

A STUDY CASH MANAGEMENT OF ACCENTURE PVT LTD

Submitted in partial fulfilment of the requirements for the award of

Master of Business Administration

by

BHOOMIKA P
Register No. 42410218



SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade “A++” by NAAC I Category – 1
University by UGC Approved by AICTE I Jeppiaar Nagar, Rajiv Gandhi
Salai, Chennai – 600 119**

DECEMBER - 2023



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SCHOOL OF BUSINESS ADMINISTRATION

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **BHOOMIKA P (42410218)** who have done the Project work entitled “**A Study on Cash management of ACCENTURE PVT.LTD ”** under my supervision from October 2023 to December 2023.

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Submitted for Viva voce Examination held on 22.12.2023

Internal Examiner

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DECLARATION

I **BHOOMIKA P (Register No. 42410218)** hereby declare that the Project Report entitled "**A Study on Cash management of ACCENTURE PVT LTD**" done by me under the guidance of **DR. MOLI GHOSH**, at **SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

DATE: 22.12.2023

PLACE: Chennai

SIGNATURE OF THE CANDIDATE

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BHOOMIKA P

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ABSTRACT

The project titled “A Study on cash management of ACCENTURE Pvt Ltd” deals with the movement of money into or out of a business, project, or financial product. It is usually measured during a specified, finite period of time. The need for Cash to run the day-to-day business activities cannot be overemphasized. One can hardly find a business firm, which does not require any amount of Cash. Indeed, firms differ in their requirements of the Cash.

A firm should aim at maximizing the wealth of its shareholders. In its endeavour to do so, a firm should earn sufficient return from its operation. Earning a steady amount of profit requires successful sales activity. The firm has to invest enough funds in current asset for generating sales. Current asset is needed because sales do not convert into cash instantaneously. There is always an operating cycle involved in the conversion of sales into cash.

The objectives are to analyse the Cash management and to determine efficiency in cash, inventories, debtors and creditors. Further, to understand the liquidity and profitability position of the firm.

These objectives are achieved by using ratio analysis and then arriving at conclusions, which are important to understand the efficiency / inefficiency of Cash.

It was noticed in the study that the company had utilized its Cash efficiently and can also try to get more effective values by working on it. The cash required to meet out the current liabilities is maintained at a normal level that shows the company follows an average policy.

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CHAPTER 1 – INTRODUCTION

1.1 Introduction:

Cash management is a crucial financial discipline that involves the efficient and effective handling of an organization's cash resources. It encompasses a range of practices and strategies aimed at optimizing the availability of cash while minimizing its idle balance. Effective cash management is vital for both businesses and individuals, as it ensures that there is enough liquidity to meet short-term financial obligations and capitalize on investment opportunities.

For businesses, cash management involves tasks such as monitoring cash flows, budgeting, forecasting, and making informed decisions about when to collect receivables, pay bills, and invest surplus funds. By effectively managing their cash, companies can improve their financial stability, reduce borrowing costs, and maximize their profitability.

In personal finance, cash management includes budgeting, tracking expenses, and making wise decisions about saving, investing, and spending money. Proper cash management can help individuals achieve their financial goals, build an emergency fund, and plan for retirement.

Objectives of preparing Cash management

1.Liquidity Management:

Ensuring the availability of sufficient cash to meet short-term obligations and operational needs.

2. Minimizing Holding Costs:

Efficiently managing cash to minimize the costs associated with holding excess cash balances.

3. Optimal Cash Levels:

Determining the appropriate level of cash reserves to balance liquidity needs without excessive idle funds.

4. Cash Forecasting:

Accurately predicting cash inflows and outflows to plan for potential liquidity challenges and opportunities.

5. Risk Mitigation:

Identifying and mitigating risks related to cash shortages, such as unexpected expenses or market uncertainties.

6. Short-Term Investment:

Exploring short-term investment options to generate returns on idle cash while maintaining liquidity.

7. Monitoring Cash Flow Patterns:

Regularly monitoring cash flow patterns to adapt cash management strategies based on business dynamics.

8. Cash Conversion Cycle Optimization:

Streamlining the cash conversion cycle to enhance operational efficiency and reduce the need for excessive cash.

9. Banking Relationships:

Building and maintaining strong relationships with banks to facilitate effective cash management services.

10. Compliance and Regulations:

Ensuring adherence to financial regulations and compliance standards while managing cash flows.

Purpose & Importance of Cash Flow Statements:

- Statement of cash flows provides important insights about the liquidity and solvency of a company which are vital for survival and growth of any organization.
- It enables analysts to use the information about historic cash flows for projections of future cash flows of an entity on which to base their economic decisions.
- By summarizing key changes in financial position during a period, cash flow statement serves to highlight priorities of management.
- Comparison of cash flows of different entities helps reveal the relative quality of their earnings since cash flow information is more objective as opposed to the financial performance reflected in income statement.

Advantages of Cash Flow Statement

- Cash Flow Statements help in knowing the liquidity / actual cash position of the company which funds flow and P&L are unable to specify.
- As the liquidity position is known, any shortfalls can be arranged for or excess can be used for the growth of the business
- Any discrepancy in the financial reporting can be gauged through the cash flow statement by comparing the cash position of both.
- Cash is the basis of all financial operations. Therefore, a projected cash flow statement will enable the management to plan and control the financial operations properly.
- Cash Flow analysis together with the ratio analysis helps measure the profitability and financial position of business.
- Cash flow statement helps in internal financial management as it is useful in formulation of financial plans.

Disadvantages of Cash Flow Statement:

- Through the cash flow statement alone, it is not possible to arrive at actual P&L of the company as it shows only the cash position. It has limited usage and in isolation it is of no use and requires BL, P&L for its projections. Cash flow statement does not disclose net income from operations. Therefore, it cannot be a substitute for income statement
- The cash balance as shown by the cash flow statement may not represent the real liquidity position of the business because it can be easily influenced by postponing the purchases and other payments
- Cash flow statement cannot replace the funds flow statement. Each of the two has a separate function to perform.

1.2 INDUSTRY PROFILE

Accenture plc is an Irish-American Prof company based in Dublin, specializing in information technology (IT) services and consulting. A *Fortune* Global 500 company, it reported revenues of \$64.1 billion in 2023. Accenture's current clients include 91 of the *Fortune* Global 100 and more than three-quarters of the *Fortune* Global 500. As of 2022, Accenture is considered the largest consulting firm in the world by number of employees.

Julie Sweet has served as CEO of Accenture since 1 September 2019.



