firm. Sometimes a firm with high profit may not be able to pay its immediate liabilities due to the shortage of cash. But the objective of funds statement is to explain both the causes of changes in different assets, liabilities and capital accounts and their effect on the liquidity position of the concern.

3. To Help in Proper Allocation of Resources:

The objective of funds flow statement is to provide information regarding the allocation of limited resources with more efficiently and effectively. It provides the information about the internal and external sources of financing furthermore. It provides data regarding the unbalanced fund. On the basis of such information a concern can allocate its funds in short and long-term areas more properly.

4. To Evaluate Financial Position:

Internal and external users of financial statements require funds flow statement for the purpose of assessing the strengths and weakness of the concerned firm. Funds flows statement provides information regarding the changes in net information enable various groups of users to assets and evaluates the financial position of the firm.

5. To Act as Future Guide:

Funds flow statement acts as a guide for future to management. Funds flow statement provides information about the historical changes in net assets and capital which enable the management to develop a projected funds flow statement. Such projected funds flow statement helps to product need for found and alternative sources of financing.

Limitation of funds flow statement

Funds flow statement is a major tool of financial analysis, however, it as the following limitations:

1. Ignores the Non-Fund Transactions:

Fund flow statement ignores the non-fund transactions i.e. it does not take into consideration those transactions which do not affect the working capital. For example, funds flow statement does not record the purchase of fixed assets by the issue of share or debentures.

2. Based on Secondary Information:

Funds flow statement is based on secondary data. In other words, funds flow statement is based on income statement and balance sheet.

3. Historical in Nature:

Funds flow statement is historical in nature because it is prepared on the basis of historical financial statement i.e. balance sheet and income statement.

Procedures of Preparing Funds Flow Statement

Funds flow statement is prepared on the basis of balance sheet of two subsequent dates and other information such as net profit or loss reported by income statement, operation and non-operating expenses, losses and gains etc. the procedures of preparing funds flow statement consists of the following three steps:

Net working capital is related with current assets and current liabilities. A fund from operation is determined with the help of net income or loss, non-operating and non-cash items. Similarly, funds flow statement is prepared from the differences of non-current assets, non-current liabilities and non-operating items.

Uses, Significance and Importance of Funds Flow Statement:

A funds flow statement is an essential tool for the financial analysis and is of primary importance to the financial management. Now-a-days, it is being widely used by the financial analysts, credit granting institutions and financial managers.

The basic purpose of a funds flow statement is to reveal the changes in the working capital on the two balance sheet dates. It also describes the sources from which additional working capital has been financed and the uses to which working capital has been applied.

Such a statement is particularly useful in assessing the growth of the firm, its resulting financial needs and in determining the best way of financing these needs. By making use of projected funds flow statements, the management can come to know the adequacy or inadequacy of working capital even in advance. One can plan the intermediate and long-term financing of the firm, repayment of long-term debts, expansion of the business, allocation of resources, etc.

Advantages Of Fund Flow Statement

Changes In The Financial Position Of The Company

Fund flow statement portrays the movement of the funds and changes in the financial position of the company between two accounting periods, which the balance sheet or the profit and loss statement fail to provide.

Reason For Changes In The Financial Position Between Two Accounting Periods

It helps in analyzing the reasons for changes in the financial position of the company. It helps the analyst to understand if the increase in funds is due to the sale of assets or improvement in company performance. It helps to answer the questions like why is the firm making loss despite being financially sound and vice versa.

Level Of Working Capital Adequacy

This statement helps to test if working capital has been effectively used or not. It helps to understand if short-term sources of funds are used to build long term assets and vice versa. Overall it aids better working capital management for the firm.

Future Business And Budget Projections

Projected fund flow statements can be used for putting up necessary controls and budgetary allocations. Projected statements aid in deciding future financial policies like credit period, inventory requirement etc. for the company.

Company Image

A well-managed working capital firm earns high respect among shareholders and increases credit-worthiness among creditors. An effectively managed fund flow activity of the firm can help the company to build a good reputation for itself with respect to its efficiency and credit worthiness.

1.2 NEED FOR THE STUDY:

This study is important for understanding the management of working capital in Trivent Systems Pvt Ltd it gives information on the basis of analysis about percentage of investment in each current asset cause for changes in working capital from different sources amount of working capital required.

The firm's trade creditors are interest in the firm ability to meet their claim over a short period of time. So they required the evaluation of the firm's liquidity position. The suppliers of the long-term debt on the other hand of concerned with the long-term resolutions and survival. They analyses the firm profitability over time.

1.3 SCOPE OF THE STUDY:

The present study is intended cover a period of 5 years from 2016-2017 to 2020-2021 for examining the cash management receivable management manages the short-term investment and also investor's management for the purpose of working capital management in Trivent Systems Pvt Ltd.

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This project is based on the study of working capital management & includes estimation of the amount of working capital requirements and also analyzing the sources from which these have to be raised.

1.4 OBJECTIVES OF THE STUDY:

PRIMARY OBJECTIVE

To study on the fund flow Statement analysis of Trivent Systems Pvt Ltd

SECONDARY OBJECTIVES:

- To examine the growth and performance of the Trivent Systems Pvt Ltd
- To study the efficiency of its various assets in generating sales.
- To study the extent to which the firm has used its long-term solvency by borrowing funds.
- To know whether the current assets and current liabilities are properly managed and to give a brief description of the finance department and conceptual frame work of the working capital management in Trivent Systems Pvt Ltd
- To review the growth and performance of Trivent Systems Pvt Ltd during the study period and to determine the requirement of working capital to the firm.

1.5 METHODOLOGY OF THE STUDY

1.Primary Data:

The primary data comprises information collected during discussions with Heads of Departments and from the meeting with officials and staff.

2. Secondary Data:

The secondary data has been collected from information through Annual Reports, Public Report, Bulletins and other Printed Materials supplied by the Company.

In the present study $1/4^{\text{th}}$ of the total information is from primary data and the rest is from the secondary data.

- Balance sheets of 180 Degree Freight Forwarders (P) Ltd. for last five years from 2016-2017 to 2020-2021. Profit and loss Account from 2017-2018 to 2020-2021
- Reference from text books, websites and journals relating to financial management.

The study completely depends upon the secondary data.

- Annual reports.
- Newspapers.
- Trade journals.
- Reference Books.
- Company websites

1.6 LIMITATIONS OF THE STUDY

- The study has though made ideal conditional but every study has some limitations they are.
- This study is limited to only one that is company Trivent Systems Pvt Ltd only.
- The analysis of the study cannot be applied to all the firms in the same industry.
- The analysis is prepared on the basis of company reports where some information is kept confidential by the company and hence total analysis was not possible.
- The ratios are calculated on the basis of past data of five years and they cannot be takes as future indicators.

CHAPTER II

INDUSTRY PROFILE

Healthcare Industry in India:

The healthcare industry in India has come a long way from the days when those who could afford it had to travel abroad to get highly specialized services such as cardiac surgery, while others had to do without it. Today, patients from neighboring countries in Asia are coming to India to receive specialized medical treatment. Not only is India meeting international standards, but at prices that compare very favorably with developed countries.

The ever growing health consciousness among the citizens of India has led to the burgeoning healthcare service providers across the country. In fact, the healthcare services industry plays an important part in the economy of the country. The healthcare services segment has also provided employment openings to many people directly or indirectly associated with the sector in the country. A few years back India lagged far behind in this segment compared to the worldwide healthcare service providers and health personal assistants. But not anymore; today India has got some of the best hospitals equipped with the best health personal assistants in world.

Though most of the Hospitals in India provide multipurpose treatment, yet some hospitals are specialized in some areas while others are known for other healthcare services. Some of the areas that are covered by the best hospitals in India include dentistry, cardiology, orthopedics, pediatrics and many more. So popular and trustworthy are the healthcare services providers in India are that today there are mass traveling of patients from foreign countries for treatment to the country. Apart from good services, treatments in India are quite cheap compared to countries abroad. This has resulted in a major breakthrough in the tourism sector, which has led to the emergence of the concept of medical tourism. The scenic beauty of India along with its tradition steeped in mysticism and of course good hospitals, and great healthcare service

providers has led to the huge success of medical tourism. Today, there are many tourists service providers that have included healthcare services in their agenda to attract people interested in medical tourism both nationally and internationally. India is also a popular medical tourist destination, as it also has healthcare service providers in alternative medicine like ayurveda, homeopathy, reiki, yoga to mention a very few.

The Indian healthcare sector is expected to become a US\$ 280 billion industry by 2020 with spending on health estimated to grow 14 per cent annually, according to a report by an industry body. "Healthcare has emerged as one of the most progressive and largest service sectors in India with an expected GDP spend of 8 per cent by 2012 from 5.5 per cent in 2009. It is believed to be the next big thing after IT and predicted to become a US\$ 280 billion industry by 2020," the report said. At present the sector is estimated to be around US\$ 40 billion and will grow to US\$ 78.6 billion by 2012.

Health Insurance:

The Indian health insurance market has emerged as a new and lucrative growth avenue for both the existing players as well as the new entrants. According to a latest research report "Booming Health Insurance in India" by research firm RNCOS released in April, 2010, the health insurance market represents one the fastest growing and second largest non-life insurance segment in the country. The Indian health insurance market has posted record growth in the last two fiscals (2008-09 and 2009-10). Moreover, as per the report, the health insurance premium is expected to grow at a CAGR of over 25 per cent for the period spanning from 2009-10 to 2013-14.

Medical Tourism:

According to a new report published by RNCOS, titled "Booming Medical Tourism in India" India's share in the global medical tourism industry will reach around 3 per cent by the end of 2013. The report states that medical tourism is expected to generate revenue around US\$ 3 billion by 2013, growing at a CAGR of around 26 per cent during 2011–2013. The number of medical tourists is anticipated to grow at a CAGR of over 19 per cent during the forecast period to reach 1.3 million by 2013.

The Indian medical tourism industry is presently at a nascent stage, but has an enormous potential for future growth and development on the back of low cost range of treatments provided by the country. The growth in India's medical tourism market will be a boon for several associated industries, including hospital industry, medical equipments industry and pharmaceutical industry.

Domestic medical tourism in the country has also seen growth in the recent years. As per the report 'Domestic Tourism in India, 2008-09' released by the National Sample Survey Office (NSSO), trips for 'health and medical' purposes formed 7 per cent of overnight trips in the rural population and about 3.5 per cent in the urban population. 'Health and medical' purposes accounted for 17 per cent of same-day trips in rural India

and 8 per cent in urban India. Expenditure on medical trips accounted for 30 per cent of all overnight trip expenditure for rural India and 15 per cent for urban.

Mobile Healthcare:

Computer-based bio-surveillance projects generating data about diseases and creating databases on healthcare in rural areas are becoming popular in India with various organizations entering into this arena.

- The Indian Institute of Chemical Technology (IICT) in Hyderabad has developed a model to forecast possible epidemics of diseases such as malaria and encephalitis in rural Andhra Pradesh.
- A recent initiative by a global consortia consisting of the Indian Institute of Technology, Madras, the National Centre for Biological Sciences, Carnegie Mellon University's Auton Lab, LIRNE Asia, University of Alberta, Respere Lanka, Lanka Jathika Sarvodaya Society and the International Development Research Centre (IDRC), called the Real Time Bio surveillance Program (RTBP), has attempted to use the power of the mobile phone in developing a healthcare model.
- Narayana Hrudayalaya and the Mazumdar Shaw Cancer Centre tied up with SANA, a research group at Harvard/MIT, to use smart phone-based detection of oral cancer and other diseases.

