

# A Study on Cash Flow Analysis Towards Global Farm Fresh Chittoor

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## Abstract:

This study examines the cash flow management of GLOBAL FARM FRESH PVT LTD, Chittoor, with the aim of evaluating its financial performance and identifying areas for improvement. Using a case study approach, the research analyses the company's cash inflows and outflows, and calculates key cash flow statement analysis, and efficiency.

The study reveals that GLOBAL FARM FRESH PVT LTD, has a strong cash position, with a significant increase in cash flows from operations. However, the analysis also highlights areas of concern, including a high dependence on debt financing and a need for improved cash flow forecasting. The study concludes with recommendations for optimizing cash flow management, including strategies for reducing debt, improving accounts receivable and payable management, and enhancing cash flow forecasting.

The findings of this study contribute to the existing body of knowledge on cash flow management and provide valuable insights for practitioners and researchers in the field.

**Key words:** operating, investing & financing activities (cash flow analysis)

## INTRODUCTION:

Cash Flow Statement Analysis is an important financial tool used to study the movement of cash and cash equivalents into and out of a business during a specific accounting period. It helps in understanding how a company generates cash from its operating, investing, and financing activities, and how effectively it manages its liquidity position. The cash flow statement provides useful information about the company's ability to meet short-term obligations, repay loans, pay dividends, and finance future growth. Unlike the profit and loss account, it focuses on actual cash transactions and reveals the real cash position of the business. Therefore, cash flow statement analysis plays a vital role in evaluating the financial strength, operational efficiency, and overall solvency of an enterprise.

## REVIEW OF LITREATURE:

### 1. Fraser and Ormiston (2023)

Emphasized the importance of cash flow statements in assessing liquidity, solvency, and financial flexibility.

Profit alone is not enough to judge performance because profits can be manipulated through accounting methods.

Cash flow statement is more reliable because it shows actual cash movement.

Firms with strong operating cash flow are more stable and less dependent on external financing (loans, equity).

Investors and creditors should focus more on cash flow from operations (CFO) rather than net income.

### 2. Barth, Cram, and Nelson (2022)

Investigated the predictive power of operating cash flows for forecasting future cash flows and earnings.

Companies with strong current operating cash flow are likely to have strong future performance.

Operating cash flow is a better predictor than accounting profit because earnings can be affected by accruals and estimates.

Investors who analyse OCF can make better investment decisions.

Firms with weak OCF but high profits may be risky investments.

### **3. Jones, Romano, and Smyrniotis (2021)**

Highlighted inconsistencies in cash flow reporting, calling for clearer guidelines and better enforcement of standards.

Many companies classify cash flows differently, making comparisons difficult.

Some firms misclassify items between operating, investing, and financing activities.

There is lack of uniform interpretation of accounting standards.

Regulators need to strictly enforce cash flow reporting rules.

### **4. Sloan (2020)**

Highlighted the role of cash flows in detecting earnings management and assessing earnings quality. Companies can manipulate accounting earnings, but cash flows are harder to manipulate. A large gap between: High profits  
Low operating cash flow

#### **OBJECTIVES FOR THE STUDY:**

1. To study the cash position of business.
2. To study the cash from operation activities.
3. To study the cash from investing activities.
4. To study the cash from financing activities.
5. To know liquidity position of a GLOBAL FARM FRESH PVT LTD company

#### **NEED FOR THE STUDY:**

Global Farm Fresh deals with agricultural products that involve seasonal production and sales. Cash flow analysis helps ensure that the company has enough liquid funds to meet day-to-day expenses such as wages, fertilizers, packaging, and transportation. So that the efficiency in utilizing the funds can be better understood for this the present analysis through Cash flow statement will be helpful.

#### **SCOPE OF THE STUDY:**

The study is confined to the company only as per their balance sheets and other data sources given by the company it helps to short term financial decision and cash requirement need for plant or equipment expansion program.

An enterprise should prepare a cash flow analysis and should present it for each period for financial analysis are presented

#### **RESEARCH METHODOLOGY:**

Research design: Descriptive

Data Collection: The data collection is based on primary and secondary data sources

Sources of primary data

➤ The primary data was collected mainly with the interactions and discussions with the company's Executives.

Sources of secondary data

➤ Most of the calculations are made on the financial statement of the company and the company provided financial statements for 5 years.