1.3 COMPANY PROFILE

On 7 January 2020, news sources reported that Accenture had agreed to acquire Symantec's 300-person cybersecurity services division from Broadcom. The \$200 million acquisition was completed in April 2020. In February 2020, Accenture announced that it plans to shut down its media auditing by the end of August. The company also announced the appointment of Jean-Marc Ollagnier as CEO for Europe. In April 2020, Accenture announced that it had acquired Revolutionary Security, an American-based cybersecurity company specializing in IT and operational technology (OT). In May 2020, Accenture announced that it had acquired Callisto Integration, a Canada-based provider of consulting and technology services and Byte

Prophecy, an Ahmedabad-based data analytics company. In September 2020, Accenture committed \$3 billion and created a division called Accenture Cloud First. In the same month, the company announced that they would be establishing a hub in Adelaide, South Australia, with premises at Lot Fourteen.

On 1 February 2021, Accenture acquired Imagine Technologies, a cloud-native and agile development company. This acquisition also bolsters the Cloud First division. In 2021, Accenture acquired infinityworks.com, a digital transformation and engineering consultancy. On 22 April 2021, Accenture acquired Cygni, a cloud-native, full-stack development company. On 22 August 2021, Accenture acquired Trivedi's AG, an IT services provider. In August 2021, Accenture named David Droga as chief executive officer of Accenture Interactive (later renamed Accenture Song). In September 2021, Accenture acquired Blue Horseshoe Solutions, Inc., a US-based supply chain management and strategy consulting firm and systems integrator specializing in fulfilment and distribution solutions.

In April 2022, it was announced that Accenture had acquired the London-headquartered sustainability consultancy, Avieco. In the same month, Accenture rebranded one of their divisions, Accenture Interactive, as "Accenture Song" - consolidating all of their acquisitions under one brand. Accenture acquired AFD.TECH, an independent network services company, in April 2022 for an undisclosed sum. It also acquired Ergo, a data-centered business located in Argentina, and Greenfish, a sustainability consulting and engineering firm, in April 2022. In May 2022, Accenture announced the acquisition of Munich based sustainability consultancy Accentend. In June 2022, Accenture acquired operational and digital engineering technology capabilities from Transcom ITS, a Japanese logistics technology services provider and Alleghenies Rechenzentrum GmbH (ARZ), a technology service provider focused on the banking sector in Austria. It also acquired Advocate Networks, a technology consultancy and managed services provider, in June 2022. In July 2022, Accenture acquired Solver Solutions, a cloud consulting company, for an undisclosed sum. In August 2022, Accenture acquired Tenbu, a cloud data firm, for an undisclosed sum. In November 2022, it was announced Accenture had acquired the Tokyo-headquartered data science company, Albert Inc.

In March 2023, the firm announced it would eliminate 19,000 jobs over a period of 18 months.

Accenture announced its acquisition of Einr AS, a Norwegian business consulting company. The terms were not disclosed. In August 2023, Accenture acquired ATI Solutions Group, a Perth-based consulting service provider. In September 2023, it was announced Accenture had acquired the London-headquartered digital healthcare consultancy, Nautilus Consulting for an undisclosed amount.

CHAPTER 2 – REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

Review of Literature refers to the collection of the results of the various researches relating to the present study. It takes into consideration the research of the previous researchers which are related to the present research in any way. Here are the reviews of the previous researches related with the present study

- **Keynes (1936)** initially identified three motives for holding cash: the transaction motive, the precautionary motive and the speculative motive.
- **W.J Baumol**, at his article "the transaction demand for cash: An inventory theoretic Approach" on quarterly journal of economic (Vol, LXV, Nov, 1952) identifies cash maintenance as analogues to inventory maintenance and demonstrates that the model of economic order quantities that is applicable to inventory management is perfectly applicable in cash management tool. He has presented model in view of minimizing the opportunity cost of holding cash and maximizing the return on the available funds, the cash balance should be maintained at a minimum level and the funds not required from immediate use be invested in the marketable securities.
- Taking cognizance of the fact that the optimization the operating decision subject to various financial constraints is possible, Charnes, **Cooper and Miller (1959)** had applied Liner Programming Model for the first time to finance their article " Application of Linear Programming to Financial Budgeting and cost of Funds". Moreover, their model determines the opportunity cost of long-term funds. The major quantitative conclusions that are obtained from the above liner – programming model is considered as major input for capital investment analysis. Therefore, their model is too general to be applied to the short – run cash management problem.
- **Birman and McAdams (1962)** in their article "Management Decision for Cash and Marketable Securities" on graduate school of business have applied the Economic Order
- Quantity model like Baumol, **Bailey (1962)** considered cash balance held by the firm to be a productive asset similar to any other asset. He stated that ".....cash balance held by business firms is obviously a productive resource similar to any other. Presumably, this is because..... they reduce the other resources required for a given level of production, by facilitating payments".
- **Meltzer (1963)** adjudged wealth as an explanatory variable of cash balance determination and sales as the measure of wealth. He hypothesized that the amount of money held by firms is the function of the market rate of interest and wealth. He concluded that "the results suggest strongly that the cross-section demand for money by firms is a function of sales, to a first approximation linear in the logarithms and unit elastic."

- **Ijiri, Y Levy, F.K and R.C Lyon (1963)** in their article " A linear programming Model for Budgeting Model for Budgeting and financial planning" on journal of accounting research (vol, 1 no 2 Autum 1963) have had extended the first linear programming model established by charnells, cooper and Miller, with the marketable securities transaction, but in a very general form and is limited to single period.
- **Frazer (1964)** examined the percentage of cash to liquid assets as a function of total assets of firms, and presented evidence on the question of economics of scales. He concluded that cash varies less than proportionately with the assets of firms
- **According to Whalen (1965)** in his article "A cross Section Study of Business Demand for Cash" on journal of finance, (September, 1965) has found the speculative demand for money may be considered as a function of wealth. Assets and sales are the explanatory variables to determine the cash balance of the firm. Since Whalen attempted to incorporate assets as well as transactions into the demand function, the analysis presented by him in order to determine the cash holding of the firm differed from Meltzer's model. He hypothesized that the cash holding of the firm is not only for transaction purpose but also as an investment.
- **Miller-Orr (1966)** assumed that a firm's cash flows could be analysed by a stochastic process. He followed Baumol's model, without question and deduced that the firm's pattern of payment and receipts is fixed and that the cost of non-payment is infinite. He added that the firm or the individual is presumed to hold that amount of money which minimizes the interest cost. He further advised holding money rather than bonds, since there is transaction cost associated with the conversion of bonds into money. This reduces the cost of transaction and maximizes profits by an equivalent amount.
- **Similarly, M.H. Miller and Orr. D,** in their article " a Model of the Demand for money in firms" on quarterly journal of economic, (Vol, LXV, Aug, 1996) have developed a model known as Miller-Orr model, that takes into account the realistic pattern of cash flows and prescribed when and how much to transfer from cash to investment account and vice- versa.
- **Hartely, W.C.F and Meltzer, Y.L., (1967)** opinioned that 'Cash forecast is used as a method to predict future cash flow because it deals with the estimation of cash flow (i.e., cash inflows and cash out flows) at different stages and offers the management an advance notice to take appropriate and timely action'
- **Sprenkle (1967)** in their article "Large Economics Units, Banks and the Transactions Demand for Money" on quarterly journal of economic, have assumed that money had all the attributes of ordinary inventoried goods.
- **Vogel and Maddala (1967)** assumed that the demand for cash, government securities and liquid assets is a function of wealth determination. According to them the firm is assumed to allocate its financial holdings among assets so as to equalizer the marginal rates of return, adjusted for risk involved. This result differs from Meltzer only in that Meltzer estimated on the demand equation for the industry for each year, whereas, Vogel and Maddal employed the dummy variables and estimated pooled regression with yearly data. They had also included assets as explanatory variables in the demand for money equation and determined the economics of scale.