Government Initiative:

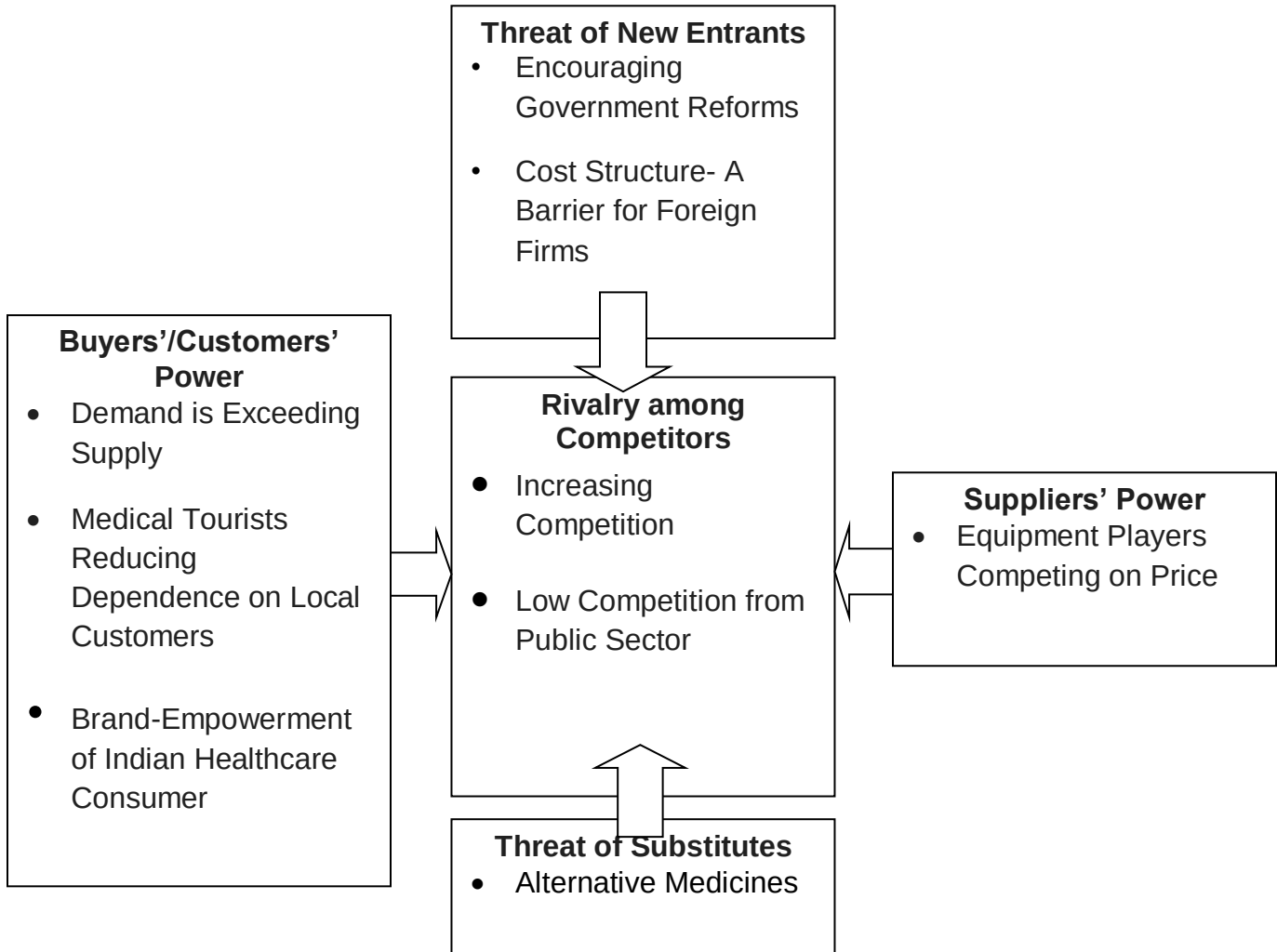
The Government launched the National Rural Health Mission (NRHM) in 2005. It aims to provide quality healthcare for all and increase the expenditure on healthcare from 0.9 per cent of GDP to 2-3 per cent of GDP by 2012.

According to Union Budget 2010-11, the Finance Minister, Mr Pranab Mukherjee increased the plan allocation for Ministry of Health and Family Welfare from US\$ 4.2 billion in 2009-10 to US\$ 4.8 billion in 2010-11.

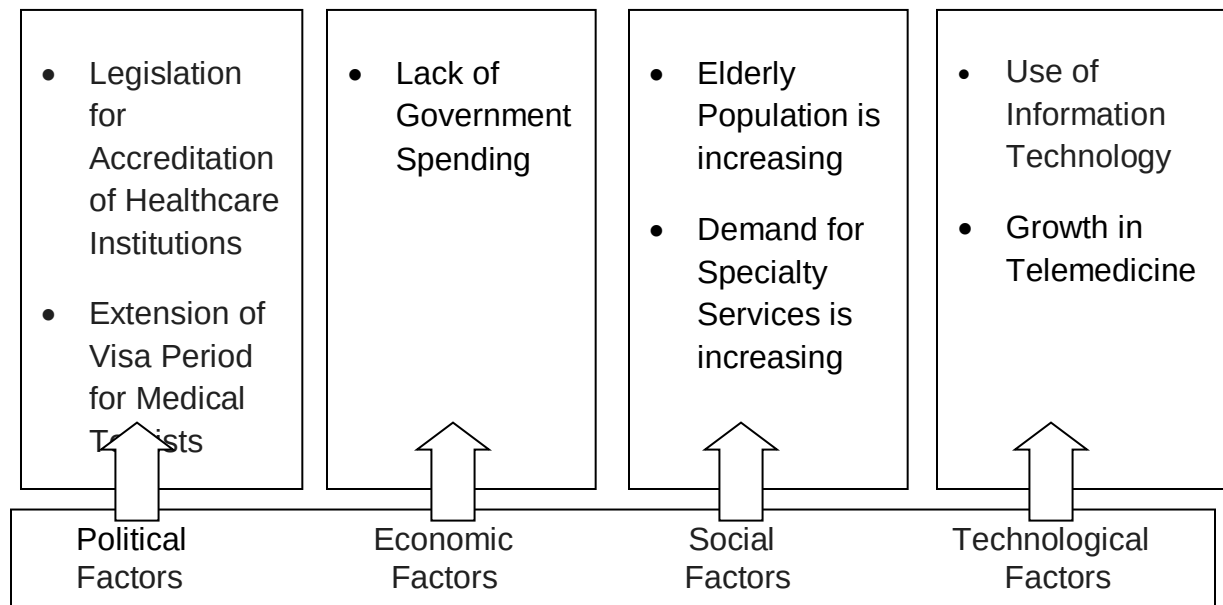
Moreover, in order to meet revised cost of construction, in March 2010 the government allocated an additional US\$ 1.23 billion for six upcoming AIIMS-like institutes and up gradation of 13 existing Government Medical Colleges.

The Union Cabinet on October 20, 2010 approved the proposal of the Ministry of Health & Family Welfare to declare National Institute of Mental Health and Neuro Sciences (NIMHANS), Bangalore as an Institute of National Importance on the lines of All India Institute of Medical Sciences, New Delhi, Post Graduate Institute of Medical Education and Research, Chandigarh and Jawaharlal Institute of Postgraduate Medical Education & Research, Puducherry.

Porter's Five Forces Analysis



PEST Analysis



IT in Indian Healthcare:

Indian healthcare is experiencing a transformation, with the commencement of newer, better IT applications. With the rise in the per capita income of the Indian population, the demand for quality healthcare services in the country has risen. This has compelled Indian hospitals and services providers to invest in the sector. Consequently, adoption of IT has become one of the top priorities for the Indian healthcare companies.

According to a new research “Opportunities in Indian Healthcare IT Market”, the healthcare IT market in India is projected to become a USD 250 million market by 2010 year end.

- India’s private healthcare sector, which currently contributes around 75 per cent of the total healthcare expenditure in India, is expected to increase its spending on IT products and services substantially in near future
- With increasing IT applications and insurance penetration, the demand for EMR is anticipated to increase robustly in next few years. However, initially the scope of the services will be limited to the Metro and Tier I cities only.
- With the increasing emphasis on the implementation of hospital information system in the country, the market of instruments such as PACS will grow rapidly. However, the success of these factors will largely depend upon various factors including technology adoption initiatives and cost.

Key Players in India:

- Wipro Limited,
- Akhil Systems Private Limited,
- Siemens Healthcare, GE Healthcare,
- Tata Consultancy Services Limited ,
- GE Healthcare
- iSOFT Group
- MedSphere Technologies

Benefits of using HMS:

The health care industry is rapidly adopting new software, and many practices are moving in the direction of paperless systems. Implementing the right medical software when upgrading your practice has several important benefits, including:

- **Improved staff productivity** - easy-to-use software improves efficiency
- **Increased patient and customer satisfaction** - more flexibility in scheduling and better access to personal information
- **Faster payment from insurers** - paper claims usually take 30 - 60 days, electronic claims are usually paid in 10 - 14 days instead
- **Fewer errors in billing and insurance** - correct and resubmit in hours, instead of weeks

COMPANY PROFILE

Trivent Systems was founded in Pennsylvania in the year 2002 and have been successful in Medical Records Review and Medical Legal Research. The company have highly trained doctors equipped to handle cases in the spheres of Personal Injury, Medical Malpractice and Mass Tort Cases. They excel in providing customized solutions to law firms. Further, they have enhanced offering to provide Litigation support services, Medical Legal Research to professionals in law firms, corporates providing legal solutions, Drug and Device Manufacturers, Insurance companies, etc. The Company have global delivery centers based out of Chennai, India and Pennsylvania, USA.

Trivent is armed with a big team of Medical Associates and Doctors, Trivent has the capacity to review more than 15 million medical records annually. Here are some of the benefits of partnering with Trivent:

- Trivent is a **HIPAA** (Health Insurance Portability and Accountability Act) & **ISMS** (Information Security Management System) compliant organization
- It has the proximity to highly ranked medical colleges rolling out high caliber medical graduates every year puts the company in a uniquely advantageous position to scale up the operations as and when needed
- The access to a pool of Doctors with 15 different Specialties and Super-specialties enables them to channel the cases to the right medical expert.

Senguttuvan Shanmugam (a) Sam Chairman & CEO

Over the last twenty years at Trivent Systems, Sam launched various India based Knowledge process solutions to address the skill gaps in the U.S in Legal, financial and Healthcare services.

His education includes a B.S. in Electrical Engineering from the Madras University and a M.S. in Computer Science from the University of New Haven. He resides near Allentown, Pennsylvania.

CHAPTER III

THEORETICAL REVIEW

FUNDS FLOW STATEMENT

INTRODUCTION:

The basic financial statement, i.e., the balance sheet and profit and loss account or income statement of business, reveals the net effect of the various transactions on the operational and financial position of the company. The balance sheet gives a summary of the assets and liability of an undertaking at a particular point of time. It reveals the financial status of the company. The assets side of a balance sheet shows the development of resource of an undertaking while the liabilities side indicates its obligations, i.e, and the manner in which these resources were obtained. The profit and loss account reflects the results of the business operation for a period of time. It contains a summary of expenses incurred and the revenue realized in an accounting period. Both these statements provide the essential basic information on the financial activities of a business, but their usefulness is limited for analysis and planning purposes.

The balance sheet gives a static view of the resources (liabilities) of a business and the uses (assets) to which these resources have been put at a certain point of time. It does not disclose the causes for changes in the assets and liabilities between two different points of time. The profit and loss account in a general way indicates the resources providing by operations, but there are many transactions that take place in an undertaking and which do not operate through profit and loss account. Thus another statement has to be prepared to show the change in the assets and liabilities from the end of one period of time to the end of another period of time. The statement is called a statement of changes in financial position or a funds flow statement.

The funds flow statement is a statement, which shows the movement of funds and is a report of the financial operations of the business undertaking. It indicates various means of which funds were obtained during a particular period and the ways in which these funds were employed. In simple words, it is a statement of sources and applications of funds.

FUNDS DEFINITION

Funds means change in financial resources, arising from changes in working capital items and from financial and investing activities of the enterprise, we may involve only non-current items. The funds flow statement analyses the courses of change in the firm working capital position. The cash flow statement is prepared to analysis changes in the flow of cash only. These statements total financial resources. They do not reveal some significant items, which do not affect the firms cash on working capital position, but considerably influence the financial position and assets mix of the firm, for example, ordinary shares issue ready to acquire some asset, say land affect the financing and asset mix of the firm. But funds or cash flow statement will not include this transaction as it does not involve any changes in financial position and would disclose this information along with information on cash or working capital changes.

The statement of changes in financial position is an extension of the funds flow statement or the cash flow statement. It is more informative and comprehensive in including the changes in the firm's financial position. However, the analysis of changes in the firm's cash position on working capital is still very significant. Therefore, to get better insights, a firm may prepare a comprehensive all inclusive, statement of changes in financial position in co-operating changes in the firm's cash and working capital position. In the following selections, we illustrate the preparation and use of the statement of changes in financial position.

Fund

Both fixed & current would constitute fund. In a popular sense it is used to refer to working capital i.e. excess of current assets over current liability.

