

AN ANALYSIS OF FINANCIAL PERFORMANCE ANALYSIS

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ABSTRACT

The Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the connection between the things of the record and profit and loss account. Financial analysis helps investors to appraise whether or not they should invest in a very particular company or not. The most objective of this study is to understand the short term and future financial position of the corporate and to understand the profit level of the corporate. To judge the financial performance efficiency within the company for the financial years 2015-16 to 2018-19. To identify the expansion trend of performance of the corporate. To understand about Liquidity and profitability position of the corporate. It's analyzed using short term, future and profitability ratios for the amount 2015-16 to 2018-19, supported the secondary data that's record and profit/loss account. The researcher used the subsequent tools like, comparative record, common size record, ratio analysis, trend analysis; the sort of research design followed during this study is Analytical research design. Analytical research may be a specific form of research that involves critical thinking skills and therefore the evaluation of facts and knowledge relative to the research being conducted. During this with the assistance of analytical research the budget analysis is made. The most aim of this study is to check the financial performance analysis of the corporate, forecasting is additionally done to work out the long run trend of the profit. Finally, findings, benefits to the corporate, valuable suggestion and proposals are given to the corporate for better prospects and improving the performance in future.

Keyword: Comparative Analysis, Common Size Analysis, Trend Analysis, Ratio Analysis

1. INTRODUCTION

1.1 Meaning of finance:

Finance is extremely essential for smooth running of business. Right from the very beginning i.e., conceiving a concept to business, finance is required to market or establish the business, acquire fixed assets, make investigations like market surveys etc., develop product, keep men and machines at work, encourage management to create progress and make values. Even an existing firm may require further finance for creating improvement or expanding the business.

1.2 Financial performance analysis:

Financial performance analysis is that the process of identifying the financial strengths and weaknesses of the firm by properly establishing the connection between the things of record and profit and loss account. It also helps in short-term and long run forecasting and growth are often identified with the assistance of economic performance analysis. The dictionary meaning of 'analysis' is to resolve or separate a thing in to its element or components parts for tracing their relevancy the items as whole and to every other. The analysis of

economic statement could be a process of evaluating the connection between the component parts of economic statement to get a far better understanding of the firm's position and performance. This analysis is often undertaken by management of the firm or by parties outside the namely, owners, creditors, investors.

1.3 The analysis of financial statement represents three major steps:

The first step involves the re-organization of the whole financial data contained the financial statements. Therefore the financial statements are broke down into individual components and re-grouped into few principle elements in keeping with their resemblances and affinities. Thus the record and profit and loss accounts are completely re-casted and presented within the condensed form entirely different from their original shape The second step is that the establishment of serious relationships between the individual components of record and profit and loss account this can be done through the appliance tools of monetary analysis like Ratio analysis, analytic thinking, Commonsized record and comparative record.

Finally, the result obtained by means of application of monetary tools is evaluated. briefly financial analysis is that the process of selection, relation and evaluation of monetary statements. The tools of study are used for determining the investment value of the business, credit rating and for testing efficiency of operation. Thus financial analysis helps to focus on the facts and relationships concerning managerial performance, corporate efficiency, financial strength and weakness and credit worthiness of the corporate.

1.4 Financial performance analysis:

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2. NEED FOR THE STUDY

Financial performance analysis is the most important tool in order to know about the level of position in the business. The need for the study is used to analyze the overall financial performance of the business for four years (2015-16 to 2018-19). This study helps to calculate the solvency and liquidity position of the business order to find out the financial position of the organization.

3. OBJECTIVES OF THE STUDY

- To evaluate the financial performance efficiency in the hospital for the financial years 2015-16 to 2018-19
- To identify the growth trend of performance of the hospital.
- To know about Liquidity and profitability position of the hospital

4. SCOPE OF THE STUDY

This study clearly defines the financial status of the priority during the working period. The study report being made here brings out the financial structure and therefore the position of the bloom fertility and health care hospital private ltd comparing from different years. The financial study helps us to investigate the financial background and therefore the utilization of the income earned through the organization process.