➤ Referring standards texts,

➤ Reference books,

➤ And Internet collected some of the information regarding to the theoretical aspe

Tools: Cah flow statement Tables & graphs

**LIMITATIONS OF THE STUDY:**

- The information used is primary from historical reports available to the public and the same doesn't indicate the current situation of the firm.
- The ratios are calculated from the past financial analysis and these may the exact indicators of future.
- Detailed analysis could not be carried for the project work because of the limited the span of time

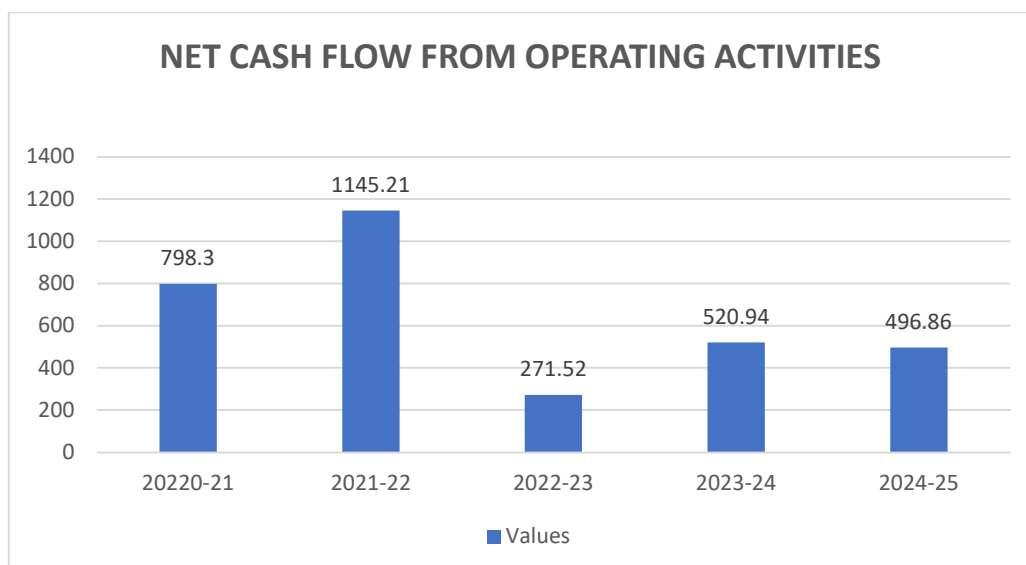
**DATA ANALYSIS & INTEPRETATION:**

**1. NET CASH FLOW FROM OPERATING ACTIVITIES**

**TABLE**

<b>Net cash flow from operating activities</b>	<b>20220-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Values</b>	<b>798.30</b>	<b>1145.21</b>	<b>271.52</b>	<b>520.94</b>	<b>496.86</b>

**GRAPH**



**INTERPRETATION:**

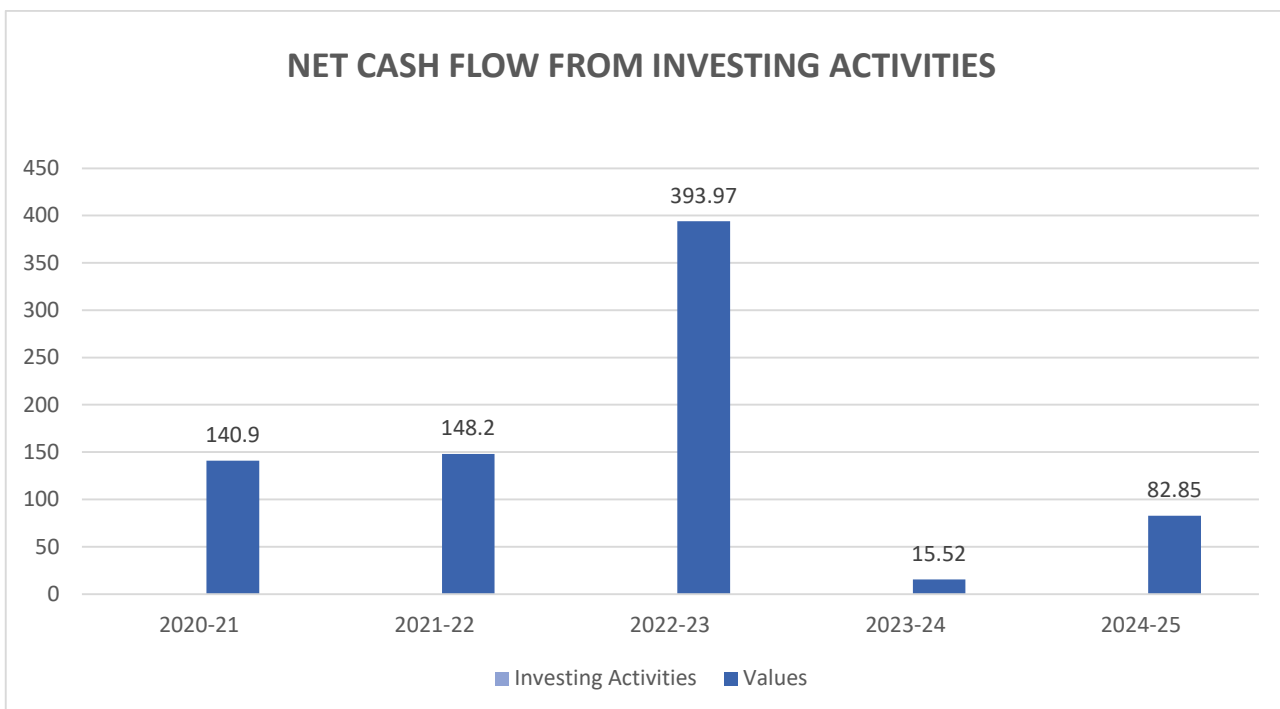
From the above graph the net cash low from operating activities are in decreasing trend.