- **Nadiri (1969)** suggested that the estimates of elasticity of demand for money with respect to scale or production are unequivocally equal to unity.
- **Orgler, Y. E., (1970)** stated that 'the various collection and disbursement methods can be employed to improve cash management efficiently since it constitutes two sides of the same coin'. Both collections and disbursements exercise a joint impact on the overall efficiency of cash management.
- **Ram M. Saksena** at his article, "Towards more efficient cash management" on quarterly journal of management quality (Vol.No. 5, 1974) identified that the term cash management has a meaning according to the purpose for which it is used and persons with varying branches of knowledge implies various meaning of cash. Economics considered cash, as the means to satisfy human want, the lawyer the view that cash is the legal tender money issued by a determinate authority. However, our concern of the meaning of cash is an asset constituting the most liquid item among all the assets. But to obtain cash involves cost because corporation has to rise through issue to share or by borrowing with interest. In through generation money market procurement is liability and wasted opportunity unless it is not put to its optimal use.
- we focus on the most relevant models in terms of number of citations. For a comprehensive review, we refer interested readers to **Gregory (1976)**,
- To quote **Rama Moor- thy (1978)**, 'deposit float as the sum of cheques written by the customers that are not yet usable by the firm '. He further stated that in India deposit float can assume sizeable opportunities as cheques normally take a longer time to get realized than in most countries.
- **Jensen (1986)** argued that managers tend to accumulate cash rather than increase payouts to shareholders because of agency motives. Cash holdings may act as a buffer to cover eventual bad management decisions. One possible reason for this behaviour is information asymmetry. Information is distributed asymmetrically throughout the organization; thus, managers usually have an advantage over shareholders in handling specific events because of information asymmetry
- **Arnold and the port (1988)** Treasury critics, however, believe that the cash report is not an estimate, such as delaying payment to creditors and ignoring non-financial changes in assets and liabilities, including profits and losses. Indicates the degree of wealth gained by the consumption of the asset. Operating cash flow is also not a default predictor.
- **Kasilo Vause and Woodward**, The Company's cash flow statement indicates whether the Company increased or decreased its liquidity during its period. A conservative reduction can indicate the degree of dissatisfaction of a company during a year and vice versa. Because profits are not cash, companies can make profits but remain technically inadequate.
- **Jeffrey P et al., 1992)** Cash management is especially important for new and growing businesses. Cash flow also pointed out that SMEs can be a problem if they have a large number of customers, provide excellent products to their customers and gain a reputation in the sector. Companies with cash flow problems cannot afford unexpected costs. You may have difficulty finding funds for innovation or expansion. Lastly, difficult cash flows make it difficult to hire and retain good employees.

- **Davidson et al., (1992)** The minimum cash balance must be the default liquidity buffer required to take into account the daily cash withdrawal and the expense ratio. The average cash balance determined on an interim basis (required deposit size) can be tested in accordance with industry standards using the percentage of the average cash balance for the total operating expenses for the year. Cash management has four main functions. Effective leverage, favourable investment in cash surplus and acceleration of cash flow.
- **Peterson** The minimum cash balance should be the default liquidity buffer needed to account for daily cash withdrawals and cost ratios. The average cash balance determined on an interim basis (the amount of the deposit required) can be tested in accordance with industry standards using the percentage of the average cash balance for the total operating expenses for the year. If the activity is seasonal, the desired cash flow depends on the peak and the trough of activity. These companies calculate the average cash balance each month as the best estimate of the total cost.
- **Kasilo, (1997)** Cash flow from operating activities generates cash when the company determines. Various methods are used to determine the amount of operating cash flow. A common method is to use a statement of work and a balance sheet to create a statement of cash flows (source and financial statements).
- **Deogun et al., 1997, Dubes and Jains, 1988, Eom, (1999).Wang (2008)** emphasizes the division of airlines into four categories according to their structure. Wang examines financial ratios of subcategories such as the financial structure, solvency, income and profitability of Taiwan's domestic airlines.
- **Kaplan and Zingales (1997)** investigated the relationship between sensitivity of investment to cash flow and financing constraints, expressed as the differential cost between internal and external finance. They found that even though investment is sensitive to cash flow for the vast majority of firms analysed, investment-cash flow sensitivities do not increase monotonically with the degree of financing constraints. Most of the firms analysed could increase their investment if they choose to do so, thus providing further evidence of the agency motive for holding cash. Contrary to what was thought before, the authors concluded that higher sensitivities cannot be interpreted as evidence that firms are more financially constrained.
- **Leland (1998)** proposed integrating both approaches to derive the optimal capital structure of a firm. The model reflects the interaction of different cash flow policies, namely, financing decisions and investment risk strategies. When investment policies are chosen, agency costs appear as a critical element in the model.
- According to **(Davidson et al, 1999)**, cash is any medium of exchange, which is immediately negotiable. It must be free of restriction for any business purpose. Cash has to meet the prime requirements of general acceptability and availability for instant use in purchasing and payment of debt. Acceptability to a bank for deposit is a common test applied to cash items. This is a process of Planning, controlling, and accounting for cash transactions and cash balances. It is channelling available cash into expenditures that enhance productivity, directly or indirectly.