5. LITERATURE REVIEW

[1]B.S.Bhavana(2019) Financial performance is an important aspect which influences the long term profitability, stability and liquidity of the organization. the evaluation of financial performance can be done by using comparative balance sheet analysis, common size balance sheet analysis, trend analysis and ratio analysis which had been taken up for the study These tools when used by the finance experts, they will be in a position to sort out the problems which the company is facing in terms of money. The experts can come to a conclusion when right tools are used for each challenge. Financial analysis includes analyzing, interpreting and rectification on all financial matters in a firm.[2]Anshuja Tiwari, Rakhi Tiwar(2019). The financial sector is a standout amongst the

most significant instrument of the national improvement, possesses a vital position in a country's economy. Financial performance cannot be judged from the records and documents in any organization. It must be determined by strategic examination. The determination and utilization of strategy is liable to the choice of the person. A portion of the significant and ordinarily utilized strategies are: Ratio Analysis, Comparative balance sheet examination, Time series.[3]Dr. Seema Thakur(2019) Financial Performance Analysis of Dabur India Limited talks about accounting analysis and financial analysis and to assessment of the viability, reliability and profitability of a business. The main indication behind this study is to investigate the financial functioning position of the Dabur India Limited. This investigation is done with help of secondary data which is collected from the Annual Report of the Dabur India Limited. The financial performance can be estimated by using various financial utensils such as Liquidity ratio, Profitability ratio etc. Based on the study, findings have been reached that the company has got enough funds to encounter its obligations including debts & as well as liabilities.[4]K.T. Gopi, The financial performance measured in terms of profitability of the firm is very prominent for rational investors to take their economic decisions. Investors use return on equity to measure the ability of the firm to generate earnings from its assets and economic efficiency of the management in using the resources of the firm. Return on equity measures the amount of profits available to shareholders against the investment that shareholders made into the firm. In other words, it measures how efficiently a company is able to generate profits using shareholder's equity, which includes stock offerings and retained earnings.[5] ms.b.Kishori, sija mol (2018). The analysis is done by using various ratios of ratio analysis and using trend analysis. The financial performance of the bank is analyzed by analyzing balance sheet, financial statements and profit and loss account of the bank. The data were collected from the official websites of the company and other websites and journals. The analysis done for the last five years. The ratio provides indicators of how well the bank and business units are performing. Trend analyses are used to analyses the sales and income percentage of the bank.

6. RESEARCH METHODOLOGY

6.1 Research Methodology

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In this study the various steps that are generally adopted by a researcher in studying the research problem along with the logic behind him.

6.2 Research Design:

Research Design is defined as the “arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”.

6.3 Type of research design:

There are 4 types of research design. They are:

1. Descriptive research design
2. Experimental research design
3. Explanatory research design
4. Analytical research design

The type of research design followed in this study is Analytical research design. Analytical research is a specific type of research that involves critical thinking skills and the evaluation of facts and information relative to the research being conducted. In this with the help of analytical research the financial statement analysis can be made.

6.4 Tools and techniques:

The various tools and techniques followed in this research are as follows:

- Common size balance sheet
- Comparative balance sheet
- Trend analysis
- Ratio analysis

7. LIMITATION OF STUDY

- The data collected is not sufficient detailed study of project.
- The duration of the project work was also barriers to conduct details only.
- The study is mainly based the sources of annual report of the hospital.

8. DATA ANALYSIS AND INTERPRETATION (PERCENTAGE ANALYSIS)

Table 8.1 Showing current ratio for the financial year 2015-16 to 2018-19

Current ratio=Current asset/Current liabilities

Year	current asset	current liabilities	Ratio
2015-16	15354384.81	7249696.85	2.12
2016-17	27402296.71	11067887.93	2.48
2017-18	25557710.73	10438574.98	2.45
2018-19	31554973.38	16527273.09	1.91

SOURCE: Secondary data

Interpretation:

The value of current ratio is increasing and decreasing year by year. This indicates the liquidity position of the hospital is not good. Current asset and current liability are increasing and decreasing year by year is the reason.

The hospital current ratio in the year 2015-16 was 2.12, in the year 2016-17 was 2.48, in the year 2017-18 was 2.45, in the year 2018-19 was 1.91.

