Financial Ratio Analysis in Launchpad Learning Labs Pvt Ltd

CS. Gowtham Chakravarthy, S.Praveen Kumar, J. Pavithra

Abstract: *Budget summary examination is generally an investigation of the relationship among the different money related factors in a business as unveiled by single lot of articulations. It is a procedure of assessing the connection between segments portions of fiscal reports to getting better comprehension of an uncompromising stance's and execution. An endeavor to decide the noteworthy and importance of the fiscal reports information with the goal that conjecture might be made of things to come income capacity to pay intrigue and obligation developments (both present and long haul) and gainfulness of a sound approach. [1],[3],[5]*

Various technique or gadgets are utilized for the investigation the asset report and pay proclamations of Launchapad learning labs pvtltd for the period 5 years. This examination is finished by utilizing different monetary apparatuses, measurable instruments. The diagrams were utilized as needs be to help the examination the budget summaries are one of the vital reports utilized by the two chiefs and proprietors or potential proprietors. To assess the achievement or generally of the association. Research demonstrates that the yearly report is the key archive for the establishment financial specialists in thinking about corporate execution. [2],[4],[6]

In view of the examination owned with the budgetary expression of the launchpadllc from 2014-2018 the specialist like to presume that the liquidity proportion are not ideal and furthermore the net revenue is diminishing at a higher rate, which demonstrates expanding working costs of the organization executes the recommendation made alongside the investigation. The organization can improve its presentation in the coming year. [7],[9] ,[11]

Keywords : *Finance,Research,analysis*

I. INTRODUCTION

Budget report examination is to a great extent an investigation of the relationship among the different budgetary factors in a business as unveiled by single lot of articulations. It is a procedure of assessing the connection between segments portions of fiscal reports to getting better comprehension of an uncompromising stance's and execution. An endeavor to decide the noteworthy and

significance of the budget reports information with the goal that conjecture might be made of things to come income capacity to pay intrigue and obligation developments (both present and long haul) and gainfulness of a sound arrangement. [8],[10] ,[12]

Various strategy or gadgets are utilized for the examination the asset report and pay articulations of Launchapad learning labs pvt ltd for the period 5 years. This investigation is finished by utilizing different money related instruments, measurable devices. The diagrams were utilized as needs be to help the examination the fiscal reports are one of the urgent records utilized by the two chiefs and proprietors or potential proprietors. To assess the achievement or generally of the association. Research demonstrates that the yearly report is the key archive for the establishment financial specialists in thinking about corporate execution. 13], [15] ,[17]

The fundamental fiscal summaries contain and the principle bookkeeping suspicions that are inalienable in their development. We at that point direct over concentration toward examining a lot of distributed records with the end goal of increasing some knowledge into the presentation of the organization. A portion of the issues engaged with the utilization of monetary proportions for evaluating execution will likewise he tended to. [14],[16], [18]

The principle errand of money related bookkeeping is to impart monetary data. It is tied in with distinguishing, estimating, recording and announcing of a venture. Thus a focal worry in the arrangement of helpful dependable data identifies with the strategies for estimating worth and benefits. As you would expect there are various manners by which these estimations could be made. As our emphasis is on the utilization which can be made a monetary data. It isn't expectation to go into protracted specialized obligations on bookkeeping matters in perceiving the money related data is an imperative piece of data for the administration basic leadership. It is similarly essential to perceive that genuine investigation will fundamentally look. [19],[21],[23]

II. RESEARCH METHODOLOGY

A. Significance of the study

Proportion examination is a significant and age old method of money related investigation. The information given in fiscal reports are dump and can't impart anything. Proportion are relative type of money related information and extremely

helpful; strategy to check upon the effectiveness of a firm. A few proportions show the pattern or advancement or ruin of the firm. [20],[22], [24]

B. RESEARCH MEANING

Research is regular speech alludes to a quest for information. One can likewise characterize as a logical and orderly, scan for certain data on a particular subject in actuality research is an alt of logical examination. A few people think about research as developments from known to obscure. [25],[27],[29]

·   As indicated by Clifford woody research contains characterizing and rethinking issues, planning speculation, proposed arrangements, gathering, sorting out and finally cautiously testing the ends to decide if they fit the defining theory.

- To know the acquiring limit.

- To know the productivity of the executives.

- To know the monetary quality of the business.

- To know the dissolvability.

- To make near examination with different firms.