**2. NET CASH FLOW FROM INVESTING ACTIVITIES**

**TABLE**

Net Cash Flow from Investing Activities	2020-21	2021-22	2022-23	2023-24	2024-25
Values	140.90	148.20	393.97	15.52	82.85

**GRAPH**



**INTERPRETATION:**

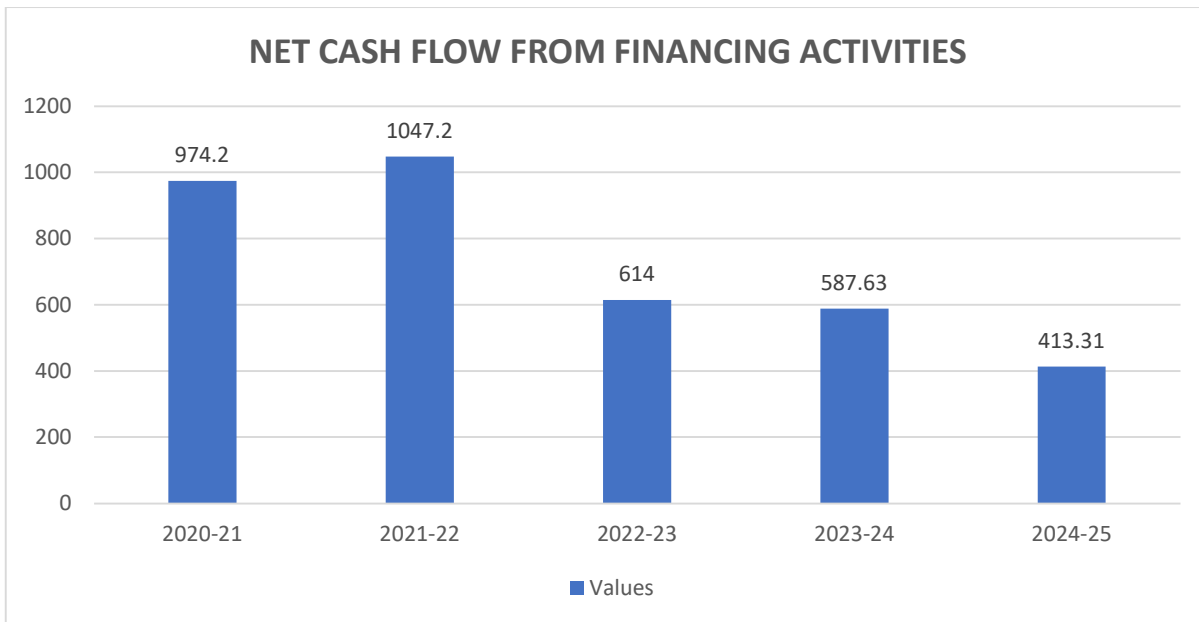
From the above graph the net cash flow from investing activities are in decreasing trend.

