CHAPTER – V

FINDINGS, CONCLUSION AND SUGGESTIONS

FINDINGS AND CONCLUSION :

1) From the Current Ratio is evident that the Current Assets in the Halasidhanath factory is not satisfactory and insufficient to meet Current Liabilities. Thus, the short-term solvency of the factory is not sound except the year 2003-04.

2) With observing the Inventory Turn Over Ratio of the factory, the trend is decreasing except the year 2004-05. It indicates relatively higher amount of working capital locked in inventory.

3) The Acid Test Ratio of the factory is less then the standard. It can be concluded that Quick Assets are not sufficient to pay off Current liabilities .Thus, the Liquidity position of the factory is not sound.

4) The Debtors Turnover Ratio and collection period of the factory is satisfactory. It indicates that factory has collected the debts are promptly.

5) The Creditors Turnover and payable period of the factory is poor in 2002-03, 2003-04 and 2006-07. It indicates that factory has failed in making payment to its creditors promptly.

6) In the study period factory has failed in efficiently utilized its working capital to making Gross or Net profit.

7) The Super Quick Ratio of the factory is not satisfactory. It indicates that factory has failed to sufficiently invest in absolute liquid assets.

8) The factory has efficiently utilized its Current Assets towards making sales.

9) The percentage of Cash in Current assets is low as compared to the standard. It indicates that factory has failed in holding sufficient cash to meet its day to day needs.

10) The factory has negative working capital in 2005-06 and 2006-07.It indicates that factory has insufficient Current Assets to meets its short-term obligation.

11) The Gross profit of the factory is fluctuating in study period. It indicates that factory has not consistently control over cost of production.

12) Factory has suffered from loss in 2003-04. It indicates that factory has failed on controlling over Operating expenses.

SUGGESTIONS :

1) The Current Ratio of the factory is below the standard except the 2003-04 which indicates that the Current Assets are inadequate to meet Current Liabilities. It is suggested that factory should maintain this ratio to meets its current liabilities and improve its short term solvency.
2) The liquidity position of the factory is not desirable which is showed by Acid Test Ratio. While considering the Acid Test Ratio it is suggested that factory should invest more in liquid assets and maintain sound liquid position.
3) With considering the Inventory Turn Over Ratio of the factory it seems to be satisfactory and hence it is suggested to maintain the same in future.
4) The Debtors Turnover Ratio and collection period of the factory is satisfactory. With considering, it is suggested that factory should keep it up.
5) With considering the Creditors Turnover Ratio and payable period of the factory, it is suggested that factory should maintain uniformity and promptly in making payment to creditors and enhance the creditworthiness of the factory.

6) Factory has efficiently utilized its currents assets towards making sales. With considering, it is suggested that factory should maintain the same and enhance sales.

7) With observing the percentage of Cash in Current Assets it is suggested that factory should maintain sufficient amount of Cash to meet its day to day requirements.

8) It is suggested to the factory that should control over cost of production, which help to reducing the fluctuating of Gross profit.

9) With considering the Net profit of the factory is suggested that should control over Operating expenses, which reflects in higher profit.