Chat 8.1(a) chat showing the current ratio for the financial year 2015-16 to 2018-19

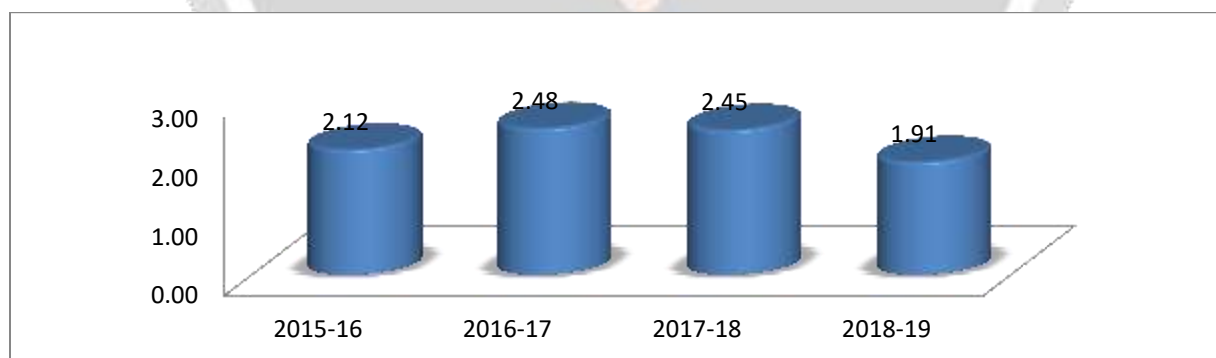


Table 8.2 Showing quick ratio for the financial year 2015-16 to 2018-19

Quick ratio: Quick asset/current liabilities

Year	Quick asset	Current liabilities	Ratio
2015-16	14903317.60	7249696.85	2.06
2016-17	26967721.71	11067887.93	2.44

2017-18	25123135.73	10438574.98	2.41
2018-19	29702230.86	16527273.09	1.80

SOURCE: Secondary data

Interpretation:

The value of quick ratio is increasing and decreasing year by year. This indicates the liquidity position of the hospital is not good. The hospital quick ratio in the year 2015-16 was 2.06, in the year 2016-17 was 2.44, in the year 2017-18 was 2.41, and in the year 2018-19 was 1.80.

Chat 8.2(a) chat showing the quick ratio for the financial year 2015-16 to 2018-19

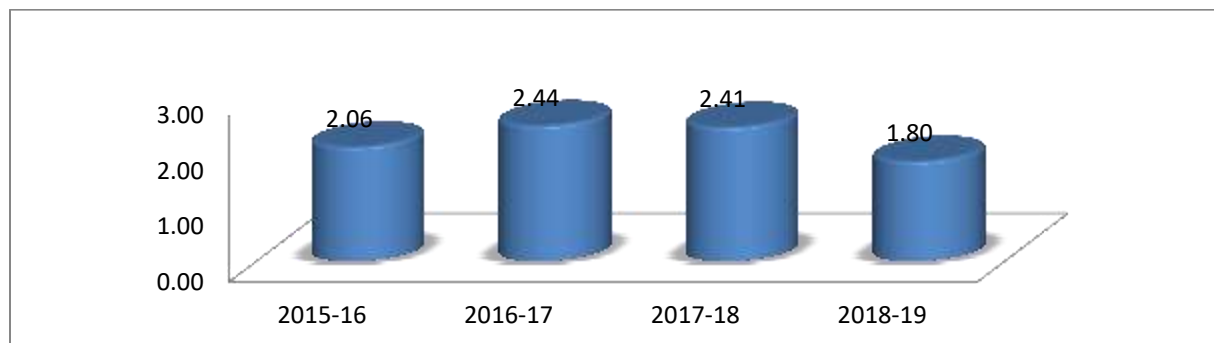


Table 8.3 Showing return on capital employed ratio for the financial year 2015-16 to 2018-19

Return on capital employed ratio: Net profit after interest and taxes/Gross capital employed *100

Year	Net profit after interest and taxes	Gross capital employed	Ratio
2015-16	431152.12	41094463.50	1.05
2016-17	1000003.15	48411595.23	2.07
2017-18	1202840.02	49731557.50	2.42
2018-19	2077193.059	57669357.04	3.60

SOURCE: Secondary data

Interpretation:

The value of return on capital employed ratio is increasing year by year. This indicates the liquidity position of the hospital is good. Gross capital employed is increasing year by year is the reason. The hospital return on capital employed in the year 2015-16 was 1.05, in the year 2016-17 was 2.07, in the year 2017-18 was 2.42, and in the year 2018-19 was 3.60.