POSITION INVOLVING

- Changes in the firm's working capital position.
- Changes in the firm's cash position, and
- Changes in the firm's total financial resources

FUNDS FLOW STATEMENT

The statement of changes in financial position are prepared to determine only the sources and uses of working capital between dates of two balance sheets, is known as the funds flow statements working capital is defined as the difference between current assets and current liabilities. Working capital determines the liquidity position of the firm. A statement reporting the changes in working capital is useful in addition to the financial statements. A projected statement of changes in working capital is immensely useful in the firm's long range planning management, for example, wants to anticipate the working capital flows in order to plan the repayment schedules, its long-term debt for a fast growth and expansion, a firm needs larger amount of working capital. Therefore estimates of working capital on long-term assets are also required to determine whether or not adequate working capital will be generated to meet the firm's expansion, If not the firm can make arrangements in advance to procure funds from outside to meet its needs.

The working capital flow or fund arises the net effect of a transaction is to increase or decrease the amount of working capital normally a firm will have some transactions that will change net working capital and some that will cause no change in net working capital. Transactions, which change net working capital, include most of the items of the profit and loss account and business events, which simultaneously affects both current and non-current balance sheet items. On the other hand, transactions, which do not increase or decrease working capital includes those, which affects only current accounts or only non-current assets? Let us take an example to illustrate the concept of the flow of working capital.

Suppose that a company issues ordinary shares for Cash. Two accounts are involved in this case, current asset and the share capital account, a current account. The company receives cash against the owner's increased claims. Thus, there occurs a net increase in working capital. Company purchases machinery for cash, again two accounts, the cash account, which is current account and the machinery account, which is non-current asset are affected. The company acquires fixed assets by paying cash. This has the effect of decreasing working capital. Some transactions do not change working capital for example if a company receives cash from its

debtors, it represents increase of cash, a current asset account and decrease of debtors, again a current asset account.

Thus, there will be no net change in the amount of working capital although the composition of working capital will be effected.

If the company pays cash to its creditors, two current accounts will be affected. The cash account being a current account decreases and the creditor's account being a current liability account also decreases. The net effect will be no net change in the working capital, although the composition of working capital will change. Working capital will also not be affected if both the account involve are non-current. Suppose that the company purchases land and makes payment by issuing shares to the land owner. Both account are non-current in nature and do not effect current assets or current liabilities. Thus working capital will remain unaffected. Similarly, if the company converts loan or debentures into equity, it will have no effect on working capital.

In the profit and loss account the revenue items increase cash or receivables and therefore, increasing working capital, the expense items reduce cash or create current liabilities and, therefore decrease working capital, but there are certain items in the profit and loss account that are not current and thus, they have no effect on the net flow of working capital. Therefore, in determining the net flow of working capital from operations, the amount of depreciations is added to net profit to set right the effect of depreciation deduction.

We may conclude that a transaction will cause net flow of working capital only when one of the accounts effected is a current account and another account is a non-current account. The concept of working capital flow may be summarized as follows:

- The net working capital increases or decreases when a transaction involves a current assets and non-current assets.
- The net working capital remains unaffected when a transaction involves only current account.

- The net working capital remains unaffected when a transaction involves only non-current assets.

Objectives of funds flow statement:

- To indicate the result of current financial management
- To lay emphasis on the most significant changes that have taken place during a specific period
- To show how general expansion in a business has been financed or describe the sources from which addition funds were derived
- To estimate the relationship between profit from operation, distribution of dividend & raising of new capital

Important:

Funds flow analysis helps in judging the efficiency of capital functions & administration of a business by providing a summary of the sources from which funds have been procured & uses to which such funds have been put to such an analysis is particularly useful in long range planning where projections of available liquid resources are vital & are necessarily to be made management can come to know about long-term debts or arrange funds for daily needs funds flow statement is a parameter for testing the effective use of working capital by the management during a particular period.

Differences between statement of receipt and payment & funds flow statement:

- The statement of receipts and payment contains a summary of inwards and outward
- movement of cash which is only a part of the working capital whereas the funds flow
- Statement contains a summary of the inward movement of all items affecting the working capital of a business.
- The statement of receipts and payment is prepared from cash book, whereas the fund flow statement is prepared from two balance sheet and other concerned particulars.

Difference between cash budget and fund flow statement:

- Cash budget is generally futuristic in approach whereas funds flow statement is usually based on past data.
- Cash budget is planning for cash beforehand but fund flow statement is only the postmortem analysis.
- Cash budget is prepared for a specific period and requires previous data only for the purpose of judicious forecasting whereas fund flow statement is prepared from the accounting data at two specified dates.

SOURCES OF WORKING CAPITAL:

The typical sources of working capital are summarized below:

1. Funds from operations.
2. Sale of non-current assets.
 - Sale of long-term investments.
 - Sale of tangible fixed assets like land, buildings, plant or equipment.
 - Sale of intangible fixed assets like goodwill, patents and copyrights.
 - The net working capital increases or decreases when a transaction involves a current account and a non-current account.
 - The net working capital remains unaffected when a transaction involves only current account.
 - The net working capital remains unaffected when a transaction involves only non-current assets.

SOURCES OF FUNDS:

The typical sources of working capital are summarized below:

1. Funds from operations (adjusted net income)
2. Sale of non-current assets.
 - Sale of long-term investments (Share, Bonds, Debentures etc.,)
 - Sale of tangible fixed assets like land, buildings, plant or equipment.
 - Sale of intangible fixed assets like goodwill, patents and copyrights.

3. Long term financing
 - Long-term borrowing
 - Issue of equity and preference shares.
4. Short-term financing such as bank borrowing

In the following paragraphs we explain the measurements of funds from operation, as it usually involves a number of adjustments.

FUNDS FROM OPERATIONS:

The major source of working capital is the firm's net profit from operations. The ultimate success of a company depends upon its ability to earn profits. However, the profits and loss account contains certain items, which do not effect working capital. Therefore in determining the amount of working capital from operations, the figure of net profit, as shown in the profit and loss account, should be adjusted. The expenses items, which do not involve working capital, should be added to net profit. Let us take example of depreciation to illustrate the point.

SOURCES OF WORKING CAPITAL:

1. Adjusted net loss from operations.
2. Purchase of non-current assets.

Purchase of long-term investments like shares, bond, debentures etc.,

- Purchase of tangible fixed assets like land, buildings, plant, machinery, equipment etc.
- Purchase of intangible fixed assets, like goodwill, payments, copyrights.
- Repayment of long-term debt (debentures or bonds) and short-term debt (balance boring)Redemption of redeemable preference shares
- Payment of cash dividend.

MEANING AND CONCEPT OF FUNDS

The term funds have been defined in a number of ways.

- In a narrow sense, it means cash only and a fund flow statement prepared on this basis is called a cash flow statement prepared on this basis is called a cash flow statement. Such a

statement enumerates net effects of the various business transactions on cash and takes into account receipts and disbursements of cash.

- In a popular sense, the term ‘funds’ means working capital i.e., the excess of current assets over current liabilities. The working capital concept of funds has emerged due to the fact that total resources of a business are invested partly in fixed assets in the form of fixed liabilities and partly kept in the form of liquid or near liquid as working capital.
- The narrow concept of funds i.e., cash on working capital concept fails to reveal the changes in the total financial resources of a business, some significant items such as purchases of building in exchange of shares, which do not directly affect cash on working capital are not revealed from the analysis based on these concepts. However the concept of funds of working capital is the most popular one in this chapter and funds flow statements as a statement of sources and application of funds.
- In a broader sense, the term funds refer to many values in whatever form it may exist. Here funds means all financial resources used in business whether in the form of men, material, money, machinery and others.

MEANING AND CONCEPT OF FLOW OF FUNDS :

The term flow means movement and includes both inflow and outflow. The term flow of funds means transfer of economic values from one asset of equity to another. Flow of funds is said to have taken place when any transaction makes changes in the amount of funds available before happening of the transaction results in the increase of funds, it is called a sources of funds and if it results in the decrease of funds it is known as an application of funds.

Further, in case the transaction does not change funds, it is said to have not resulted in the flow of funds. If any transaction results in the increase in working capital, it is said to be a source or inflow of funds and if it results in the decrease of working capital, it is said to be an application of outflow of funds.

RULE:

The flow of funds occurs when a transaction changes on the one hand a non-current account and vice-versa. When a change in a non-current account for example fixed assets, long-term liabilities reserves and surpluses, fictitious assets etc., is followed by a change in another non-current account, it does not amount to flow of funds. This is because of the fact that in such cases neither the working capital increase nor decreases. Similarly, when a change in one current account results in change in another current account it does not affect of funds. Funds move from non-current to current transactions or vice-versa only. In simple language funds move when transaction effects.

1. A current asset and a fixed asset or
2. A fixed asset and current liabilities or
3. A current asset and a fixed liability

A fixed liability and a current liability and funds do not make when the transaction effects fixed assets and fixed liability on current asset and current liabilities.

USES, SIGNIFICANCE AND IMPORTANCE OF FUNDS STATEMENT:

A funds flow statement is an essential tool for the financial analysis and is of primary importance to the financial management. Now-a-days, it is being widely used by the financial analysis, credit granting institutions and financial managers, the basic working capital on the capital has been applied. Such a statement is particularly useful in assessing the growth of the firm resulting in financial needs and in determining the best way of financing these needs. By making use of projected funds flow statements, the management capital even in advance one can balance sheet dates. It also describes the source from which additional working capital has been financed and the resizes to which working plan the intermediate and long-term financing of the firm repayment of long-term debts, expansion of the business allocation of resources etc.,

A TOOL OF COMPANY TO OUTSIDE WORLD

Funds flow statement helps in gathering the financial status of business. It gives an insight into the evaluation of the present financial position and gives answer to the problem where here our resources been giving? It enables the reader to obtain necessary information on

the methods used divided policies followed and contribution of funds to the growth of the company. In the present world of credit financing, it provides useful information to bankers, creditors, financial institutions and Government etc., regarding amount of loan required its purpose the term of repayment and sources of loan etc.,

The financial manager gains confidence born out of a study of funds flow statements. In fact, it carries information regarding firm's financial policies to the outside World. In India the financial institutions such as IFCI, IDBI, ICICI etc., require funds flow statement to be submitted to them along with application for loan and other relevant papers.

FUTURE GUIDE :

An analysis of funds flow statements of several years reveal certain valuable information for the financial manager for planning the future financial requirements of the firm and their nature too i.e., short-term, long-term or mid-term. The management can formulate its financial policies such as dividend policies, analysis of such statements. Financial manager can rearrange the firm's financing more effectively on the basis of such information along with the expected changes in trade payables and various financial requirements. In this way, he guides the management in arranging its financing more effectively.

CONTROL DEVICE:

It serves as a control device in that statement compared with the budget figures and will show to what extent the funds were utilised according to plan. On this basis the financial manager can take remedial steps if there is any deviation.

It is true that funds flow statement is very useful tool in the hands of management but one should not be very enthusiastic about the funds statement because it does not introduce the original evidence of financial status or change but merely rearranges the data appearing elsewhere in accounts only for focusing attention to these aspects which are related to the investigation and stand out in the actual situation as being materially significant.

Despite this funds statements supplies valuable information to the management and aid materially in planning for expansion, in devising divided policies and other major programmes.

If handed properly, it disseminates information that is not available elsewhere. Funds flow statement is a method by which we study changes in the financial position of a business enterprise between the data of financial statements at the beginning and at the end.

Performa's of funds flow statement:

TABLE: 3.1

Schedule of Changes in working capital

Particulars	Previous year	Current year	Increase	Decrease
Current assets				
Cash in hand	Xxx	Xxx		
Cash at bank	Xxx	Xxx		
Debtors	Xxx	Xxx		
Marketable securities	Xxx	Xxx		
Bills receivables	Xxx	Xxx		
Stock	Xxx	Xxx		
Prepaid expenses	Xxx	Xxx		
Total(a)	Xxx	Xxx		
Current liabilities				
Creditors	Xxx	Xxx		
Bills payable	Xxx	Xxx		
O/s expenses	Xxx	Xxx		
Total(b)	Xxx	Xxx		
Working capital (a-b)	Xxx	Xxx		
Increase/decrease In working capital				
	Xxx	Xxx		

TABLE: 3.2
ADJUSTED PROFIT & LOSS A/C

Particulars	Particulars
To depreciation and depletion of fictitious and intangible assets such as goodwill, patents, trademarks etc	By opening balance of p&l a/c
To appropriation of retain earning such as transfer to general reserve , sinking fund	By transfer from excess provision
To loss of any current or fixed assets	By appreciation in the value of fixed assets
Dividend	By dividend received
To propose dividend	By profit on sale of assets
To provision for taxation	By funds from operation
To closing balance of profit and loss a/c	
To fund lost on operation	

FUNDS FLOW STATEMENT:

It consists of two parts.