The study has extraordinary hugeness and gives advantages to different gatherings whom straightforwardly or in a roundabout way collaborate with the organization

C. Objectives of the study

There are two objectives are three.
i) Primary objective
ii)   Secondary objective

D. Primary Objective

To analyse the Financial ratio analysis of Launchpad learning labs pvt ltd, Chennai belongs to 2014-2018

E. Secondary Objective

➢ To study the efficiency the firm through ratio analysis.

➢ To study the financial position of the company.

➢ To evaluate the working capital performance of the company.

➢ To study the liquidity position of the company.

➢ To forecast the financial growth of the company.

III. RESEARCH DESIGN

Descriptive research design method has been used in this study. Where the researcher can report what has happened without having control over the variables. [31],[33],[32]

A. NATURE OF DATA

The nature of data used for the study is secondary data. Because the data is collected from the balance sheet for the analysis part**.**
Source of the data:
Secondary data:
 The data related to profitability position, financial position and other operational results were collected from the published annual reports of five years of the "Launchpad llc pvt Ltd" (2014-2018)

B. METHOD OF DATA COLLECTION

The data required for the period of 2014-2018 have been obtained from the company records of financial statements The study is entirely based on the secondary data through the company records. Secondary data has been in this study the published financial reports of Launchpad learning labs private limited, directors reports and annual report has been the main source of secondary data. [26],[28],[30]

PERIOD OF THE STUDY

The period of the study is the five financial year starting from 2014-2018.

TOOLS FOR ANALYSIS

The data so collected have been analyzed with he help of following accounting tools and statistical tools.
1. Ratio analysis
2. Comparative balance sheet
3. Common size statement

IV. DATA ANALYSIS AN INTERPRETATION

CURRENT RATIO

Table :1 Current Ratio

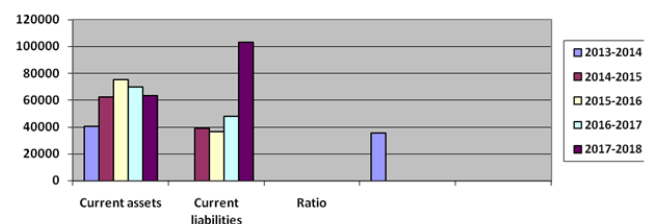| Year	Current assets	Current liabilities	Ratio
2013-2014	40469	35837	1.13
2014-2015	62614	38959	1.61
2015-2016	75143	36537	2.06
2016-2017	70059	47901	1.46
2017-2018	63466	103067	0.62

Fig:1

INTERPRETATION

From the table it is observed that, in the current ratio is increasing gradually from 1.12 to 0.62from 2014 to 2018 it is an undesirable position. The current ratio of the company is less than the ideal ratio. The ratio should be maintained compulsorily for every year increasing in current ratio.

QUICK RATIO

Table:2 Quick Ratio

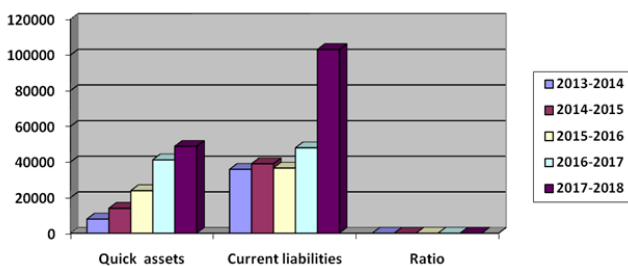| Year	Quick assets	Current liabilities	Ratio
2013-2014	7928	35837	0.22
2014-2015	13962	38959	0.36
2015-2016	23852	36537	0.65
2016-2017	41153	47901	0.86
2017-2018	48752	103067	0.47

Fig:2

INTERPRETATION

From the table it is observed that, the quick ratio in increasing gradually from 0.22 to 0.47 during period. It is an undesirable position; the minimum ratio should be 1:1 This ratio should be maintained compulsorily for every year; otherwise the company has faced the company has faced the liquidity in future.