- **Westerfield et al., (1999)** He emphasized the importance of distinguishing cash management and liquidity management issues. The distinction is confusing because the word money is actually used in two different ways.
- **Kasilo Woodward: (1999)** A positive cash flow represents the amount of cash generated by an organization during the year. Negative cash flow indicates that additional cash was used to support operations during the same period. Generally, companies with negative cash flow from operations cannot raise operating funds. In fact, we do not create cash flow, but we consume. This can lead to bankruptcy due to technical problems of bankruptcy.
- **Feng and Wang (2000)** develop a model for evaluating the performance of Taiwanese airlines, including revising financial ratios. This combines the total performance of an airline into three categories of production, marketing and fulfillment.
- In the words of **Bottan S.E., (2000)**, 'Cash is an oil to lubricate the ever-turning wheels of business: without it, the process grinds to a stop'. He further stated that 'Cash shortage is not cost free; it involves cost whether it is expected or unexpected shortage. The expenses incurred as a result of shortage are called short costs
- **Vause and Woodward, (2001)** Cash flow accounting includes a final cash flow categorization list and a set of expected cash flows that support the analysis of the historical categorization of cash flows and the difference between actual cash flows. This avoids accounting time allocations based on the most fundamental events of commercial activity, internal and external cash flows, the separation of future estimates and past events (in terms of cash flows) and estimates. of consumption.
- **Hampton, (2001)** Cash is the amount that the company can pay immediately without any restrictions. The term cash includes the amount of coins, currency, checks and bank accounts held by the company. Cash is also included in cash, such as securities and time deposits. The fundamental nature of short-term cash assets is that they can be easily converted into cash. Companies with excess liquidity typically invest in investments with commercial benefits.
- Cash is the money which a firm can disburse immediately without any restriction. The term cash includes coins, currency and cheques held by the firm, and balances in its bank accounts. Sometimes near-cash items, such as marketable securities or bank times deposits, are also included in cash. The basic characteristic of near-cash assets is that they can readily be converted into cash. Generally, when a firm has excess cash, it invests it in marketable securities. This kind of investment contributes some profit to the firm. **(Hampton, 2001)**
- An underlying theme of this study is that high growth certainly does not ensure high operating performance. Consistent with prior **research (Peterson and Rajan, 2002)** this study provides further evidence that good working capital management is positively associated with better operating performance. Higher levels of accounts receivable are associated with higher operating performance, in all three of the growth rate categories. The study also finds that maintaining control over levels of cash, securities, inventory, fixed assets, and accounts payables is associated with higher operating performance. We find that firms which are experiencing very high growth will hold higher levels of cash, securities, inventory, fixed assets, and accounts payable to support the high growth. The

study suggests that these firms are sacrificing operating performance (accepting lower operating returns) to support the high growth. This, in turn, increases financial and operating risk for these firms. Perhaps IPO firms should stay more focused on their operating performance, while maintaining more moderate growth levels.

- According to **Gallagher and Andrew (2003)** Financial theorists have developed a mathematical model that allows companies to find the optimal "target" cash balance between the minimum and maximum limits, between liquidity and profitability. The following section describes one of these models, the Miller-Orr model.
- **Walston and Head (2007)** explained Cash management as the concept which is concerned with optimizing the amount of cash available, maximizing the interest earned by spare funds not required immediately and reducing losses caused by delays in the transmission of funds.
- **Pandey, (2007)** Cash is an important current asset for commercial operations. Money is the main source of information necessary for the smooth running of your business. This is the expected end result of selling services or products manufactured by the company. The company must have enough money and nothing more. The lack of liquidity will hamper the company's production activities and excessive liquidity will simply remain unused. Without contributing to the profitability of Hue. Therefore, the main function of the financial manager is to maintain a healthy cash flow.
- **Foley et al. (2007)** identify the tax motive for holding cash. More precisely, they found that the U.S. corporations, that would incur tax consequences associated with repatriating foreign earnings, hold higher levels of cash.
- According to **Zimmerer et al (2008)** cash management is the process of forecasting, collecting, disbursing, investing, and planning for cash a company needs to operate smoothly. They further added that cash management is a vital task because it is the most important yet least productive asset that a small business owns. A business must have enough cash to meet its obligations or it will be declared bankrupt. Creditors, employees and lenders expect to be paid on time and cash is the required medium of exchange. However, some firm retain an excessive amount of cash to meet any unexpected circumstances that might arise. These dormant cash have an income-earning potential that owners are ignoring and this restricts a firm's growth and lowers its profitability. Investing cash, even for a short time, can add to company's earning. Proper cash management permits the owner to adequately meet cash demands of the business, avoid retaining unnecessarily large cash balances and stretch the profit generating power of each dollar the business owns (Zimmerer et al, 2008).
- According to **punitha et al (2008)** Cash management is the process of forecasting, collecting, spending, investing and planning a fund that a business must manage smoothly. Cash management is also needed because it is the most important but unproductive asset of SMEs. The company must have enough cash to fulfil its obligations. Otherwise, he is sentenced to bankruptcy. Creditors, employees, and lenders will have to pay over time, and cash is a vital means of exchange.

- **Chimeras and others (2008)** However, in the unpredictable, some companies have excessive cash. This inactive fund has income potential that landlords do not know, which limits the growth of the business and reduces profitability. Investing in cash for a short time can increase the income of your business. With proper cash management, homeowners can properly manage the cash flow required for their business, avoid unnecessarily high cash balances, and increase revenues per dollar in the business.
- **Soliman, 2008). Blessings and Onoya (2015)** We agree that profitability, assets, liabilities and capital are important ways to evaluate an organization's performance reports and make investment decisions. They note the general view that published financial statements do not need to provide reliable information to investors and other users of financial statements.
- **Bates et al. (2009)** showed that the average cash-to-assets ratio for U.S. industrial firms doubled from 1980 to 2006. They argue that the precautionary motive for cash holdings plays an important role in explaining the increase in cash ratios.
- **Tran (2020)** emphasized how external factors, such as the economic cycle, including the eventual financial crisis, affect cash holdings.
- **Tekin et al. (2021)** examined whether an agency cost explanation is valid for cash holdings during and after the financial crisis. During a financial crisis, agency costs tend to be higher than usual and the agency motive for holding cash is greater. The authors assessed the role of governance in cash management in 26 Asian developing countries and found that firms with poor governance increased their cash levels after the financial crisis.
- **Tekin (2022)** recently showed that financially constrained firms increased their cash levels more than financially unconstrained firms after the 2008 global financial crisis. In summary, exogenous shocks such as financial crises represent an important external factor in cash management.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research Methodology is a systematic way to solve a research problem. It includes various steps that are generally adopted by a researcher in studying the problem along with the logic behind them. The present study was conducted at Accenture private limited. The study depends mainly on the secondary data namely the annual reports of the company. Two years annual reports had been collected from the company. Data had also been collected from text books, journals, newspapers, magazines and internet.

3.2 STATEMENT OF THE PROBLEM

Cash management is used to understand that an ongoing approach to the problem is essential and that short term responses may have negligible effect. Data such as savings ratio, debt-to-income ratio, self-evaluation of the productivity, performance rating, and absenteeism are difficult to gather as individuals may not know the exact figures of each category or may not want to reveal this information. Cash management is widely used as a powerful tool of financial statement analysis to check the company's operations or financial performance is difficult task by some other tools for the company. So, the study on cash management at Accenture private limited, is taken as the study to measure the performance of the company.

3.3 OBJECTIVE OF STUDY

PRIMARY OBJECTIVE

To study on Cash Management with reference to Accenture Pvt Ltd .

SECONDARY OBJECTIVE

- To study the inventory and cash of Accenture Pvt Ltd.
- To analysis the liquidity position of Accenture Pvt Ltd.

- To analysis the inventory position of Accenture Pvt Ltd.
- To give remedial measures for cash management in Accenture Pvt Ltd.