1. Statements of schedule of changes in working capital.
2. Statements of sources and applications of funds.

SPECIMEN OF REPORT FORM FUNDS FLOW STATEMENT

TABLE NO: 3.3

Sources of funds	Amount	Amount
1. Funds from operations	xxx	xxx
2. Sales of non-current assets	xxx	xxx
3. Issue of share capital1.	xxx	xxx
4. Issue of debentures	xxx	xxx
5. Receipt from partly paid shares	xxx	xxx
6. Non-trading receipts such as dividend received	xxx	xxx
7. Sale of Investments		
8. Raising of long-term borrowings		
9. Decrease in working capital (As per schedule of changes in working capital)		
Total :		
APPLICATION OF FUNDS		
1. Funds lost in operation	xxx	xxx
2. Purchase of non-current assets	xxx	xxx
3. Payment of dividend	xxx	xxx
4. Redemption of preference share capital	xxx	xxx
5. Redemption of debentures	xxx	xxx
6. Repayment of long term loans	xxx	xxx
7. Payment of loans	xxx	xxx
8. Non-trading payments	xxx	xxx
9. Purchase of long term investments		
10. Increase in working capital (As per schedule changes in working capital)		
Total :	xxxx	xxxx

TABLE NO: 3.4

Difference between income statement and fund flow statement

Fund flow statement	Profit and loss a/c
It shows sources and application of funds	It shows profit or loss of the business
Depreciation is included in the fund from operation. So fund from operation is greater in volume compared to net profit	Net profit excludes depreciation. So net profit is smaller in volume compared to fund from operation
Fund flow statement explain the way of funds are generated and how it is used in making various payments such as tax, dividend, purchases such of fixed assets	The profit and loss account explains how profit or loss has resulted by comparing revenue with expenditure
Fund flow statement does not consider outstanding and prepaid expense. It does not consider the problem associate with time	Profit and loss a/c takes into account outstanding and prepaid expense. It takes into account problem associate with time
It is meant for management for taking decision and making policies	It is meant for various parties interested in business

TABLE NO: 3.5

Difference between balance sheet and fund flow statement

Balance sheet	Funds flow statement
It reveals the financial position as on a particular date	It reveals the change in the financial position between two balance sheet period
It portrays all assets and liabilities	It portrays a change in working capital
It is an end product of an accounting system	It is a by-product of balance sheet. It is under taken after the preparation of a balance sheet
It is meant for external parties	It is meant for the use of management
Its preparation is compulsory in higher form of business organization	It is voluntarily prepared to benefit the management

Uses:

- One gets an insight into financial operations of the firm. This will help to analyzer the past trends & plan future operation
- It is possible to know whether the firms growth was financed from internal source or from growth was at a rapid pace & financing was strained
- It is possible to detect the imbalance in the use of funds
- It's the case of multi division companies funds flow statement helps to evaluate the performance of division in the use of funds allotted to them

Limitation:

- The funds flow statement reveals the overall change in the working capital but not the verification individual items.
- Funds flow statement is prepared based on historical information.
- It is not a substitute to financial statement. Instead it is only supplementary to financial statement.
- The management may manipulate the working capital by adopting different method of inventory valuation.

The concept fund consists of various type of item such as cash, debtors, stock, prepaid expenses etc.

CHAPTER-III

REVIEW OF LITERATURE

1. **Edelen, R. (1999). Investor flows and the assessed performance of open-ended mutual funds. *Journal of Financial Economics*, 53, 439–466; Rakowski, D. (2003). Fund flow volatility and performance. Georgia State University, working paper,** this cyclic relationship between flows, style drift, and performance is problematic to understand. Significant amounts of new flow could cause a manager to trade more frequently, therefore incurring more transaction costs. In addition, fund flows can constrain a fund manager from adhering to an optimal investment strategy, as they might have to hold more cash to allow for erratic flows.
2. **Cooper, M., Gulen, H., & Rau, P. R. (2005). Changing names with style: mutual fund name changes and their effects on fund flows. *Journal of Finance*, 60, 2825–2858,** find that a change in the style of the name of a fund can subsequently attract significant amounts of fund flow.
3. **Deaves, R. (2004). Data-conditioning biases, performance, persistence and flows: the case of Canadian Equity Funds. *Journal of Banking and Finance*, 28, 673–694,** using a sample of Canadian funds, finds that money flows into successful funds, but not out of unsuccessful ones at the same rate. This finding is often referred to as the convex relationship between flow and performance.
4. **DelGuercio, D., & Tkac, P. (2002). The determinants of the flow of funds of managed portfolios: mutual funds versus pension funds. *Journal of Financial and Quantitative Analysis*, 37, 523–558,** this finding implies that successful funds are more likely to attract fund flow in the future. This finding is also reported by for those funds at the top of the distribution.
5. **Brown, K., & Harlow, W. (2004). Staying the course: performance persistence and the role of investment style consistency in professional asset management,** find that

when the market benchmark return is negative, low style consistent funds demonstrate relative out performance. They speculate that the reasons for better performance by style consistent funds could be less portfolio turnover and, therefore, lower transaction costs.

6. The current evidence on the role and efficacy of mutual funds in channeling investor funds through them into capital markets can be broadly categorized into those that investigate the performance of mutual funds and those that deal with the decision criteria that investors follow in selecting funds. This paper falls into the latter category. Studies in this funds flow category have found evidence of asymmetric response of fund flows to upside and downside performance changes (**Ippolito, 1989; and Sirri and Tufano, 1998**); implying that investors invest disproportionately in star performers and are reluctant to exit losing funds. In this paper, we provide robust estimates of the asymmetric performance and fund flow relationship using panel data techniques. The use of panel data techniques has several methodological advantages and we find evidence that suggests that some of the conclusions of the asymmetric performance flow literature on mutual funds may not stand the scrutiny of more robust regression techniques like panel data analysis. In addition, we provide additional corroborative evidence on the flow of funds in fund families and the influence of ‘star’ and ‘loser’ funds in the flow of funds within a fund family.
7. **Studies by Nanda, Wang and Zheng (2004), and Kempf and Ruenzi (2004)** show that fund flows in a family of funds are affected by the performance of one or more members of the family. Our study also augments the rather limited systematic evidence on Canadian mutual fund industry. The analysis identifies some of the fund related characteristics that drive trading behavior amongst mutual fund investors in Canada.
8. **As Khorana, Servaes and Tufano (2005)** point out, academic studies of mutual funds have remained geographically narrow. The study will help widen the evidence on trading behavior of mutual fund investors beyond the evidence typically reported on U.S. mutual funds. The study is organized as follows: Section 2 provides a review of the relevant literature on the performance and flow of funds. We also review the existing literature on

Canadian mutual funds. Section 3 examines some methodological and measurement issues that underpin the analysis. In particular we focus on the relevance of panel data techniques for the analysis of performance flow relationship. Section 4 discusses the sample and Section 5 discusses the empirical findings. Section 6 concludes the study.

9. **Starting with Jensen's (1968)**, a number of studies have examined the performance of mutual funds. Studies focused on U.S. mutual fund industry are unable to conclude whether the active money management adds value to individual investors net of risk and expenses.
10. **Jensen (1968)** concluded that mutual funds significantly underperformed the market after expenses and those investors would be better off pursuing a passive investment strategy by following a comparable market proxy. However, later studies by **Grinblatt and Titman (1989; 1992)** and **Ippolito (1989)** on the net performance of mutual funds concluded that mutual fund managers did add value net of expenses because of the private information that money managers possessed.
11. These studies were however, criticized for their choice of benchmarks in assessing performance and for survivorship bias in that they included in their sample only current and existing funds. Later studies including **Malkiel (1995)**, **Elton Gruber and Blake (1996)** and **Gruber (1996)**, **Elton, Gruber, Das and Hlavka (1993)** concluded that the findings of **Grinblatt and Titman (1989; 1992)** and **Ippolito (1989)** on positive value added by money managers did not hold when more representative benchmarks are used and adjustments are made for the potential survivorship bias. In a recent paper, **Bhargava, Gallo and Swanson (2001)** evaluated the performance of 114 US international equity managers and found that international equity managers, on average, were also unable to outperform the MSCI World market proxy during the sample period 1988-1997. While these studies have typically concentrated on the reported returns by mutual funds, three strands of literature claim that returns to mutual fund investors (IRR, hereafter) maybe even lower than the returns reported by mutual funds (RR, hereafter).

The first group of studies analyzes the sensitivity of capital flows into funds as a function of performance.

12. Studies by Chevalier and Ellison (1997), Sirri and Tufano (1998) provide extensive evidence in support of an inverse relationship between past performance and current fund flows. Barber, **Odean and Zheng (2003)** in a study trading behavior of more than 30,000 households find that investors use past returns as a positive signal of fund quality and future performance. This has been referred to as representative heuristic in behavioral finance. An above average performance by a mutual fund in the previous year is likely to induce greater inflow of funds in the current year. A second, group of studies examines the strategy of investing in out performing funds or what has been described as the ‘hot hands’ phenomenon.

13. Hendricks, Patel and Zeckhauser (1993), Goetzmann and Ibboston (1994) and Brown and Goetzmann (1995) suggest that mutual funds that show above average performance in one period will also follow it up with and above average performance in the following period. Thus, according to these studies mutual fund investors will get higher returns if they were to choose mutual fund investors that are past winners. However, **Malkiel (1995)** in a study of US mutual funds found that while there appeared to be persistence of returns in the 1970s, there was no significant in persistence in returns during the 1980s. In the 1980s the performance decay was characteristic and past performance was no predictor of future performance. The evidence on persistence is important for the IRR and RR relationship.

14. Chevelier and Ellison (1997) argue and find evidence to support the view that it will distort the incentive structure in the agency relationship between mutual fund investors and fund managers. Managers will become risk-takers, as they will not be punished symmetrically by investors exiting losing funds when there is a downturn in fund performance. Fund characteristics also affect the performance – funds flow relationship.

15. Del Guercio and Tkac (2002) note that the roles of non-performance variables like asset size and lagged flow and age of the fund are important in explaining the funds flow-performance relationship. Their empirical estimates show that the non performance variables as a group may be as important as performance variables in explaining the funds flow performance relationship. Lagged flow may also impact on the flow-performance relationship because of the profile of mutual fund investors and increase the degree of auto correlation in fund flows.

16. Del Guercio and Tkac (2002) cite survey evidence that suggests mutual fund investors are typically incrementally and automatically adding to their existing funds of choice. Thus past decisions may have an important role on their decisions. For very similar reasons fund age may have a role in the asymmetric flow performance relationship. Under this logic, older funds will show greater asymmetry in the flow performance relationship, since they are likely to have a larger base of existing investors who will continue to invest incrementally and automatically irrespective of performance. As noted by Ippolito(1989) and Sirri and Tufano (1998), we also test for the importance of search costs by examining the impact of the management expense ratio on the flow performance relationship.

17. Measuring the value of active fund management: George Comer (Georgetown University, Washington, District of Columbia, USA) Norris Larrymore(Quinnipiac University, Hamden, Connecticut, USA) Javier Rodriguez (Graduate School of Business Administration, University of Puerto Rico, San Juan, Puerto Rico),: The case of hybrid mutual funds, The authors would like to thank the following individuals for their helpful comments and constructive suggestions: Jeff Busse, Martin Gruber, Ravi Jagannathan, Phyllis Keys and an anonymous referee. They are especially grateful to seminar participants at Georgetown University, Quinnipiac University, University of Puerto Rico, Syracuse University, University of Connecticut, and the 2004 PhD Project DSA Annual Meeting. The authors would like to thank Clare Chang, Jeffrey Fong, Marc Marlin (Georgetown University), Monika Khani (Quinnipiac University), Vivian Acosta and Jorge Daniel Acevedo (University of Puerto Rico) for their excellent research assistance.