DEBT EQUITY RATIO

Table:3 Debt- Equity Ratio

Year	Outsiders fund	Shareholders fund	Ratio
2013-2014	30491	39249	0.78
2014-2015	23136	35515	0.65
2015-2016	43619	86372	0.51
2016-2016	99703	92571	1.08
2017-2018	127540	108041	1.18

Fig:3

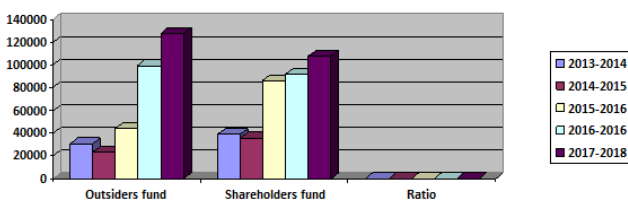**INTERPRETATION**

The study period the ratio is around 3. It means the long debt of the company is 3 times greater than shareholder funds. So the company has to improve the equity debt ratio, so that long term solvency position of company can be improved.

PROPRIETARY RATIO

Table :4 Proprietary Ratio

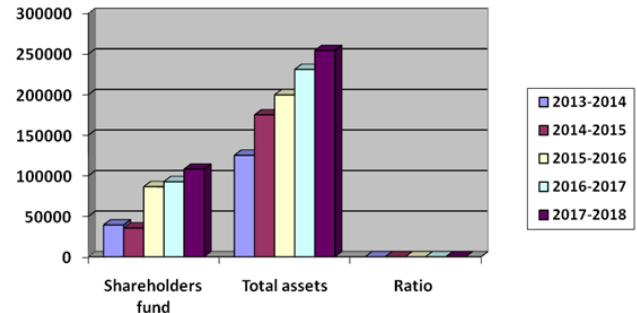| Year	Shareholders fund	Total assets	Ratio
2013-2014	39249	125135	0.31
2014-2015	35515	174929	0.20
2015-2016	86372	199527	0.43
2016-2017	92571	230849	0.40
2017-2018	108041	254229	0.42

Fig:4

INTERPRETATION

During the study period, ratio increased 0.31 to 0.42 even though the ratio is increasing in the study period, it is below the 3. A ratio below 3 is alarming for the creditors since they have to lose heavily in events of company's liquidation as it indicate more of creditors fund and less of shareholder funds in the total assets of the firm.

NET PROFIT RATIO

Table :5 Net profit Ratio

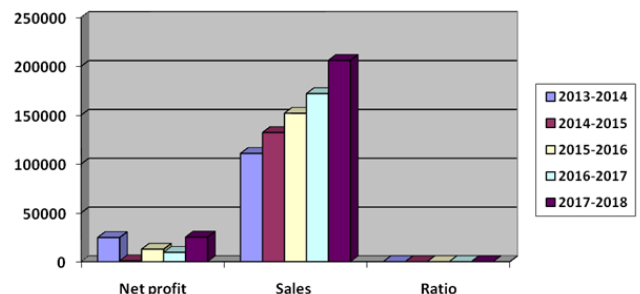| Year	Net profit	Sales	Ratio
2013-2014	24684	110720	22.29
2014-2015	914	132148	0.69
2015-2016	12722	151862	8.37
2016-2017	9507	171940	5.53
2017-2018	25120	205990	12.20

Fig:5

INTERPRETATION

The figure reveals the operation efficiency of 'LAUNCHPAD LEARNING LABS PVT LTD' in the year 2013-2014 to 2017-2018 because the Net profit Ratio shows decreasing trend (2013-14 (22.29) to 2017-18 (12.20).

FIXED ASSETS TURNOVER RATIO
Table :6 Fixed Assets Turnover Ratio

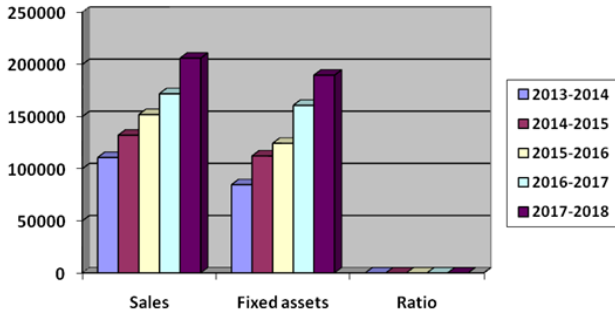| Year	Sales	Fixed assets	Ratio
2013-2014	110720	84608	1.31
2014-2015	132148	112257	1.78
2015-2016	151862	124326	1.22
2016-2017	171940	160732	1.07
2017-2018	205990	189668	1.09

Fig:6

INTERFERANCE
This figure shows decreasing trend of fixed assets turnover ratio in the year 2013-14 (1.31) to 2017-18 (1.09).