**3. NET CASH FLOW FROM FINANCING ACTIVITIES**

**TABLE**

Net cash flow from Financing activities	2020-21	2021-22	2022-23	2023-24	2024-25
Values	974.20	1047.20	614	587.63	413.31

**GRAPH**



**INTERPRETATION:**

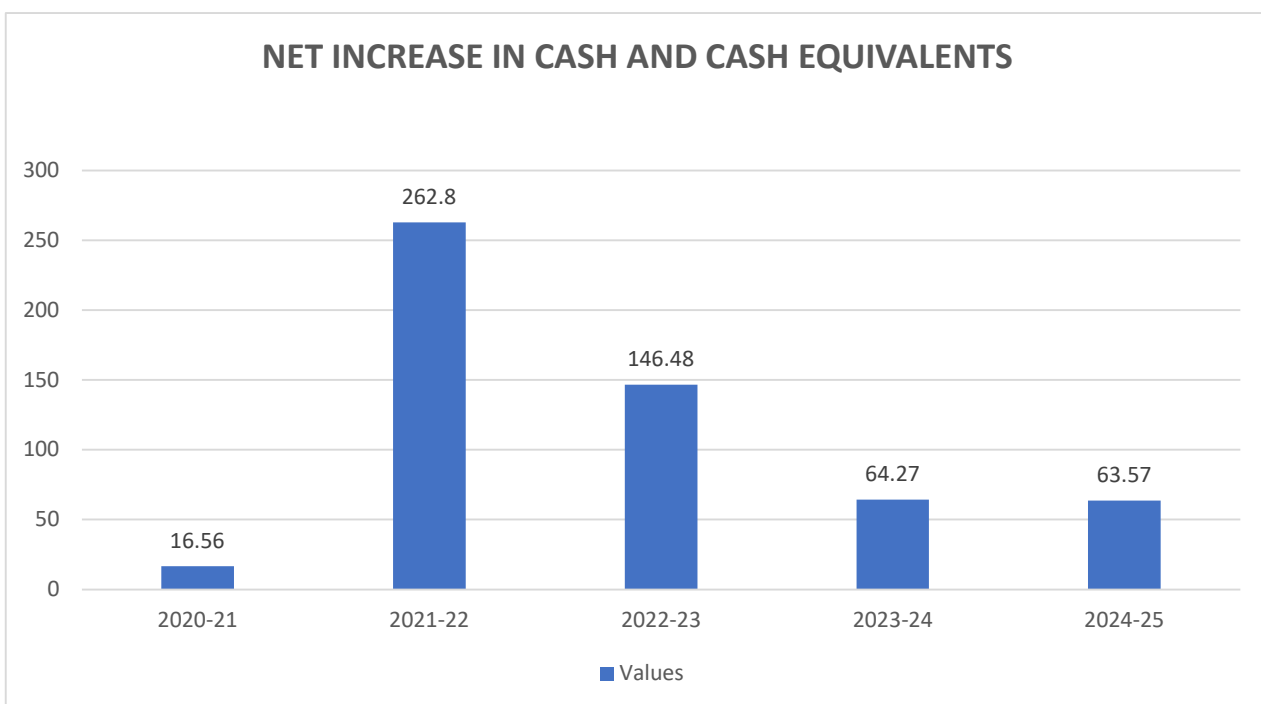
From the above graph the net cash flow from financing activities are in decreasing trend.

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

**TABLE**

Net increase in cash and cash equivalents	2020-21	2021-22	2022-23	2023-24	2024-25
Values	16.56	262.80	146.48	64.27	63.57