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- 18. Advertising and mutual fund asset flows:** Timo Korkeamäki (School of Business Administration, Gonzaga University, Spokane, Washington, USA) Vesa Puttonen (Helsinki School of Economics, Helsinki, Finland) Tom Smythe (Furman University, Greenville, South Carolina, USA), Purpose— The paper aims to examine the effect of advertising on mutual fund cash flows in the Finnish fund market. Findings – The paper finds that neither past year's performance nor advertising alone is sufficient to produce increased cash flows. However, advertising together with past performance is found to significantly affect cash flows. The positive effect of advertising is limited to the use of nonperishable advertising media. Additionally, it is found that fund families spending proportionately more on advertising receive higher asset flows.
- 19. Fund management, intellectual capital, intangibles and private disclosure:** John Holland (Department of Accounting and Finance, University of Glasgow, Glasgow, UK) Purpose— This paper aims to explore how fund managers (FMs) deal with major problems of ignorance and uncertainty in stock selection and in asset allocation decisions. Findings – The case data revealed the nature of this private information agenda concerning intellectual capital or intangibles and the dynamic connections between these variables in the value creation process. The case data provided insight into how the book value and market value gap arose and the special role of information on intangibles and intellectual capital in valuing the company.

20. An Option-Pricing Framework for the Valuation of Fund Management

Compensation: Axel Buchner, Abdulkadir Mohamed, Niklas Wagner,⁹⁴ Editor(s): Jonathan A. Batten, Niklas Wagner ISBN: 978-1-78052-616-4 eISBN: 978-1-78052-617-1. Compensation of funds managers increasingly involves elements of profit sharing that entitle managers to option-like payoffs. An important example is the compensation of private equity fund managers. Compensation of private equity fund managers typically consists of a fixed management fee and a performance-related carried interest. The fixed management fee resembles common compensation terms of mutual funds and hedge funds, while the performance-related carried interest is uncommon among most mutual funds. Moreover, the performance-related carried interest typically differs from variable hedge fund fees. In this chapter, we derive the value of the variable components of private equity fund managers' compensation based on a risk-neutral option-pricing approach.

CHAPTER-IV

DATA ANALYSIS AND INTERPRETATION

The present study deals with the analysis of various funds flow statement of Trivent Systems Pvt Ltd and from the year of 2016-2017 to 2020-2021. The financial data which is collected from the company and exhibited in various tables and graphs.

TABLE : 4.1.1

STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2016-2017

Particulars	2016 (Rs)	2017 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	153,82,60,271	135,29,84,499	---	18,52,75,772
Sundry debtors	7,31,85,488	12,48,86,536	5,17,01,048	---
Cash and bank balances	5,30,91,438	5,52,57,959	21,66,521	---
Other current assets	12,98,174	6,52,331	---	6,45,843
Loans and advances	20,40,18,611	6,04,77,777	---	14,35,40,834
Total current assets				
Current Liabilities & Provisions				
Sundry creditors				
Unclaimed liabilities			10,86,80,984	---
Advances received against sales			29,61,215	---
Trade deposits			42,49,059	---
Staff security deposits			1,200	---
Interest assumed but not due on Provisions			---	20,000
	69,36,81,002	58,50,00,018	---	2,03,04,519
	1,62,40,099	1,32,78,884		4,11,63,51
	89,97,112	47,48,053		
	76,700	75,500		
	1,45,000	1,65,000		
Total Current Liabilities and Provisions				
Net working capital(C.A-C.L)				
	4,50,94,019	4,92,10,370		
Decrease in working capital			18,414,3292	
	76,42,33,932	67,27,82,344		
	1,10,56,20,050	92,14,76,758		
TOTAL	110,56,20,050	110,56,20,050	35,39,033,19	35,39,033,19

TABLE : 4.1.2**ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2016-2017**

Particulars	Amount in Rs	Particulars	Amount in Rs
To Depreciation of fixed assets	6,17,81,205	By Opening balance	16,61,67,459
To Provision for tax	1,00,00,000	By Profit from business	25,93,28,032
To Proposed dividend	2,83,46,263	operation	
To Transfer to general reserve	19,00,00,00		
To Closing balance	13,53,68,023		
	42,54,95,491		42,54,95,491

TABLE: 4.1.3
FUNDS FLOW STATEMENT FOR THE YEAR 2016-2017

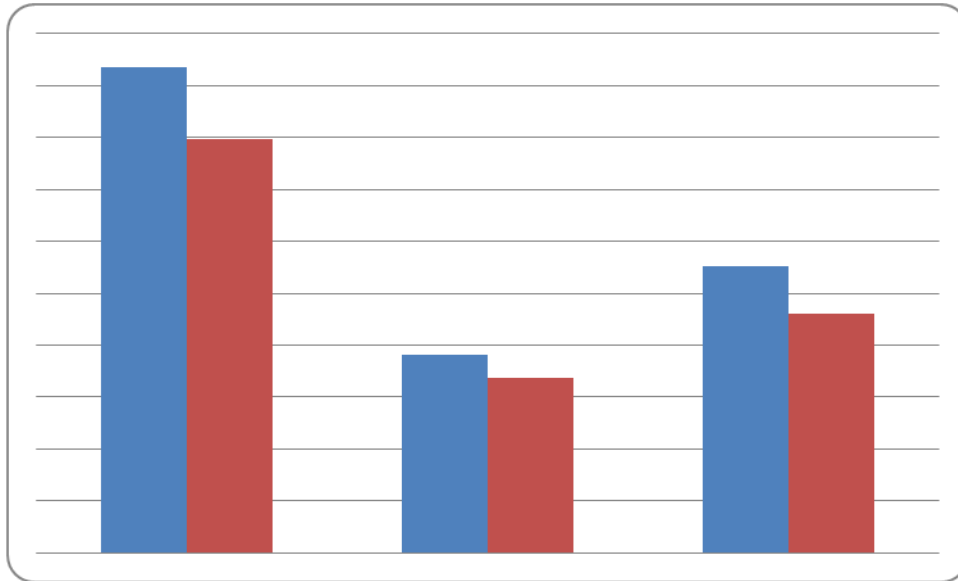
Sources	Amount in Rs	Applications	Amount in Rs
Profit from Business operations	25,93,28,03	Payment of secured Loans	21,29,91,771
Increasing unsecured loans	12,62,170	Purchase of land	6,25,635
Sale of plant and machinery	53,30,90,34	Taxes Paid	11,34,01,996
Sale of other fixed assets	40,47,71,01	Dividend paid	2,83,46,263
Sale of Computers& Furniture	11,37,829		
Other income received	57,06,962		
Sale of buildings	20,75,865		
Sale of vehicles	40,32,06,09		
Decrease in working capital	18,41,432,92		
	35,53,65,665		35,53,65,665

TABLE : 4.1.4
INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD
2016-2017

S.No	Year	Current assets	Current liabilities	Net Working capital
1	2017	186,98,53,982	76,42,33,932	11,05,62,00,50
2	2016	159,42,59,102	67,27,82,344	92,14,76,758

GRAPH OF INCREASE & DECREASE IN 2016-2017

GRAPH 4.1



X = CURRENT ASSETS AND CURRENT LIABILITIES

Y = INCREASE OR DECREASE

INTERPRETATION

- 1) It was observed that the above working capital calculations for the year 2016-2017 we can notice that the working capital is decreased by 7.42% compared to the previous financial year.
- 2) There is overall decrease of 14.73% in total current assets during the year 2016-2017 when compared to the previous financial years.
- 3) The inventory is decrease to 12.04%.
- 4) But there are decrease in loans and advances and current assets by 70.64% and 4.08%.
- 5) There is overall decrease of 0.49% in total current liabilities during the year 2016-2017 when compared to the previous financial year.

TABLE : 4.2.1
STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-2018

Particulars	2017 (Rs)	2018 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	135,29,84,499	143,18,24,825	7,88,40,326	---
Sundry debtors	12,48,86,536	11,21,33,122	---	1,27,53,414
Cash and bank balances	5,52,57,959	5,02,62,789	---	49,95,170
Other current assets	6,52,331	10,21,849	3,69,518	---
Loans and advances	6,04,77,777	38,99,83,272	32,95,05,495	---
Total current assets	159,42,59,102	198,52,25,857		
Current liabilities and provisions				
Sundry creditors			---	39,56,42,641
Unclaimed liabilities	58,50,00,018	98,06,42,659	---	26,22,056
Advances received against sales	1,32,78,884	1,59,00,940	30,44,740	---
Trade deposits	47,48,053	17,03,313	---	---
Staff security deposits	75,500	75,500	20,000	---
Interest assumed but not due on loan	1,65,000	1,45,000	22,23,265	---
Provisions	2,03,04,519	1,80,81,254	---	28,61,91,889
4,92,10,370	33,54,02,259			
Total current liabilities and provisions				
Net working capital				
Decrease in working capital				
TOTAL	672782344	135,19,50,925	288202126	
	921476758	63,32,74,932 28,82,01,826		
	921476758	921476758	70,22,051,70	70,22,051,70

TABLE : 4.2.2
ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017-2018

Particulars	Amount in Rs	Particulars	Amount in Rs
To Depreciation of fixed assets	5,68,70,347	By Opening balance	13,53,68,023
To Provision for tax	24,33,62,888	By Profit from business operation	66,27,04,405
To Proposed dividend	8,50,38,787		
To Transfer to sinking fund	28,16,68,973		
To Closing balance	13,11,31,433		
TOTAL	79,80,72,428		79,80,72,428

TABLE : 4.2.3
FUNDS FLOW STATEMENT FOR THE YEAR 2017-2018

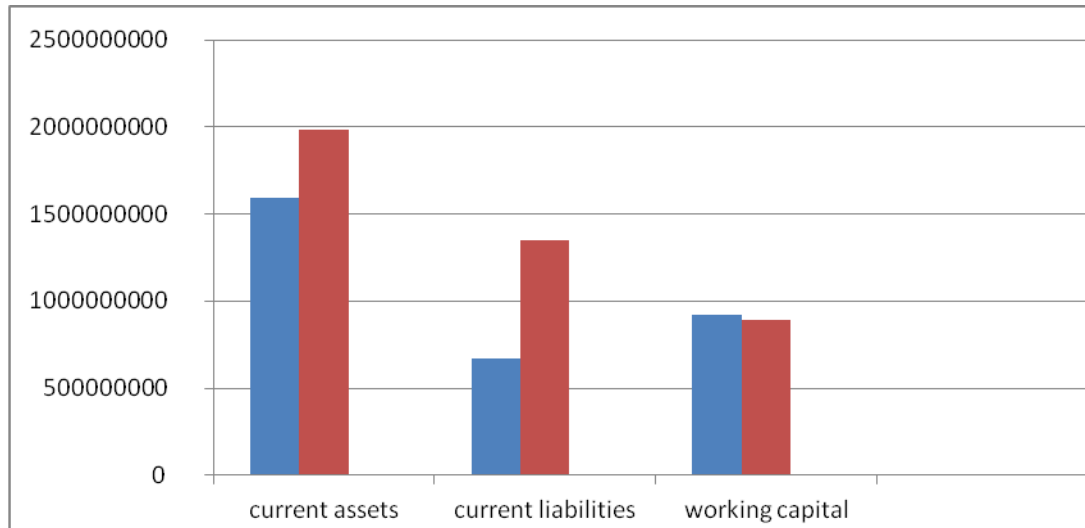
Sources	Amount Rs	Application	Amount Rs
Profit from Business Operations	66,27,04,405	Payment of secured loan	38,02,35,486
Sale of plant and machinery	75,10,836	Purchase of Buildings	11,90,967
Decrease in working capital	28,82,01,826	Purchase of land	3,30,84,733
		Investment	31,66,39,172
		Vehicles	54,63,038
		Taxes paid	13,67,64,884
		Dividend paid	8,50,38,787
TOTAL	95,84,170,67		95,84,170,67

TABLE : 4.2.4
INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD
2017-2018

Year	Current assets	Current liabilities	Working capital
2017	159,42,59,102	672,78,23,44	921476758
2018	198,52,25,857	135,19,50,925	63,32,74,932

GRAPH OF INCREASE & DECREASE IN 2017-2018

GRAPH : 4.2



X = CURRENT ASSETS AND CURRENT LIABILITIES
Y = INCREASE OR DECREASE

INTERPRETATION:

- 1) It was observed that the above working capital calculations for the year 2017-2018 we can notice that the working capital is increased by 1.003% compared to the previous financial year.
- 2) There is overall increase of 2.45% in total current assets during the year 2017-2018 when compared to the previous financial years.
- 3) The inventory is increase to 0.021%
- 4) But there are decrease in sundry debtors, other loans and advances by 0.121%4.22%.
- 5) There is overall decrease of 1.02% in total current liabilities during the year 2017-2018 when compared to the previous financial year.