DEBTOR'S TURNOVER RATIO
Table:7 Debtor's Turnover Ratio

Year	Sales	Sundry debtor	Ratio
2013-2014	110720	1487	74.46
2014-2015	132148	3870	34.15
2015-2016	151862	7251	20.94
2016-2017	171940	10657	16.13
2017-2018	205990	17391	11.85

Fig:7

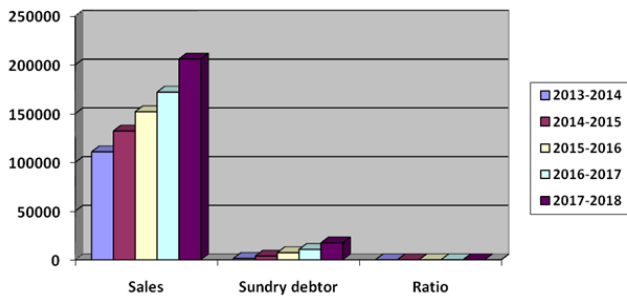### INTERFERANCE
In this figure shows debtors turnover ratio is decreased in each years. This indicates high liquidity of the debtors and quick convertibility of debtors into cash. figure shows Debtors turnover ratio in the year 2013-14 (74.46) to 2017-18 (11.85).

RETURN ON TOTAL ASSTS

Table:8 Return on Total assets Ratio

Year	Net profit	Total sales	Ratio
2013-2014	24684	110720	2.29
2014-2015	914	132148	0.69
2015-2016	12722	151862	8.38
2016-2017	9507	171940	5.53
2017-2018	25120	205990	12.20

Fig:8

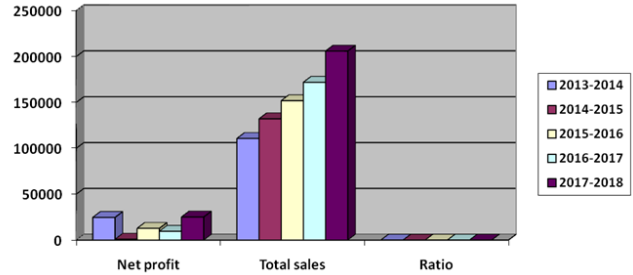### INTERPRETATION
This figure shows increasing trend of Return On Total Assets in the year 2013-14 (2.29) to 2017-18 (12.20).

COMMON-SIZE BALANCE SHEET FOR THE YEAR 2013-14

Table :9 Common size statement(2013-2014)

PARTICULARS	2013		2014	
	AMOUNT	%	AMOUNT	%
CURRENT ASSETS	21789	29.37	40469	32.34
FIXED ASSET	52344	70.55	84608	67.61
INVESTMENT	58	0.08	58	0.05
TOTAL ASSET	74191	100	125135	100
CURRENT LIABILITY	17296	23.31	35837	28.64
SHARE CAPITAL	2950	3.98	2950	2.36
RESERVES&SURPLUS	23374	31.51	36299	29.01
SECURED LOANS	903	1.22	3761	3.01
UNSECURED LOANS	22233	29.97	39858	31.85
DEFERRED TAX	7435	10.02	6430	5.14
TOTAL LIABILITES	74191	100	125135	100

INTERPRETATION
The fixed asset decreases to 67.61% and there is no change in share capital will affect the working capital of the company.

The current asset increases to 32.34% and the current liabilities increases to 28.64% it reveals that the company cannot make more profit.

From the above analysis the financial position of the company is good because the percentage of current liabilities is lower than the current assets.

COMMON-SIZE BALANCE SHEET FOR THE YEAR 2014-15

Table :10 Common size statement(2014-2015)

PARTICULARS	2014		2015	
	AMOUNT	%	AMOUNT	%
CURRENT ASSETS	40469	32.34	62614	35.79
FIXED ASSET	84608	67.61	112257	64.18
INVESTMENT	58	0.05	58	0.03
TOTAL ASSETS	**125135**	**100**	**174929**	**100**
CURRENT LIABILITY	35837	28.64	38959	22.27
SHARE CAPITAL	2950	2.36	2950	1.69
RESERVES&SURPLUS	36299	29.01	32565	18.62
SECURED LOANS	3761	3.01	28200	16.12
UNSECURED LOANS	39858	31.85	71503	40.88
DEFERRED TAX	6430	5.14	752	0.43
TOTAL LIABILITES	**125135**	**100**	**174929**	**100**

INTERPRETATION

The fixed asset decreases to 64.18% and there is no change in share capital will affect the working capital of the company.