3.4 SCOPE OF STUDY

- The study covers all the components of current assets and current liabilities for the year 2021-2023
- The study also deals with the various ratios imparted in the organization.
- The working capital is one of the dynamic and vital aspects of the business operation.

3.5 RESEARCH DESIGN

“A Research Design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure”. In fact, the research design is the conceptual structure with in which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data, the research design utilized in this study is analytical research.

3.6 PERIOD OF STUDY

The duration taken by the researcher for the data collection and analysis regarding the ratio analysis of ACCENTURE PVT LTD. for three months. The data used are of last two years from 2021 – 2023.

3.7 METHOD OF COLLECTION

The study basically uses primary and secondary data. Primary data means data which is fresh collected data. Secondary data means the data that are already available. Generally speaking, secondary data is collected by some organizations or agencies which have already been processed when the researcher utilizes secondary data. the process of secondary data collection and analysis is called desk research.

3.8 TOOLS USED

Cash management

Cash management is a crucial financial discipline that involves the efficient and effective handling of an organization's cash resources. It encompasses a range of practices and strategies aimed at optimizing the availability of cash while minimizing its idle balance. Effective cash management is vital for both businesses and individuals, as it ensures that there is enough liquidity to meet short-term financial obligations and capitalize on investment opportunities. Cash management involves overseeing an organization's cash flow, optimizing liquidity, and ensuring efficient use of funds for daily operations. It includes tasks such as monitoring account balances, forecasting cash needs, and investing excess funds to maximize returns. Effective cash management is crucial for financial stability and strategic decision-making.

- **CURRENT RATIO**
- **CASH POSITION RATIO**
- **ABSOLUTE LIQUID RATIO**
- **FIXED ASSETS RATIO**
- **CAPITAL TURNOVER RATIO**

CHAPTER 4– DATA ANALYSIS AND INTERPRETATION

1. CURRENT RATIO:

Current ratio is defined as the relationship between current asset and current liabilities. This is most widely used ratio. The standard ratio is 2:1; the current asset is twice than the current liabilities. If the ratio is less than 2 then difficulty may be experienced in payment of current liability and day-to-day operations of the business may suffer. If the ratio is higher than 2, it is very comfortable for creditors but for the concern, the funds would be locked up in this, which may be unproductive or idle.

FORMULA:-

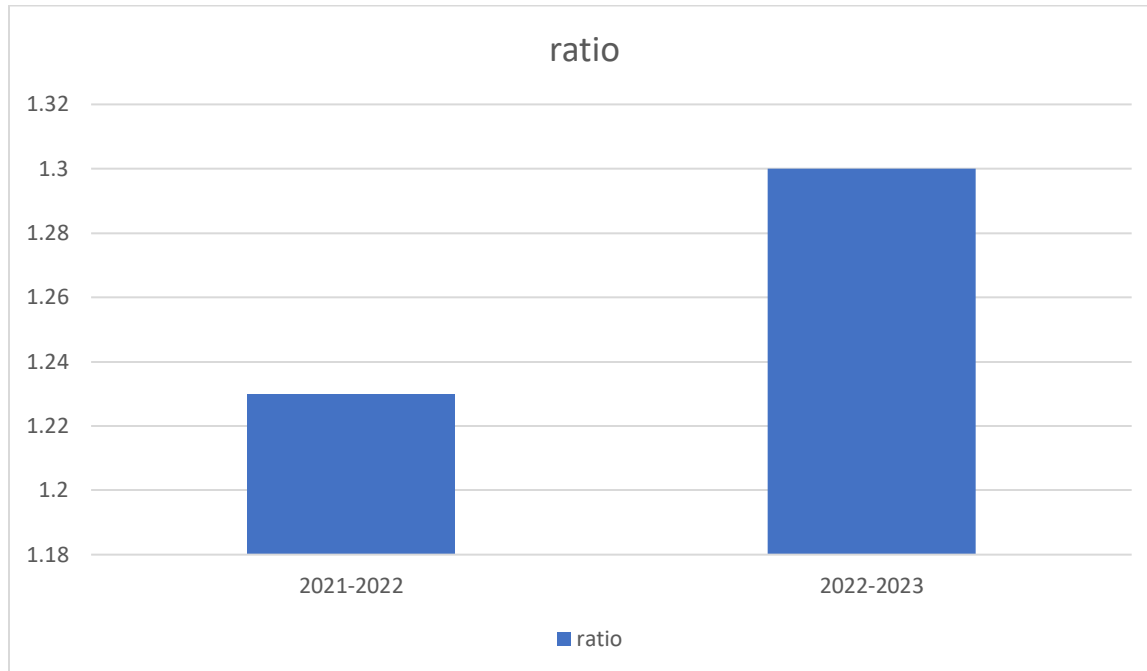
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current assets include cash, cash equivalents, accounts receivable, stock inventory, marketable securities, pre-paid liabilities, and other liquid assets

Current liabilities are a company's short-term financial obligations that are due within one year or within a normal operating cycle. Current liabilities are typically settled using current assets, which are assets that are used up within one year.

TABLE 5.1

S.NO	YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
1	2021-2022	2,16,10,871	17,523,496	1.23
2	2022-2023	23,389,931	18009038	1.30

CHART 5.1:**INTERPRETATIONS:**

- A good current ratio is between 1.2 to 2, which means that the business has 2 times more current assets than liabilities to covers its debts. A current ratio below 1 means that the company doesn't have enough liquid assets to cover its short-term liabilities.

2. CASH POSITION RATIO:

This ratio is also called 'absolute liquidity ratio' or 'super quick ratio'.

This is a variation of quick ratio. This ratio is calculated when liquidity is highly restricted in terms of cash and cash equivalents. This ratio measures liquidity in terms of cash and near cash items and short – term current liabilities. Cash position ratio is calculated with the help of the following formula.