TABLE : 4.3.1
STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

Particulars	2018 (Rs)	2019 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	143,18,24,825	135,93,30,982	----	7,24,93,843
Sundry debtors	11,21,33,122	10,80,11,642	---	41,21,480
Cash and bank balances	5,02,62,789	6,81,47,393	1,78,84,604	---
Other current assets	10,21,849	15,13,709	4,91,860	---
Loans and advances	38,99,83,272	46,65,45,285	7,65,62,013	---
Total current assets	198,52,25,857	200,35,49,011		
Current liabilities and provisions				
Sundry creditors			17,31,79,885	---
Unclaimed liabilities	98,06,42,659	80,74,62,774	---	34,47,087
Advances received against sales	1,59,00,940	1,93,48,027	---	96,93,853
Trade deposits	17,03,313	1,13,97,166	---	3,74,675
Staff security deposits	75,500	4,50,175	---	5,000
Interest assumed but not due on loan	1,45,000	1,50,000	43,72,246	---
Provisions	1,80,81,254	1,37,09,008	---	12,37,98,174
	33,54,02,259	45,92,00,433		
Total current liabilities and provisions				
Net working capital				5,85,56,496
Decrease in working capital				
TOTAL	135,19,50,925	131,17,17,583	288202126	
	63,32,74,932	69,18,31,428		
	5,85,56,496			
	69,18,31,428	69,18,31,482	27,24,90,608	27,24,90,608

TABLE : 4.3.2
ADJUSTED PROFIT AND LOSS FOR THE YEAR 2018-2019

Particulars	Amount Rs	Particulars	Amount Rs
To Depreciation of fixed assets	6,04,66,319	By Opening balance	13,11,31,433
To Provision for tax		By Profit from business operation	91,65,46,026
To Proposed dividend	36,55,20,888		
To Transfer to general reserve	11,33,85,050		
To Closing balance	25,00,00,000		
	25,83,05,202		
	104,76,77,459		104,76,77,459

TABLE : 4.3.3
FUNDS FLOW STATEMENT FOR THE YEAR 2018-2019
(Statement of Sources & Applications of Funds)

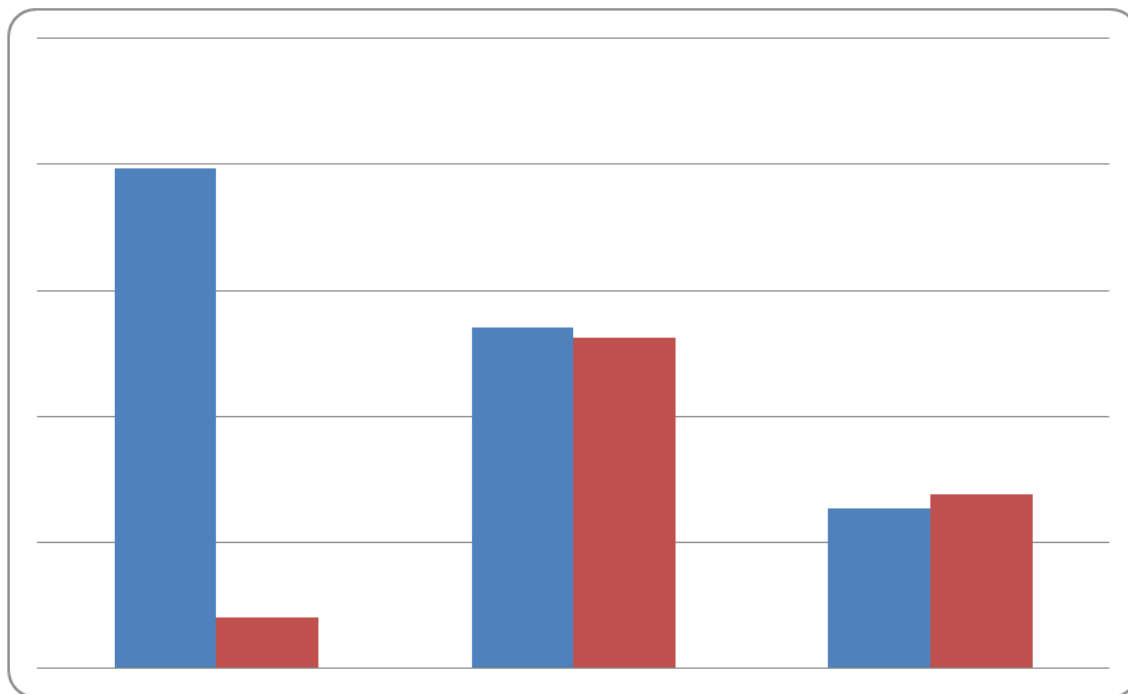
Sources	Amount in Rs	Application	Amount in Rs
Profit from Business Operations	91,65,46,026	Payment of secured loans	37619855
Sale of other fixed assets	4,75,296	Unsecured loans	2,5073000
Other income received	2,71,58,172	Purchase of buildings	49457154
		Purchase of land	39509780
		Purchase of Plant&Machinery	39,03,47,935
		Computer & Furniture	
		Interim dividend paid	48463224
		Taxes paid	1,14,06,930
		Dividend paid	71459348
		Increase in working capital	21,22,85,772
			5,85,56,496
TOTAL	94,41,79,494		94,41,79,494

TABLE : 4.3.4
INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD
2018-2019

Year	Current assets	Current liabilities	Working capital
2018	198,52,25,857	135,19,50,925	63,32,74,932
2019	200,35,49,01	131,17,17,583	69,18,13,428`

GRAPH OF INCREASE & DECREASE IN 2018-2019

GRAPH : 4.3



X = CURRENT ASSETS AND CURRENT LIABILITIES

Y = INCREASE OR DECRE

INTERPRETATION

- 1) It was observed that the above working capitals calculations for the year 2018-2019 we can notice that the working capital is increased by 6.22% compared to the previous financial year.
- 2) There is overall decrease of 12.002% in total current assets during the year 2018-2019 when compared to the previous financial years.
- 3) The inventory is increase to 15.00%
- 4) But there are decrease in sundry debtors, cash and bank by 16.24%, 4.22%.
- 5) There is overall decrease of 12.45% in total current liabilities during the year 2018-2019 when compared to the previous financial year

TABLE : 4.4.1
STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-2020

Particulars	2019 (Rs)	2020 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	135,93,30,982	132,75,07,945	----	3,18,23,037
Sundry debtors	10,80,11,642	11,45,09,441	64,97,799	---
Cash and bank balances	6,81,47,393	17,67,30,095	10,85,82,702	---
Other current assets	15,13,709	28,08,246	12,94,537	---
Loans and advances	46,65,45,285	14,02,58,734	---	87,76,412
Total current assets	200,35,49,011	176,18,14,461		
Current liabilities and provisions				
Sundry creditors			----	33,25,29,644
Unclaimed liabilities	80,74,62,774	113,99,92,418	70,12,148	---
Advances received against sales	1,93,48,027	1,23,35,879	70,66,979	---
Trade deposits	1,13,97,166	43,30,187	3,26,525	---
Staff security deposits	4,50,175	1,23,650	40,000	---
Interest assumed but not due on loan	1,50,000	1,10,000	18,22,792	
Provisions	1,37,09,008	1,18,86,216	37,72,577,62	
	45,92,00,433	8,19,43,171		
Total current liabilities and provisions			----	13,67,71,651
Net working capital				
Decrease in working capital				
TOTAL	135,19,50,925	125,07,21,521	288202126	
	37,43,21,289	51,10,92,940		
	13,67,71,651			
	51,10,929,40	51,10,929,40	50,99,007,44	50,99,007,44

TABLE : 4.4.2
ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2019-2020

Particulars	Amount Rs	Particulars	Amount Rs
To Depreciation of fixed assets	9,56,41,991	By Opening balance	25,83,05,202
To Provision for tax		By Profit from business operation	44,89,55,762
To Proposed dividend	12,74,43,218		
To Transfer to general reserve	5,66,92,525		
To Closing balance	2,50,00,000		
	40,24,83,230		
	70,72,60,964		70,72,60,964

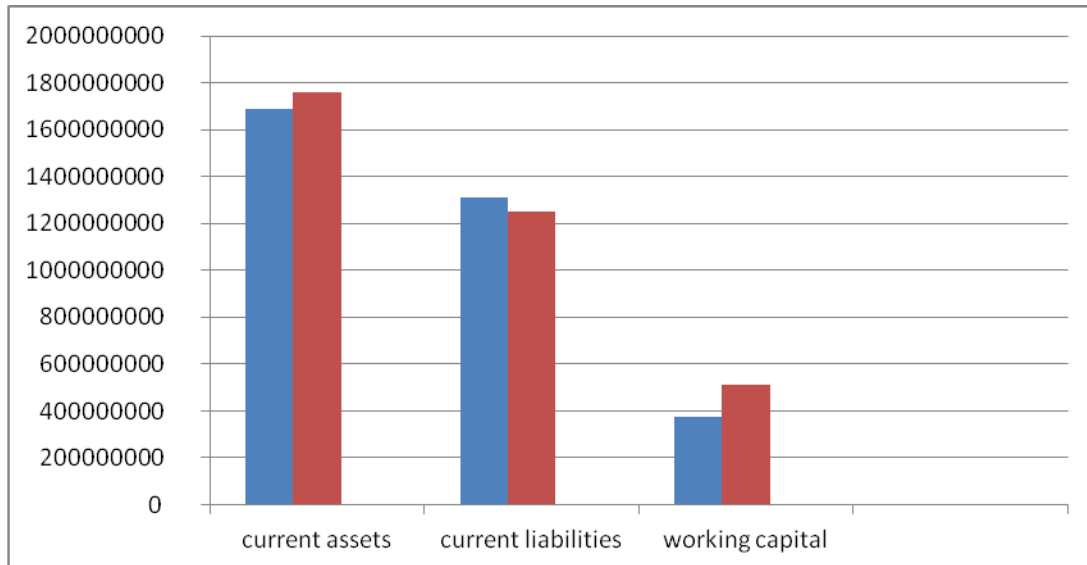
TABLE : 4.4.3
FUNDS FLOW STATEMENT FOR THE YEAR 2019-2020
(Statement of Sources & Applications of Funds)

Sources	Amount in Rs	Application	Amount in Rs
Profit from Business Operations	44,89,55,762	Redemption of debentures	73803148
		Payment of secured loan	25630346
		Unsecured loans	40995707
		Purchase of buildings	1,20,93,498
		Purchase of land	20,02,509
		Purchase of Plant & Machinery	34560211
		Computer & Furniture	17,08,388
		Vehicles	20,02,509
		Other fixed assets	51042034
		Taxes paid	25,72,28,90
		Dividend paid	42622871
		Increase in working capital	136771651
	44,89,55,762		44,89,55,762

TABLE : 4.4.4
INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD
2019-2020

Year	Current assets	Current liabilities	Working capital
2019	168,60,38,872	131,171,75,83	374,32,12,89
2020	176,18,14,461	125,07,21,521	511,09,29,40

GRAPH 4.4
GRAPH OF INCREASE & DECREASE IN 2018-2019



X = CURRENT ASSETS AND CURRENT LIABILITIES

Y = INCREASE OR DECREASE

INTERPRETATION

- 1) It was observed that the above working capital calculations for the year 2019-2020 we can notice that the working capital is decreased by 9.11% compared to the previous financial year.
- 2) There is overall decrease of 12.00% in total current assets during the year 2019-2020 when compared to the previous financial years.
- 3) The inventory is increased to 7.40%
- 4) But there is decrease in sundry debtors, cash and bank by 8.24%, 7.22%
- 5) There is an overall increase of 13% to 25% in total current liabilities during the year 2019-2020 when compared to the previous financial year.