The current asset increases to 35.79% and the current liabilities decreases to 22.29% it reveals that the company cannot make more profit.

From the above analysis the financial position of the company is good because the percentage of current liabilities is lower than the current assets.

COMMON-SIZE BALANCE SHEET FOR THE YEAR 2015-16

Table :11 Common size statement (2015-2016)

PARTICULARS	2015		2016	
	AMOUNT	%	AMOUNT	%
CURRENT ASSETS	62614	35.79	75143	37.66
FIXED ASSET	112257	64.18	124326	62.31
INVESTMENT	58	0.03	58	0.03
TOTAL ASSETS	**174929**	**100**	**199527**	**100**
CURRENT LIABILITY	38959	22.27	36537	18.31
SHARE CAPITAL	2950	1.69	3820	1.92
RESERVES&SURPLUS	32565	18.62	82552	41.37
SECURED LOANS	28200	16.12	34389	17.24
UNSECURED LOANS	71503	40.88	41498	20.79
DEFERRED TAX	752	0.43	731	0.37
TOTAL LIABILITES	**174929**	**100**	**199527**	**100**

INTERPRETATION

The fixed asset decreases to 62.34% and there is no change in share capital will affect the working capital of the company.

The current asset increases to 37.64% and the current liabilities decreases to 18.31% it revels that the company cannot make more profit.

From the above analysis the financial position of the company is good because the percentage of current liabilities is lower than the current assets.

COMMON-SIZE BALANCE SHEET FOR THE YEAR 2016-17

Table :12 Common size statement (2016-2017)

PARTICULARS	2016		2017	
	AMOUNT	%	AMOUNT	%
CURRENT ASSETS	75143	37.66	70059	30.35
FIXED ASSET	124326	62.31	160732	69.63
INVESTMENT	58	0.03	58	0.02
TOTAL ASSETS	**199527**	**100**	**230849**	**100**
CURRENT LIABILITY	36537	18.31	47901	20.75
SHARE CAPITAL	3820	1.92	3820	1.66
RESERVES&SURPLUS	82552	41.37	88751	38.45
SECURED LOANS	34389	17.24	40628	17.59
UNSECURED LOANS	41498	20.79	48978	21.22
DEFERRED TAX	731	0.37	771	0.33
TOTAL LIABILITES	**199527**	**100**	**230849**	**100**

INTERPRETATION

The fixed asset increases to 69.63% and there is no change in share capital will affect the working capital of the company.

The current asset decreases to 30.35% and the current liabilities increases to 20.75% it reveals that the company cannot make more profit.

From the above analysis the financial position of the company is good because the percentage of current liabilities is lower than the current assets.

V. RESULTS

- The current ratio is decreasing from 1.13 to 0.74 during the study period.
- The quick ratio is increasing from gradually 0.22 to 0.47 during the study period.
- From the study that the equity ratio is high comparable over all the years. This implies that the debt equity ratio was satisfactory
- The company proprietary ratio shows increasing trend comparing to previous years.
- Net profit ratios also show increasing trend comparing other years because of quality of the product and price of the product
- The fixed asset ratio of the company is decreasing from 1.31 to 1.09 during the study period.
- Debtor's turnover ratio indicates is low, which is considered to be dissatisfactory or debtor's management is inefficient.
- Return on total assets ratio is increasing trend of the firm
- The common size statement is year to year comparing to increasing each every year during the study period.

VI. DISCUSSION

➢ The company have to take steps to improve the management of working capital to meet its short term obligations.

> ➤ The company have to improve the management of accounts receivable by giving incentive for early settlement.
> ➤ The owner's contribution should utilized properly in relation with the long-term assets.
> ➤ The miscellaneous expenditure has gone up significantly over the years,which the management should consider seriously and take necessary actions to avoid them in the future.
> ➤ The company have to take care of better and efficient utilization of assets for improving the efficiency.

VII. CONCLUSION

Based on the analysis made with the financial statement of the launchpad llc from 2014-2018 the researcher like to conclude that the liquidity ratio are not favorable and also the net profit margin is decreasing at a higher rate, which indicates increasing operating expenses of the company implements the suggestion made along with the analysis. The company can improve its performance in the coming year.

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