

A STUDY ON ANALYSING THE FINANCIAL STATEMENTS OF SONY TEXSPARES INDUSTRIES COIMBATORE USING COMPARATIVE BALANCE SHEET.

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ABSTRACT

The present study aims to analyse the financial statements of a business. The comparative balance sheet is prepared by comparing the differences between the values of balance sheet of two years of the company. This gives a view on the improvement and progress of the company and helps the company to take necessary steps in improving the weaker areas of the company. The percentage of increase and decrease is calculated to assess the company's improvement and deprovement.

❖ INTRODUCTION

1. Financial performance analysis

An analysis of financial performance of a company is very essential to assess the company's strength and weakness. Financial performance analysis helps in overall growth of company. Financial performance of a company can be assessed by analysing the financial statements of the particular company. The various financial statements of a company are balance sheet, income statement (profit and loss account) and cash flow statement. But still, balance sheet and income statement greatly helps in understanding the company's position and analysing the financial performance of a company. The various methods to analyse the financial performance of the company are

- ratio analysis,
- comparative balance sheet,
- common size balance sheet and
- trend analysis.

Financial analysis helps in achieving following purposes:

- To measure profitability of the company
- To assess the financial position of the company
- To compare the data of previous years with present year
- To find strength and weakness of the company

2. About the company: SONY TEX SPARES INDUSTRIES

- M/s Sony tex spares is a proprietorship concern engaged in manufacturing of OE spares of textile machineries.
- The proprietor of the concern Mr. Dhandapani , is a Diploma graduate in Mechanical engineering and has been in this field since 1991.
- The 25 years of standing has given all the necessary technical expertise to run the business effectively.
- Major customers are :
 - Saranya textile, Coimbatore
 - Saranya exports (P) ltd, Karanampettai, Coimbatore
 - Thirumalai textile, Pollachi
 - KGS mills, kuppanur, Coimbatore
 - Sri palaniandavar textiles, Vellakovil
 - Sri lakshmi ganesha textiles, Vellakovil
 - Surya balaji spinning mills, Avinashi
- Major suppliers are :
 - Sri madhav pipes (P) ltd, Chennai
 - Sreeram spheroids (P) ltd, Coimbatore
 - United steel agencies, Coimbatore
 - Polymer products, Coimbatore
 - AB industries, Coimbatore
 - Agni alloys (P) ltd, Coimbatore
 - All plast, Coimbatore
- The company is specialized in parts such as
 - Rotor body
 - Resilient mounting
 - Clutch shaft assembly
 - Aluminium 100 mm pulley
 - Opening roller re-clothing
 - Rotor assembly
 - Inserts
 - Rotor cups
 - Navels
 - Clutch wheel

❖ STATEMENT OF PROBLEM

The present study aims at analysing the financial statement of the company using comparative statement.

The comparative balance sheet is prepared by comparing the differences between the values of balance sheet of the company.

❖ SCOPE

A comparative balance sheet gives a view on improvement and progress of the company and helps the company to take necessary steps in improving the weaker areas of the company.

The percentage of increase and decrease is calculated to assess the company's improvement and deprovement.

❖ OBJECTIVE

To analyse the financial performance of the company by comparing the financial statement of two years and preparing a comparative statement for two years and interpreting the results.

❖ REVIEW OF LITERATURE

The review of literature helps the researchers for good understanding of the research and methods used in research. Different authors have analyzed financial performance in different perspective. The present chapter reviews the various approaches to the study on financial analysis and performance. Some important research works undertaken in recent years which are very closely connected with the present study are reviewed.

1. **Topic name:** “Intercompany profitability analysis of Indian General Insurance Industry”. **Author name:** Debasish Sur. **Year:** July 1999
2. **Topic name:** “Financial performance of Indian Tea Industry”. **Author name:** Sanjib Roy **Year:** May 1998
3. **Topic name:** “The Financial Performance of Lakshmi Machine Works Limited”. **Author name:** Vasanthamani **Year:** 1982
4. **Topic name:** Financial Performance of Precot Mills Limited” **Author name:** Rajeswary **Year:** 1990
5. **Topic name:** “Financial Performance Analysis Hindustan Photos Films Ooty” **Author name:** Parvathi **Year:** 1990

❖ RESEARCH METHODOLOGY

AREA OF STUDY

The study is restricted to Sony tex spares industries in Coimbatore, Tamilnadu.

The study of two years financial statements(balance sheet) for 2015 – 2016 and 2016 – 2017 were analysed.

PERIOD OF STUDY

The financial statements are sony tex spares industries, varatharajapuram branch were collected and analysed balance sheet during July to September 2019

SOURCE OF DATA

SECONDARY SOURCE

The analysis has been done by obtaining the financial statements from the company.

❖ ANALYSIS

Comparative statement of balance sheet of Sony Tex spares industries of 2015-2016 and 2016-2017

PARTICULARS	2015-2016	2016-2017	Increase/(decrease)	%
Current assets				
Closing stock	1836010	2323450.00	487440	26.55%
Deposits	22993	596055.50	583062.5	2492.33%
Loans & advances	1420263	130810	(1289453)	(90.78%)
Sundry debtors	6021587	10114541.35	4092954.35	67.97%
Cash in hand	48562.22	127181.47	78619.25	161.89%
Bank accounts	58353.70	592223.87	533870.17	914.88%
Total current assets	9407768.92	13884262.19	4476493.27	47.58%
Fixed assets	1140463	1983016	842553	73.87%
TOTAL ASSETS	10548231.92	15867278.19	5319046.27	50.42%
Current liabilities				
Duties & taxes	13963	58688	44725	320.31%
Provisions	22800	57350	34550	151.53%
Sundry creditors	4904218.75	7647184.50	2742965.75	55.93%
Total current liabilities	4940981.75	7763222.50	2822240.75	57.11%
Loans	5013698.53	6863226.72	1849528.19	36.88%
Capital				
Capital a/c	400000	100000	(300000)	(75%)
Current a/c	193551.64	1140828.97	947277.33	489.41%
Total capital	593551.64	1240828.97	647277.33	109.05%
TOTAL LIABILITIES	10548231.92	15867278.19	5319046.27	50.42%

❖ INTERPRETATION

- The working capital is calculated by deducting total current liabilities from total current assets. The working capital for the year 2015-2016 is **Rs. 4466787.17** and the working capital for the year 2016-2017 is **Rs. 6121039.69**.
- The working capital has increased by **Rs. 1654252.52** (Rs. 6121039.69 - Rs. 4466787.17).
- Fixed assets has increased by **73.87%**
- The amount of funds obtained from outsiders has increased since the percentage of loans has been increased by **36.88%**.

- The capital of the company has greatly decreased by **75%**, which shows that there is great amount of drawings that indicates that it is not a positive sign for the company.

❖ **CONCLUSION**

- The present study aimed at analysing the financial performance of the company using comparative balance sheet.
- For this purpose, the balance sheet was obtained from the company and the comparative balance sheet has been prepared.
- The comparative balance sheet is very helpful in knowing the increase and decrease of various assets and liabilities of the company.
- The percentage of increase and decrease can also be calculated by dividing the amount of increase or decrease by base year value multiplied by 100.
- This analysis has made a conclusion that the liquidity position of the company has shown a good progress since the overall current assets have increased compared to the previous year.
- The current financial position of the company is satisfactory and has shown overall improvement.

❖ **REFERENCES:**

BOOKS:

Financial management: I. M. Pandey

Cost and management accounting: S. P. Jain & K. L. Narang

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