TABLE : 4.5.1
STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2020-2021

Particulars	2020 (Rs)	2021 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	132,75,07,945	126,77,78,839	----	5,97,29,106
Sundry debtors	11,45,09,441	6,09,19,428	---	5,35,90,013
Cash and bank balances	17,67,30,095	20,84,05,389	3,16,75,294	---
Other current assets	28,08,246	23,12,881	---	4,95,365
Loans and advances	14,02,58,734	20,23,86,069	6,21,27,335	---
Total current assets	176,18,14,461	174,18,02,606		
Current liabilities and provisions				
Sundry creditors			44,43,02,925	---
Unclaimed liabilities	113,99,92,418	69,56,89,493	---	1,04,70,900
Advances received against sales	1,23,35,879	1,60,56,615	---	---
Trade deposits	43,30,187	1,48,01,087	350	---
Staff security deposits	1,23,650	1,23,300	50,000	---
Interest assumed but not due on loan	1,10,000	60,000	38,31,760	3,01,86,427
Provisions	8,19,43,171	11,21,29,598	---	
Total current liabilities and provisions			----	
Net working capital				38,37,95,117
Decrease in working capital				
TOTAL	125,07,21,521	84,69,14,549	288202126	
	51,10,92,940 38,37,95,771	89,48,88,057		
	89,48,88,057	89,48,88,057	54,19,87,664	54,19,87,664

TABLE : 4.5.2
ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020-2021

Particulars	Amount in Rs	Particulars	Amount in Rs
To Depreciation of fixed assets	10,36,09,837	By Opening balance	40,24,83,230
To Provision for tax	3,09,93,399	By Profit from business operation	19,60,65,215
To Proposed dividend	5,66,92,525		
To Transfer to general reserve	81,46,806		
To Closing balance	39,91,05,878		
	59,85,48,445		59,85,48,445

TABLE : 4.5.3
FUNDS FLOW STATEMENT FOR THE YEAR 2020-2021
(Statement of Sources & Applications of Funds)

Sources	Amount in Rs	Application	Amount in Rs
Profit from Business Operations	19,60,65,215	Purchase of Buildings	3,64,66,941
Increasing unsecured loans	24,52,09,679	Taxes paid	11,58,66,941
Secured loans	1135884	Dividend paid	5,66,92,525
Sale of plant and machinery	7,45,70,083	Increasing in working capital	38,37,95,117
Sale of other fixed assets	4,58,79,419		
Sale of Computers& Furniture	40,37,340		
Sale of vehicles	69,61,498		
Withdrawn	1,89,62,406		
	59,28,21524		59,28,21524

TABLE : 4.5.4
INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD
2020-2021

Year	Current assets	Current liabilities	Working capital
2020	176,18,14,461	1,25,07,21,521	51,10,92,940
2021	174,18,02,606	84,69,14,549	89,48,88,057

GRAPH 4.5
GRAPH OF INCREASE & DECREASE IN 2019-2020



X = CURRENT ASSETS AND CURRENT LIABILITIES

Y = INCREASE OR DECREASE

INTERPRETATION

- It was observed that the above working capitals calculations for the year 2020-2021 we can notice that the working capital is decreased by 9.01% compared to the previous financial year.
- There is overall decrease of 12.01% in total current assets during the year 2020-2021 when compared to the previous financial years.
- The inventory is decrease to 14.40%
- But there is increase in sundry debtors, cash and bank by 4.21%, 7.22%.
- There is overall increase of 17.25% in total current liabilities during the year 2020-2021 when compared to the previous financial year

CHAPTER V

FINDINGS, SUGGESTIONS AND CONCLUSIONS

FINDINGS:

From the study it is observed that the Net working capital position of Trivent Systems Pvt Ltd is gradually decreasing in the years 2016-2017, 2018-2019 and 2020-2021 due to decreasing in Current assets.

- There have been major fluctuations in the working capital, which affect the current assets and current liabilities and sources of the funds have affected a lot.
- The relationship between employment and management is not satisfactory, as there have been occurred strikes during the years on account of failure of negotiations.
- It is find out that the company is using long term funds to maintain day to day activities this leads to higher interest rates
- It is observed that the company has an unfavorable working capital position and not has sufficient sources of funds to meet long term requirements of the company.
- From the study it is observed company is depending upon other sources of capital which leads to increase in the payment of more amounts towards interest rates which results to increase in expenditure.
- From the study it is observed company is maintaining sufficient stock of inventory for smooth production process. Much of the sales of the company posses' very low amount of debtors in all the years.
- From the study it is observed company is poor in utilizing credit facilities available in the market. It is found that the working capital performance is not profitable to the company also unsatisfactory due to high financial changes and high provision for expenditure.
- From the study it is observed the company is maintaining good reserve in order to meet uncertain conditions in future if any.

SUGGESTIONS:

- It is to be suggested that the company should maintain consistent amount of current assets and Current Liabilities and also the firm has to find ways to increase the source of funds.
- The company should maintain cordial relations with employees and proper communication must be provided to the employees and also democratic leadership style helps management to reduce strikes.
- The company should finance some parts of its current assets with short-term funds. It should not depend on long-term funds as they involved higher interest payments.
- It is suggested that the company should maintain optimum liquidity and should maintain a rational working capital and it should sale the Non profitable assets and invest in profitable ones may increase the assets of the firm and while designing capital structure the company should go for low cost of capital avenues that increases the sources of funds to the company.
- From the study it is found that the Net Working Capital of Trivent Systems Pvt Ltd is gradually decreasing in the years 2016-2017 and 2019-2020 due to decreasing current assets. It is suggested to the company to maintain the current assets in proper level.
- From the study it is found that the company is depending upon other sources of capital which leads to increase in the payment of more amounts towards interest rates which results to increase in expenditure. It is suggested to the company to reduce the expenditures.
- From the study it is observed company is maintaining sufficient stock of inventory for smooth production process. It is suggested to the company to maintain the same level of inventory.
- From the study it is observed Company is poor in utilizing credit facilities available in the market. It is suggested to the company to utilizing the credit facilities available in the market.

CONCLUSIONS:

Trivent Systems Pvt Ltd was the flat ship company of Trivent Systems Pvt Ltd after successful beginning and performance of Trivent Systems Pvt Ltd. It was the India based infrastructure in motors based operations in entire a manufacturing seeds industries. The company is having experienced professionals in management and also in supervisory levels.

The company is having the efficiency of the plant operations on average for the last 3 years in 98% which is recorded as the best in India. The company is having scientists in seeds Management. The company is developing seeds in certain areas of the country which is said to be of high quality standards in the international market. The company is having experts in almost all departments and running their company always at better standards than the competitors in India.

They had satisfied their strength and now they are setting on fixed properties worth about Rs.400 crores. The group is own in fixed properties of Rs 400 crores and they were enjoying the financial limits.

The company started diversifying into infrastructure projects and developed a software technology building named as “Trivent Systems Pvt Ltd”.

This is a project of around 7,500 acres. This would flex around 1,25,000 a month. It is concentrated on seeds trading is reduced. The company is enjoying working capital limits with the Bank.

ANNEXURE 1
BALANCE SHEET AS ON 31ST MARCH 2017

SOURCES OF FUNDS	March 2017	March 2016
Shareholder's funds		
Share capital	11,33,85,050	11,33,85,050
Reserves and surplus	65,54,81,537	49,62,80,973
	76,88,66,587	60,96,66,023
Loan funds		
Secured loans	82,67,28,433	1,03,97,20,204
Unsecured loans	18,88,33,000	18,75,70,830
	1,01,55,61,433	1,22,72,91,034
Deferred tax liability		
Deferred tax liability	23,67,36,546	24,27,99,798
Less:- Deferred tax Assets	12,33,34,550	9,87,89,550
	11,34,01,996	14,40,10,248
TOTAL	1,89,78,30,016	1,98,09,67,035
APPLICATION OF FUNDS		
Fixed assets		
Gross block	1,27,66,39,656	1,26,62,84,128
Less: Depreciation	37,32,40,318	31,14,59,113
Net block	90,33,99,338	95,48,25,015
Capital working progress	6,15,21,594	5,92,88,422
	96,49,20,932	1,01,41,13,437
Investments	1,14,32,776	1,14,32,776
Current assets, loan and advances		
Inventories	1,35,29,84,499	1,53,82,60,271
Sundry debtors	12,48,86,536	7,31,85,488
Cash and bank balance	5,52,57,959	5,30,91,438
Other current assets	6,52,331	12,98,174
Loans and advances	6,04,77,777	20,40,18,611
	1,59,42,59,102	1,86,98,53,982
Less: current liabilities	67,27,82,794	76,42,33,932
Current liabilities		
Provisions		
Net current assets	92,14,76,308	110,56,20,050
TOTAL	37,84,22,72,56	41,00,70,07,92

ANNEXURE 2
BALANCE SHEET AS ON 31ST MARCH 2018

SOURCES OF FUNDS	March 2018	March 2017
Shareholder's funds		
Share capital	11,33,85,050	11,33,85,050
Reserves and surplus	90,12,44,947	65,54,81,537
	1,01,46,29,997	76,88,66,587
Loan funds		
Secured loans	29,64,92,947	82,67,28,433
Unsecured loans	24,46,95,000	18,88,33,000
	54,11,87,947	1,01,55,61,433
Deferred tax liability		
Deferred tax liability	20,99,52,818	23,67,36,546
Less:- Deferred tax Assets	7,31,87,934	12,33,34,550
	13,67,64,884	11,34,01,996
TOTAL	1,69,25,82,828	1,89,78,30,016
APPLICATION OF FUNDS		
Fixed assets		
Gross block	1,32,20,20,234	1,27,66,39,656
Less: Depreciation	44,14,75,638	37,32,40,318
Net block	88,05,44,596	90,33,99,338
Capital working progress	16,43,32,340	6,15,21,594
	1,04,48,76,936	96,49,20,932
Investments	1,44,30,960	1,14,32,776
Current assets, loan and advances		
Inventories	1,43,18,24,825	1,35,29,84,499
Sundry debtors	11,21,33,122	12,48,86,536
Cash and bank balance	5,02,62,789	5,52,57,959
Other current assets	10,21,849	6,52,331
Loans and advances	38,99,83,272	6,04,77,777
	1,98,52,25,857	1,59,42,59,102
Less: current liabilities	1,35,19,50,925	67,27,82,794
Current liabilities		
Provisions		
Net current assets	63,32,74,932	92,14,76,308
TOTAL	1,69,25,82,828	1,89,78,30,016

ANNEXURE 3

BALANCE SHEET AS ON 31ST MARCH 2019

SOURCES OF FUNDS	March 2019	March 2018
Shareholder's funds		
Share capital	11,33,85,050	11,33,85,050
Reserves and surplus	1,27,84,18,716	90,12,44,947
	1,39,18,03,766	1,01,46,29,997
Loan funds		
Secured loans	28,15,50,102	29,64,92,947
Unsecured loans	21,96,22,000	24,46,95,000
	50,11,72,102	54,11,87,947
Deferred tax liability		
Deferred tax liability	25,03,97,136	20,99,52,818
Less:- Deferred tax Assets	3,81,11,364	7,31,87,934
	21,22,85,772	13,67,64,884
TOTAL	2,10,52,61,640	1,69,25,82,828
APPLICATION OF FUNDS		
Fixed assets		
Gross block	1,85,31,65,250	1,32,20,20,234
Less: Depreciation	50,19,41,957	44,14,75,638
Net block	1,35,12,23,923	88,05,44,596
Capital working progress	4,58,43,001	16,43,32,340
	1,39,70,66,294	1,04,48,76,936
Investments	1,63,63,918	1,44,30,960
Current assets, loan and advances		
Inventories	1,35,93,30,982	1,43,18,24,825
Sundry debtors	10,80,11,642	11,21,33,122
Cash and bank balance	6,81,47,393	5,02,62,789
Other current assets	15,13,709	10,21,849
Loans and advances	46,65,45,285	38,99,83,272
	200,35,49,011	1,98,52,25,857
Less: current liabilities	131,17,17,583	1,35,19,50,925
Current liabilities		
Provisions		
Net current assets	69,18,31,428	63,32,74,932
TOTAL	2,10,52,61,640	1,69,25,82,828

ANNEXURE 4

BALANCE SHEET AS ON 31ST MARCH 2020

SOURCES OF FUNDS	March 2020	March 2019
Shareholder's funds		
Share capital	11,33,85,050	11,33,85,050
Reserves and surplus	1,44,75,96,744	1,27,84,18,716
TOTAL	1,56,09,81,794	1,39,18,03,766
Loan funds		
Secured loans	19,36,77,300	28,15,50,102
Unsecured loans	17,99,22,000	21,96,22,000
TOTAL	37,35,99,300	50,11,72,102
Deferred tax liability		
Deferred tax liability	29,58,16,139	25,03,97,136
Less:- Deferred tax Assets	3,85,87,149	3,81,11,364
	25,72,28,990	21,22,85,772
TOTAL	2,19,18,10,084	2,10,52,61,640
APPLICATION OF FUNDS		
Fixed assets		
Gross block	2,07,88,63,416	1,85,31,65,250
Less: Depreciation	59,75,83,948	50,19,41,957
Net block	1,48,12,79,468	1,35,12,23,923
Capital working progress	7,28,45,659	4,58,43,001
	1,55,41,25,127	1,39,70,66,294
Investments	12,65,92,017	1,63,63,918
Current assets, loan and advances		
Inventories	1,32,75,07,945	1,35,93,30,982
Sundry debtors	11,45,09,441	10,80,11,642
Cash and bank balance	17,67,30,095	6,81,47,393
Other current assets	28,08,246	15,13,709
Loans and advances	14,02,58,734	46,65,45,285
	1,76,18,14,461	200,35,49,011
Less: current liabilities	125,07,21,521	131,17,17,583
Current liabilities	1,16,87,78,350	
Provisions	8,19,43,171	14,16,90,294
Net current assets	51,10,92,940	69,18,31,428
TOTAL	2,19,18,10,084	2,10,52,61,640