Chat 8.3(a) chat showing the return on capital employed ratio for the financial year 2015-16 to 2018-19

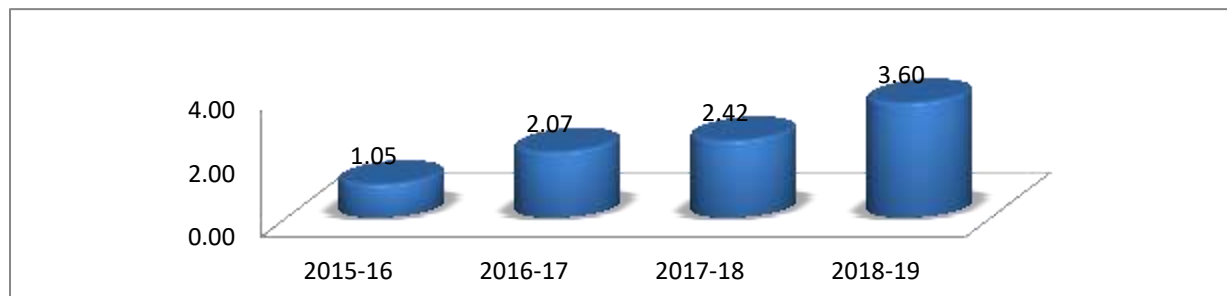
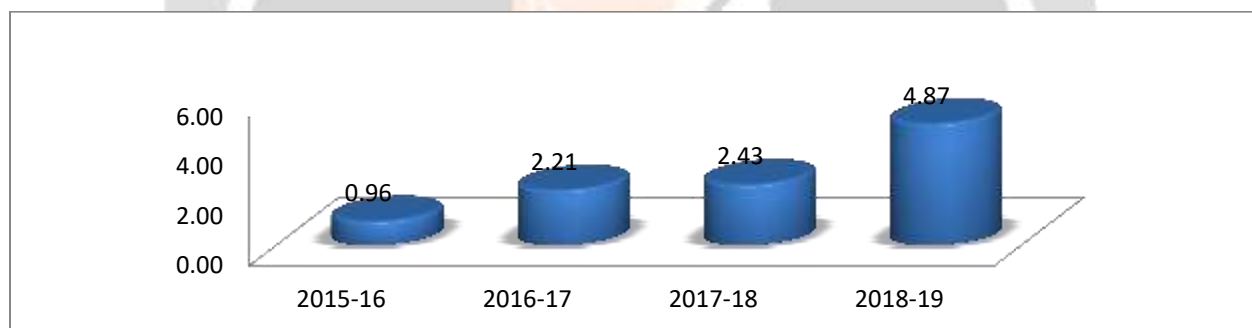


Table 8.4 Showing return on investment ratio for the financial year 2015-16 to 2018-19**Return on investment ratio: Net profit after interest and taxes/Shareholders funds*100**

Year	Net profit after taxes	Shareholder's funds	Ratio
2015-16	431152.12	44791838.00	0.96
2016-17	1000003.15	45248068.40	2.21
2017-18	1202840.02	49485220.24	2.43
2018-19	2077193.059	42687746.24	4.87

SOURCE: Secondary data**Interpretation:**

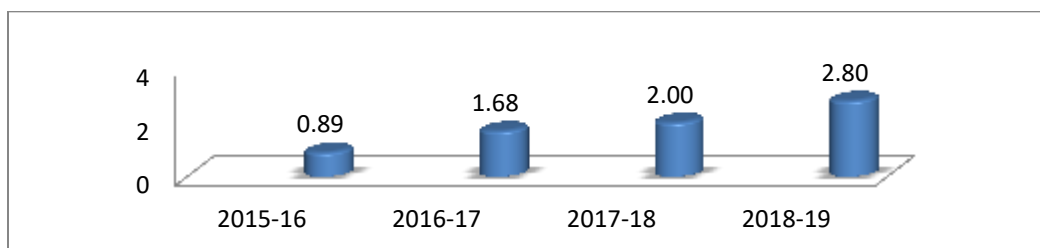
The value of return on investment ratio is increasing year by year. This indicates the liquidity position of the hospital is good. Shareholder's funds are increasing year by year is the reason. The hospital return on investment ratio in the year 2015-16 was 0.96, in the year 2016-17 was 2.21, in the year 2017-18 was 2.43, and in the year 2018-19 was 4.87.