**GRAPH**



**INTERPRETATION:**

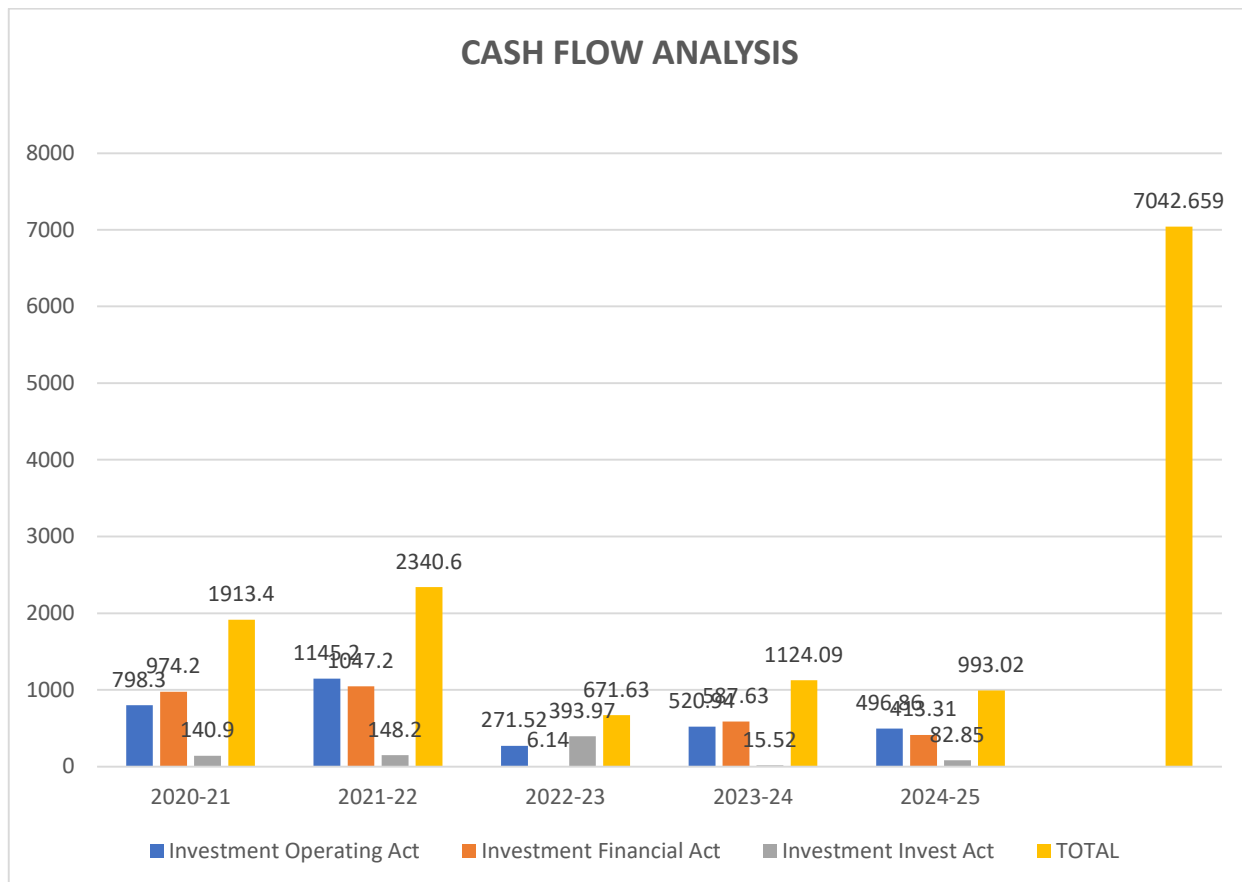
From the above graph the net increase / decrease cash flow from activities are in decreasing trend.

**CASH FLOW ANALYSIS OF FIVE YEARS**

**TABLE**

years	Investment			TOTAL
	Operating Act	Financial Act	Invest Act	
2020-21	798.30	974.20	140.90	1913.4
2021-22	1145.20	1047.20	148.20	2340.6
2022-23	271.52	6.14	393.97	671.63
2023-24	520.94	587.63	15.52	1124.09
2024-25	496.86	413.31	82.85	993.02
				7042.659

**GRAPH**



## **FINIDINGS:**

1. The company should maintain adequate cash balance to meet its short-term obligations and daily expenses.
2. The company should improve operating cash inflows by increasing revenue and controlling operating costs.
3. The company should reduce unnecessary cash outflows from investing and financing activities.
4. The company should adopt proper cash budgeting and financial planning to improve liquidity position.

## **SUGGESTIONS:**

- Instead of allocating all profits as repayment of secured loans & payment of dividends some portion should be retained to improve cash position for financing activities.
- The company must reduce the operating expenses in order to increase company's profits.
- The company should decrease its current liabilities to increase its working capital.
- To improve the net profit margin of the company, the company need to increase the selling price with existing quality of the product.

## **CONCLUSION:**

The cash flow analysis shows that there are significant fluctuations in the cash levels from year to year. Therefore, it is important for the company to control and reduce these variations in cash. Proper measures should be taken to avoid excessive increases in cash balances. Instead, the company should invest more funds in fixed assets to improve its financial stability and maintain a better position in the long run

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