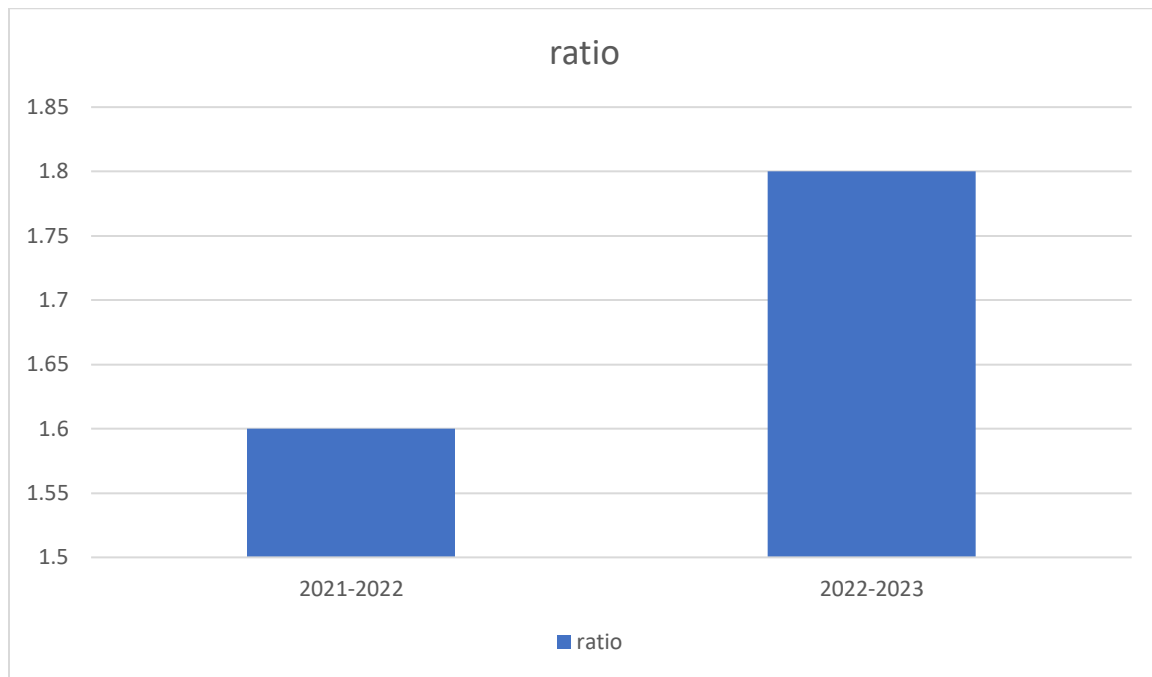
Formula:

$$\text{Cash position ratio} = \frac{\text{Cash and bank balance + marketable securities}}{\text{Current Liabilities}}$$

TABLE 5.2

S.NO	YEAR	CASH BALANCE +SECURITIES	CURRENT LIABILITIES	CASH POSITION RATIO
1	2021- 2022	29500654	17523496	1.60
2	2022- 2023	32434963	18009038	1.80

CHART 5.2:



INTERPRETATION:

Since the cash position ratio shows that the organization's financial position is at the moderate stage. The result that I got is the type of oscillating manner which implies that the company should more concentrate on its cash position.

3.ABSOLUTE LIQUID RATIO:

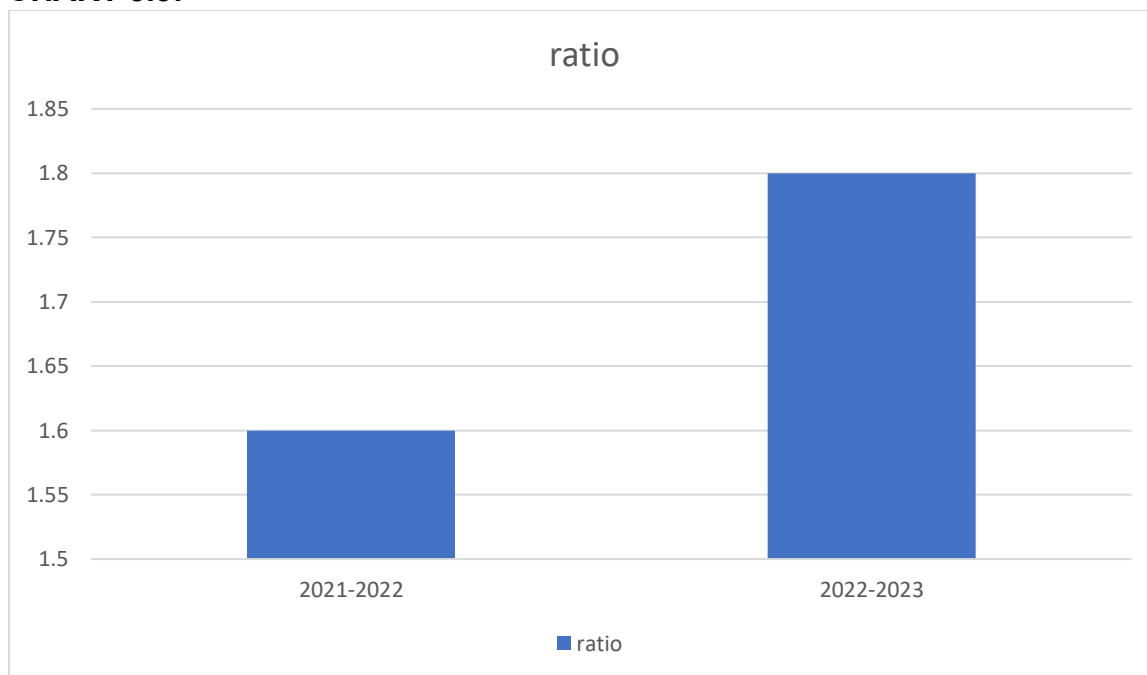
Therefore, absolute liquidity ratio relates cash, bank and marketable securities to the current liabilities.

$$= (\text{ABSOLUTE LIQUID ASSET} / \text{CURRENT LIABILITIES})$$

TABLE 5.3:

S.NO	YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITIES	ABSOLUTE LIQUID RATIO
1	2021-2022	29500654	17523496	1.60
2	2022-2023	32434963	18009038	1.80

CHART 5.3:



INTERPRETATION:

From the above chart it is clearly seen that the company has a very low liquid assets when compared with the liabilities. The company has to take a corrective measure to overcome this situation.

4.FIXED ASSETS RATIO:

This ratio establishes the relationship between fixed assets and long-term funds. The objective of calculating this ratio is to ascertain the proportion of long-term funds invested in fixed assets. The ratio is calculated as given below.