Chat 8.4(a) chat showing the return on investment ratio for the financial year 2015-16 to 2018-19**Table 8.5 Showing return on total asset ratio for the financial year 2015-16 to 2018-19****Return on total asset ratio: Net profit after taxes and interest/Total asset*100**

Year	Net profit after taxes and interest	Total asset	Ratio
2015-16	431152.1	48344160	0.89
2016-17	1000003	59479483	1.68
2017-18	1202840	60170132	2.00
2018-19	2077193	74196630	2.80

SOURCE: Secondary data**Interpretation:**

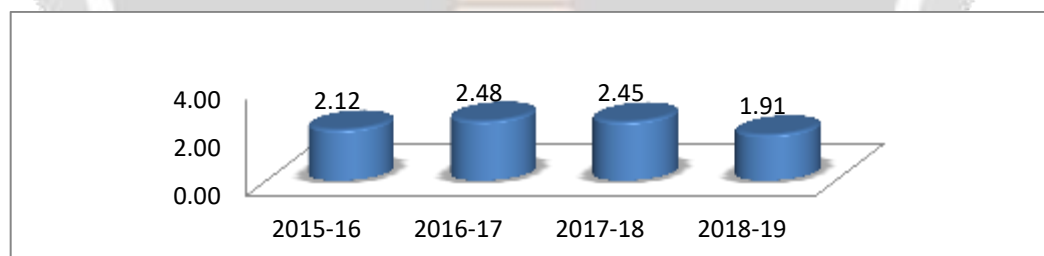
The value of return on total asset ratio is increasing year by year. This indicates the liquidity position of the hospital is good. Total asset are increasing year by year is the reason. The hospital return on total asset ratio in the year 2015-16 was 0.89, in the year 2016-17 was 1.68, in the year 2017-18 was 2.00, and in the year 2018-19 was 2.80.

Chat 8.5(a) chat showing the return on total asset ratio for the financial year 2015-16 to 2018-19**Table 8.6 Showing Working capital ratio for the financial year 2015-16 to 2018-19****Working capital ratio: Current asset/current liabilities**

Year	current asset	current liabilities	Ratio
2015-16	15354384.81	7249696.85	2.12
2016-17	27402296.71	11067887.93	2.48
2017-18	25557710.73	10438574.98	2.45
2018-19	31554973.38	16527273.09	1.91

SOURCE: Secondary data**Interpretation:**

The value of working capital ratio is increasing and decreasing year by year. This indicates the liquidity position of the hospital is not good. Current asset and current liability are increasing and decreasing year by year is the reason. The hospital working capital ratio in the year 2015-16 was 2.12, in the year 2016-17 was 2.48, in the year 2017-18 was 2.45, and in the year 2018-19 was 1.91.

Chat 8.6(a) chat showing the working capital ratio for the financial year 2015-16 to 2018-19**9. SUGGESTION**

On the basis of the findings, the following measures are suggested for improvements in the financial performance of the company further.

- After the of financial statement it is clear that the hospital status is not good because the loan of the hospital has decreased from last four years position.
- The hospital is utilizing its fixed assets, which majorly help in the growth of the organization the hospital should maintain that perfectly.
- The hospital investment are raised from the inception it gives the other income i.e. interest on investment.
- Steps have to be taken to increase the current asset position of the hospital so as to improve the liquidity position of the hospital.
- Percentage of loan can be reduced so as to reduce the financial risk.
- Step can be taken to reduce the current liability of the hospital so as to have a stable financial position.
- Steps can be taken to increase the net profit so as to increase the overall financial performance.

10. CONCLUSION

Financial performance refers to the process of determining financial strength and weakness of the hospital by establishing a strategic relationship between the items of the balance sheet, profit and loss account and other operational data. The main of this analysis is the financial performances are better than private hospital. Financial analysis, also known as analysis and interpretation of financial statements refers to the process of determining financial strength and weaknesses of the hospital by establishing a strategic relationship between the item of the balance sheet profit and loss account and other operational data. The main aim of the financial analysis is better understanding of a hospital position and performance. Financial statement reveals how a business has respired under the leadership of management personnel. Financial appraisal is a technique to evaluate the past, current and projected performance of a concern. The present study was undertaken with the objective of evaluating the financial performance of selected unit. It can be concluded that the overall financial position is satisfied.

11. REFERENCES

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