ANNEXURE 5
BALANCE SHEET AS ON 31ST MARCH 2021

SOURCES OF FUNDS	March 2021	March 2020
Shareholder's funds		
Share capital	11,33,85,050	11,33,85,050
Reserves and surplus	1,43,42,19,392	1,44,75,96,744
TOTAL	1,54,76,04,442	1,56,09,81,794
Loan funds		
Secured loans	43,88,86,979	19,36,77,300
Unsecured loans	18,40,00,000	17,99,22,000
TOTAL	62,28,86,979	37,35,99,300
Deferred tax liability		
Deferred tax liability	30,13,40,523	29,58,16,139
Less:- Deferred tax Assets	4,74,62,323	3,85,87,149
	25,38,78,200	25,72,28,990
TOTAL	2,42,43,69,621	2,19,18,10,084
APPLICATION OF FUNDS		
Fixed assets		
Gross block	2,16,25,26,621	2,07,88,63,416
Less: Depreciation	70,11,93,785	59,75,83,948
Net block	1,46,13,32,836	1,48,12,79,468
Capital working progress	1,44,95,594	7,28,45,659
	1,47,58,28,430	1,55,41,25,127
Investments	5,36,53,134	12,65,92,017
Current assets, loan and advances		
Inventories	1,26,77,78,839	1,32,75,07,945
Sundry debtors	6,09,19,428	11,45,09,441
Cash and bank balance	20,84,05,389	17,67,30,095
Other current assets	23,12,881	28,08,246
Loans and advances	20,23,86,069	14,02,58,734
	1,74,18,02,606	1,76,18,14,461
Less: current liabilities		
Current liabilities	73,47,84,951	1,16,87,78,350
Provisions	11,21,29,598	8,19,43,171
Net current assets	84,69,14,549	1,25,0721,521
TOTAL	2,42,43,69,621	2,19,18,10,084

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ANNEXURE II – RESEARCH ARTICLE

A STUDY ON FUNDS FLOW STATEMENTS ANALYSIS WITH REFERENCE TO TRIVENT SYSTEMS PVT LTD

Dr. John Paul, MBA department, Sathyabama University

ABSTRACT

This study is important for understanding the management of working capital in Trivent Systems Pvt Ltd it gives information on the basis of analysis about percentage of investment in each current asset cause for changes in working capital from different sources amount of working capital required. The present study is intended cover a period of 5 years from 2016-2017 to 2020-2021 for examining the cash management receivable management manages the short-term investment and also investor's management for the purpose of working capital management in Trivent Systems Pvt Ltd.

INTRODUCTION

Funds Flow Statement is a method by which we study changes in the financial position of a business enterprise between beginning and ending financial statements dates. It is a statement showing sources and uses of funds for a period of time. The term **Flow** means the movement of funds and includes both inflows (receipt) and outflows (payments) of fund. Funds from operation, issue of share and debentures, additional long term debt, non-operating revenues etc. are considered as the major sources of fund. Increase in working capital, redemption of debenture, repayment of long term loan, payment for non-operating expenses etc. are the amine areas of uses of fund. The term **Statement** represents the format or account under which the flows of fund i.e. cash inflows and outflows are recorded. Funds flows statement is known by various names such as statements of sources and uses of founds, summary of financial

operations, which got and where goes statement, movement of working capital statement, funds received and disbursement statement etc.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

To study on the fund flow Statement analysis of Trivent Systems Pvt Ltd

SECONDARY OBJECTIVES:

- To examine the growth and performance of the Trivent Systems Pvt Ltd
- To study the efficiency of its various assets in generating sales.
- To study the extent to which the firm has used its long-term solvency by borrowing funds.
- To know whether the current assets and current liabilities are properly managed and to give a brief description of the finance department and conceptual frame work of the working capital management in Trivent Systems Pvt Ltd
- To review the growth and performance of Trivent Systems Pvt Ltd during the study period and to determine the requirement of working capital to the firm.

NEED FOR STUDY

This study is important for understanding the management of working capital in Trivent Systems Pvt Ltd it gives information on the basis of analysis about percentage of investment in each current asset cause for changes in working capital from different sources amount of working capital required.

The firm's trade creditors are interest in the firm ability to meet their claim over a short period of time. So they required the evaluation of the firm's liquidity position. The suppliers of the long-term debt on the other hand of concerned with the long-term resolutions and survival. They analyses the firm profitability over time.

SCOPE OF THE STUDY

Working capital management policies have a great effect on firm's profitability, liquidity and its structural health. A financial manager therefore chalks out appropriate working capital, so as to ensure higher profitability proper liquidity and sound structural health of the organization. In order to achieve this objective the financial manager as to perform basically following two functions.

1. Estimating the amount of working capital.
2. Source from which these funds have to arise.

This project is based on the study of working capital management & includes estimation of the amount of working capital requirements and also analyzing the sources from which these have to be raised.

METHODOLOGY OF THE STUDY

1. Primary Data:

The primary data comprises information collected during discussions with Heads of Departments and from the meeting with officials and staff.

2. Secondary Data:

The secondary data has been collected from information through Annual Reports, Public Report, Bulletins and other Printed Materials supplied by the Company.

In the present study 1/4th of the total information is from primary data and the rest is from the secondary data.

- Balance sheets of 180 Degree Freight Forwarders (P) Ltd. for last five years from 2016-2017 to 2020-2021. Profit and loss Account from 2017-2018 to 2020-2021
- Reference from text books, websites and journals relating to financial management.

The study completely depends upon the secondary data.

REVIEW OF LITERATURE

1. **Edelen, R. (1999). Investor flows and the assessed performance of open-ended mutual funds. *Journal of Financial Economics*, 53, 439–466; Rakowski, D. (2003). Fund flow volatility and performance. Georgia State University, working paper,** this cyclic relationship between flows, style drift, and performance is problematic to understand. Significant amounts of new flow could cause a manager to trade more frequently, therefore incurring more transaction costs. In addition, fund flows can constrain a fund manager from adhering to an optimal investment strategy, as they might have to hold more cash to allow for erratic flows.
2. **Cooper, M., Gulen, H., & Rau, P. R. (2005). Changing names with style: mutual fund name changes and their effects on fund flows. *Journal of Finance*, 60, 2825–2858,** find that a change in the style of the name of a fund can subsequently attract significant amounts of fund flow.
3. **Deaves, R. (2004). Data-conditioning biases, performance, persistence and flows: the case of Canadian Equity Funds. *Journal of Banking and Finance*, 28, 673–694,** using a sample of Canadian funds, finds that money flows into successful funds, but not out of unsuccessful ones at the same rate. This finding is often referred to as the convex relationship between flow and performance.
4. **DelGuercio, D., & Tkac, P. (2002). The determinants of the flow of funds of managed portfolios: mutual funds versus pension funds. *Journal of Financial and Quantitative Analysis*, 37, 523–558,** this finding implies that successful funds are more likely to attract fund flow in the future. This finding is also reported by for those funds at the top of the distribution.
5. **Brown, K., & Harlow, W. (2004). Staying the course: performance persistence and the role of investment style consistency in professional asset management,** find that when the market benchmark return is negative, low style consistent funds demonstrate relative out performance. They speculate that the reasons for better performance by style consistent funds could be less portfolio turnover and, therefore, lower transaction costs.

LIMITATIONS OF THE STUDY

- The study has though made ideal conditional but every study has some limitations they are.
- This study is limited to only one that is company Trivent Systems Pvt Ltd only.
- The analysis of the study cannot be applied to all the firms in the same industry.
- The analysis is prepared on the basis of company reports where some information is kept confidential by the company and hence total analysis was not possible.

The ratios are calculated on the basis of past data of five years and they cannot be takes as future indicators.

DATA ANALYSIS AND INTERPRETATION

STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2020-2021

Particulars	2020 (Rs)	2021 (Rs)	Changes in working capital	
			Increase	Decrease
Current assets:				
Inventories	132,75,07,945	126,77,78,839	----	5,97,29,106
Sundry debtors	11,45,09,441	6,09,19,428	---	5,35,90,013
Cash and bank balances	17,67,30,095	20,84,05,389	3,16,75,294	---
Other current assets	28,08,246	23,12,881	---	4,95,365
Loans and advances	14,02,58,734	20,23,86,069	6,21,27,335	---
Total current assets	176,18,14,461	174,18,02,606		
Current liabilities and provisions				
Sundry creditors	113,99,92,418	69,56,89,493	44,43,02,925	---
Unclaimed liabilities	1,23,35,879	1,60,56,615	---	1,04,70,900
Advances received against sales	43,30,187	1,48,01,087	---	---
Trade deposits	1,23,650	1,23,300	350	---
Staff security deposits	1,10,000	60,000	50,000	---
Interest assumed but not due on loan	1,18,86,216	80,54,456	38,31,760	3,01,86,427
Provisions	8,19,43,171	11,21,29,598	---	
Total current liabilities and provisions	125,07,21,521	84,69,14,549		
Net working capital	51,10,92,940	89,48,88,057	----	
Decrease in working capital	38,37,95,771			38,37,95,117
TOTAL	89,48,88,057	89,48,88,057	54,19,87,664	54,19,87,664

ADJUSTED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020-2021

Particulars	Amount in Rs	Particulars	Amount in Rs
To Depreciation of fixed assets	10,36,09,837	By Opening balance	40,24,83,230
To Provision for tax	3,09,93,399	By Profit from business operation	19,60,65,215
To Proposed dividend	5,66,92,525		
To Transfer to general reserve	81,46,806		
To Closing balance	39,91,05,878		
	59,85,48,445		59,85,48,445

FUNDS FLOW STATEMENT FOR THE YEAR 2020-2021

Sources	Amount in Rs	Application	Amount in Rs
Profit from Business Operations	19,60,65,215	Purchase of Buildings	3,64,66,941
Increasing unsecured loans	24,52,09,679	Taxes paid	11,58,66,941
Secured loans	1135884	Dividend paid	5,66,92,525
Sale of plant and machinery	7,45,70,083	Increasing in working capital	38,37,95,117
Sale of other fixed assets	4,58,79,419		
Sale of Computers& Furniture	40,37,340		
Sale of vehicles	69,61,498		
Withdrawn	1,89,62,406		
	59,28,21524		59,28,21524

INCREASING AND DECREASING DURING THE WORKING CAPITAL PERIOD 2020-2021

Year	Current assets	Current liabilities	Working capital
2020	176,18,14,461	1,25,07,21,521	51,10,92,940
2021	174,18,02,606	84,69,14,549	89,48,88,057

SUGGESTIONS

- It is to be suggested that the company should maintain consistent amount of current assets and Current Liabilities and also the firm has to find ways to increase the source of funds.
- The company should maintain cordial relations with employees and proper communication must be provided to the employees and also democratic leadership style helps management to reduce strikes.
- The company should finance some parts of its current assets with short-term funds. It should not depend on long-term funds as they involved higher interest payments.
- It is suggested that the company should maintain optimum liquidity and should maintain a rational working capital and it should sale the Non profitable assets and invest in profitable ones may increase the assets of the firm and while designing capital structure the company should go for low cost of capital avenues that increases the sources of funds to the company.

CONCLUTIONS

From the study it is found that the Net Working Capital of Trivent Systems Pvt Ltd is gradually decreasing in the years 2016-2017 and 2019-2020 due to decreasing current assets. It is suggested to the company to maintain the current assets in proper level.

- Trivent Systems Pvt Ltd was the flat ship company of Trivent Systems Pvt Ltd after successful beginning and performance of Trivent Systems Pvt Ltd. It was the India based infrastructure in motors based operations in entire a manufacturing seeds industries. The company is having experienced professionals in management and also in supervisory levels.
- The company is having the efficiency of the plant operations on average for the last 3 years in 98% which is recorded as the best in India. The company is having scientists in seeds Management. The company is developing seeds in certain areas of the country which is said to be of high quality standards in the international market. The company is having experts in almost all departments and running their company always at better standards than the competitors in India.

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