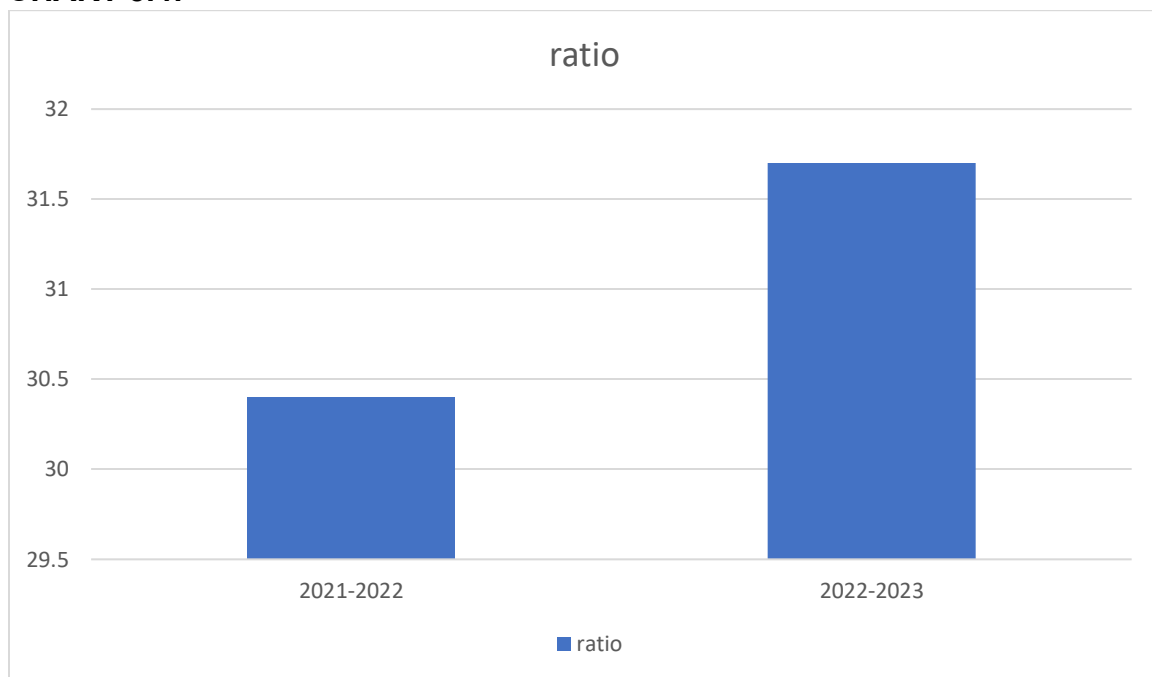
FORMULA:

$$\text{FIXED ASSE RATIO} = \text{Revenue/fixed asset}$$

TABLE 5.4:

Sl. No.	Year	Fixed assets	Long term funds	Fixed assets ratio
1	2021-2022	61594305	1904290	30.4
2	2022-2023	64111545	2105138	31.7

CHART 5.4:



INTERPRETATION:

The study clears that the concern has started employing leverages for better profitability. The raising percentage of this ratio shows that the company has made a good proportion of long-term funds in fixed assets.

5. CAPITAL TURNOVER RATIO:

Managerial efficiency is also calculated by establishing the relationship between cost of sales or sales with the amount of capital invested in the business.

Capital turnover ratio is calculated with the help of the following formula.

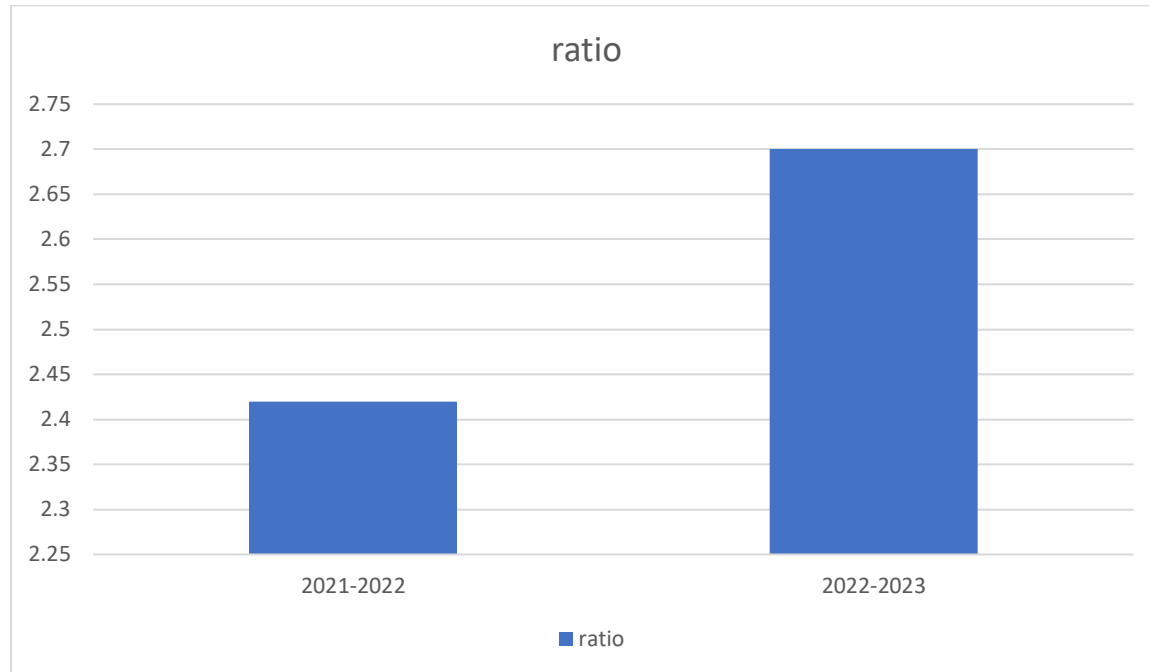
FORMULA:

$$\text{CAPITAL TURNOVER RATIO} = \frac{\text{COST OF SALES}}{\text{CAPITAL EMPLOYED}}$$

TABLE 5.5

S.NO	YEAR	COST OF SALES	CAPITAL EMPLOYED	CAPITAL TURNOVER RATIO CS/CE
1	2021-2022	61594305	22747088	2.42
2	2022-2023	64111745	26458593	2.70

CHART 5.5:



INTERPRETATION:

The percentage of this ratio is in the increasing position this shows a positive sign for the company. Since the cost of sales has increased the company is on the safe position.

CHAPTER 5 – FINDINGS, SUGGESTIONS AND CONCLUSION

5.1. FINDINGS

- The current ratio is 1.23 in the year of 2021 and it has increased to 1.30 in the year of 2022.
- The cash position ratio is 1.68 in the year of 2021 and it has increased to 1.80 in the year of 2022.
- The absolute liquid ratio is 1.60 in the year of 2021 and it has increased to 1.80 in the year of 2022.
- The fixed asset ratio is 31.7 in the year of 2021 and it has decreased to 30.4 in the year of 2022.
- The capital turnover ratio is 2.70 in the year of 2021 and it has decreased to 2.42 in the year of 2022.

5.2.SUGGESTIONS:-

- The manpower needs to be assessed in relation to production and sales. The excess of employees should be removed through various measures like VRS, retirement's and destructing the requirement of new employees.
- There are various global challenges that are faced by every company in the present competitive environment and ACCENTURE Pvt Ltd is not any exemption. To face the present global challenges the human resources department should be develop to improve various skills among the employees specially the motivational skills and having the regular training for the employees about various developments in the market.
- There are various development taking in the industry to change it the company should develop a full-fledged research and development department for bringing technological change and improvement in design and process.

- The policy of development new market with the accreditation of ISO 9001 and C.E.

making for certain products should be continuous as it will help in development the confidence of foreign buyers.

- The sundry debtors should be efficiently managed so that the outstanding are to be cleared at short intervals. The company should appoint on different areas on a success fees basis to collect the debtors.
- The cost of holding inventory is too high so the inventory holding period is to be reduced and to build up inventory in anticipation of export orders from Russia and Germany.
- The company has to make new joint venture with other companies in order to reduce the losses.
- The current assets should be managed more effectively so as to avoid unnecessary blocking of capital that could be used for other purposes.
- The Working Capital requirement is to be assessed based on the norms circulated by RBI for the machine tools industry.
- The company has maintained proper records showing full particulars, quantitative details and solutions of fixed assets are indicated for major items in the register, the managements during the year has conducted a random verification in respect of fixed assets, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets.
- The management has physically verified the stock of finished goods and work in progress at the end of the year.
- In respect of service activities there is a reasonable system for recording receipts issues and consumption of materials and stores and collection of materials consumed to the relative jobs, commensurate with the size and nature of its business.

5.3.LIMITATIONS OF THE STUDY

- The study mainly depends on the secondary data taken from annual report and internal records of the company.
- The figures taken from the financial statement for analysis were historical in nature.
- In depth analysis of data is not possible due to time constraint.
- Some of the data has not given by the company due to maintenance of financial secrecy.

5.4.CONCLUSION

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

BALANCE SHEET

2021-2022

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ACCENTURE 2022 FORM 10-K

Consolidated Financial Statements
(in thousands of U.S. dollars, except share and per share amounts)

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Consolidated Balance Sheets August 31, 2022 and 2021

	August 31, 2022	August 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,889,833	\$ 8,168,174
Short-term investments	3,973	4,294
Receivables and contract assets	11,776,775	9,728,212
Other current assets	1,940,290	1,765,831
Total current assets	21,610,871	19,666,511
NON-CURRENT ASSETS:		
Contract assets	46,844	38,334
Investments	317,972	329,526
Property and equipment, net	1,659,140	1,639,105
Lease assets	3,018,535	3,182,519
Goodwill	13,133,293	11,125,861
Deferred contract costs	807,940	731,445
Deferred tax assets	4,001,200	4,007,130
Other non-current assets	2,867,595	2,455,412
Total non-current assets	25,852,519	23,509,332
TOTAL ASSETS	\$47,263,390	\$43,175,843
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and bank borrowings	\$ 9,175	\$ 12,080
Accounts payable	2,559,485	2,274,057
Deferred revenues	4,478,048	4,229,177
Accrued payroll and related benefits	7,811,794	6,747,853
Income taxes payable	646,471	423,400
Lease liabilities	707,598	744,164
Other accrued liabilities	1,510,925	1,278,136
Total current liabilities	17,523,496	15,708,867
NON-CURRENT LIABILITIES:		
Long-term debt	45,893	53,473
Deferred revenues	712,715	700,080
Retirement obligation	1,892,152	2,018,021
Deferred tax liabilities	318,584	243,636
Income taxes payable	1,198,139	1,105,856
Lease liabilities	2,563,090	2,696,917
Other non-current liabilities	462,233	553,839
Total non-current liabilities	6,992,806	7,369,862
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Ordinary shares, par value 1.00 euros per share, 40,000 shares authorized and issued as of August 31, 2022 and August 31, 2021	57	57
Class A ordinary shares, par value \$0.0000225 per share, 20,000,000,000 shares authorized, 664,581,282 and 656,590,625 shares issued as of August 31, 2022 and August 31, 2021, respectively	15	15
Class X ordinary shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 500,837 and 512,655 shares issued and outstanding as of August 31, 2022 and August 31, 2021, respectively	—	—
Restricted share units	2,091,382	1,750,784
Additional paid-in capital	10,879,180	8,617,838
Treasury shares, at cost: Ordinary, 40,000 shares as of August 31, 2022 and August 31, 2021; Class A ordinary, 33,393,703 and 24,504,666 shares as of August 31, 2022 and August 31, 2021, respectively	(6,878,037)	(3,408,491)
Retained earnings	18,203,842	13,988,748
Accumulated other comprehensive loss	(2,190,342)	(1,419,497)
Total Accenture plc shareholders' equity	22,106,097	19,529,454
Noncontrolling interests	840,891	567,660
Total shareholders' equity	22,747,088	20,097,114
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$47,263,390	\$43,175,843

The accompanying Notes are an integral part of these Consolidated Financial Statements.

2022-2023

Consolidated Balance Sheets
August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,045,032	\$ 7,889,833
Short-term investments	4,575	3,973
Receivables and contract assets	12,227,186	11,776,775
Other current assets	2,105,138	1,940,290
Total current assets	23,381,931	21,610,871
NON-CURRENT ASSETS:		
Contract assets	106,994	46,844
Investments	197,443	317,972
Property and equipment, net	1,530,007	1,659,140
Lease assets	2,637,479	3,018,535
Goodwill	15,573,003	13,133,293
Deferred contract costs	851,972	807,940
Deferred tax assets	4,154,878	4,001,200
Other non-current assets	2,811,598	2,667,595
Total non-current assets	27,863,374	25,652,519
TOTAL ASSETS	\$51,245,305	\$47,263,390
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and bank borrowings	\$ 104,810	\$ 9,175
Accounts payable	2,491,173	2,559,485
Deferred revenues	4,907,152	4,478,048
Accrued payroll and related benefits	7,506,030	7,611,794
Income taxes payable	720,778	646,471
Lease liabilities	690,417	707,598
Other accrued liabilities	1,588,678	1,510,925
Total current liabilities	18,009,038	17,523,496
NON-CURRENT LIABILITIES:		
Long-term debt	43,093	45,893
Deferred revenues	653,954	712,715
Retirement obligation	1,595,638	1,692,152
Deferred tax liabilities	395,280	318,584
Income taxes payable	1,313,971	1,198,139
Lease liabilities	2,310,714	2,563,090
Other non-current liabilities	465,024	462,233
Total non-current liabilities	6,777,674	6,992,806
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Ordinary shares, par value 1.00 euros per share, 40,000 shares authorized and issued as of August 31, 2023 and August 31, 2022	57	57
Class A ordinary shares, par value \$0.0000225 per share, 20,000,000,000 shares authorized, 664,616,285 and 664,561,282 shares issued as of August 31, 2023 and August 31, 2022, respectively	15	15
Class X ordinary shares, par value \$0.0000225 per share, 1,000,000,000 shares authorized, 325,438 and 500,837 shares issued and outstanding as of August 31, 2023 and August 31, 2022, respectively	—	—
Restricted share units	2,403,374	2,091,382
Additional paid-in capital	12,778,782	10,679,180
Treasury shares, at cost: Ordinary, 40,000 shares as of August 31, 2023 and August 31, 2022; Class A ordinary, 36,351,137 and 33,393,703 shares as of August 31, 2023 and August 31, 2022, respectively	(7,062,512)	(6,678,037)
Retained earnings	19,316,224	18,203,842
Accumulated other comprehensive loss	(1,743,101)	(2,190,342)
Total Accenture plc shareholders' equity	25,692,839	22,106,097
Noncontrolling interests	765,754	640,991
Total shareholders' equity	26,458,593	22,747,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$51,245,305	\$47,263,390

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Reference:

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