

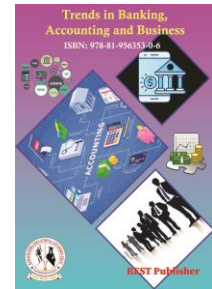


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## **A Study on the Budgeting with Ratio Analysis on MacroSkies Private Limited Company Hosur**

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**Abstract:** *The research aims to evaluate how MacroSkies Private Limited employs budgeting in conjunction with ratio analysis to enhance its financial performance and strategic planning. The study utilizes a mixed-method approach, incorporating both quantitative data from financial statements and qualitative data from interviews with key financial personnel. Key financial ratios, including liquidity ratios, profitability ratios, leverage ratios, and efficiency ratios, are analyzed over a five-year period.*

**Keywords:** *Budgeting, Ratio Analysis, Financial Planning, Financial Performance, MacroSkies Private Limited, Liquidity Ratios, Profitability Ratios, Leverage Ratios, Efficiency Ratios.*

### **1. INTRODUCTION**

Budget is essential in every walk of our life – national, domestic and Business. A budget is prepared to have effective utilization of funds and for the realization of objective as efficiently as possible. Budgeting is a powerful tool to the management for performing its functions i.e., formulation plans, coordination activities and controlling operations etc., efficiently. For efficient and effective management planning and control are to highly essential functions. Budget and budgetary control provide a set of basic techniques for planning and control. A budget fixes a target in terms of rupees or quantities against which the actual performance is measured. A budget is closely related to both the management function as well as the accounting function of an organization. As the size of the organization increases, the need for budgeting is correspondingly more because a budget is an effective tool of planning and control. Budget is helpful in coordinating the various activities (such as production, sales, purchase etc.) of the organization with result that all the activities precede according to the objective.

### **2. OBJECTIVES OF STUDY**

To understand the budgetary control system.

To control the performance evaluation.

To analyze and compare the variation of revenue budget and operational budget

To suggest the effective budgetary in the MacroSkies Pvt. Ltd.

### **3. SCOPE OF THE STUDY**

The study on the components of budgeted cost actual cost, sales, profits, etc. would help the company for forming effecting techniques. The study reveals the present liquidity and profitability position if the company. The study will enable the company in controlling the cost and achieving the profits that have been planned.

#### 4. LITERATURE REVIEW

IldikóRéka (2014) Cardoso, Budgeting is universally used all over the world. Budgets are the most powerful tool for management control, they are the key drivers and evaluators of managerial performance. However, in recent years criticism towards traditional budgeting has been notably increased. Researchers consider that traditional budgeting is a relic of the past; it cannot keep up with the changes and requirements of today's business world. As an answer, alternative budgeting concepts were developed, such as beyond budgeting, forecasting or activity-based budgeting. Our paper is a literature analysis.

Bornholet, (2013) However, because of globalization, ecological changes and strategic progressed innovative improvements, recently created hypotheses and models today don't have any significant bearing and a large number of them condemn and practice their training.

#### 5. 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 it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last, carefully testing the conclusions to determine whether they fit the formulating hypothesis.

#### 6. DATA ANALYSIS

This ratio is also known as acid test ratio. It is a more severe test of liquidity of a company. It shows the ability of a business to meet its immediate financial commitments. It is used to supplement the information given by the current ratio.

##### Ratio Analysis

**Current Ratio:** Current ratio may be defined as the relationship between current asset and current liabilities. This ratio also known as working capital ratio is a measure of general liquidity and is most widely used to make the analysis of short-term financial position or liquidity of a firm. It is calculated by dividing the total of current asset by total of the current liabilities.

**Current ratio = Current Assets/Current Liabilities**

**TABLE 1.** Table showing the current ratio

Year	Current Asset (Rs in lakhs)	Current liabilities (Rs in lakhs)	Ratio
2018-2019	19511	9606	2.031
2019-2020	22125	9239	2.394
2020-2021	29397	11827	2.485
2021-2022	30119	11364	2.650
2022-2023	33230	15710	2.115

**Sources;** extracted from annual report in the year 2019-2023

**Interpretation:** The table shows the current assets position of the Macroskies the current ratio was not fluctuating trend during the study period. Hence the position indicates that the current ratio.

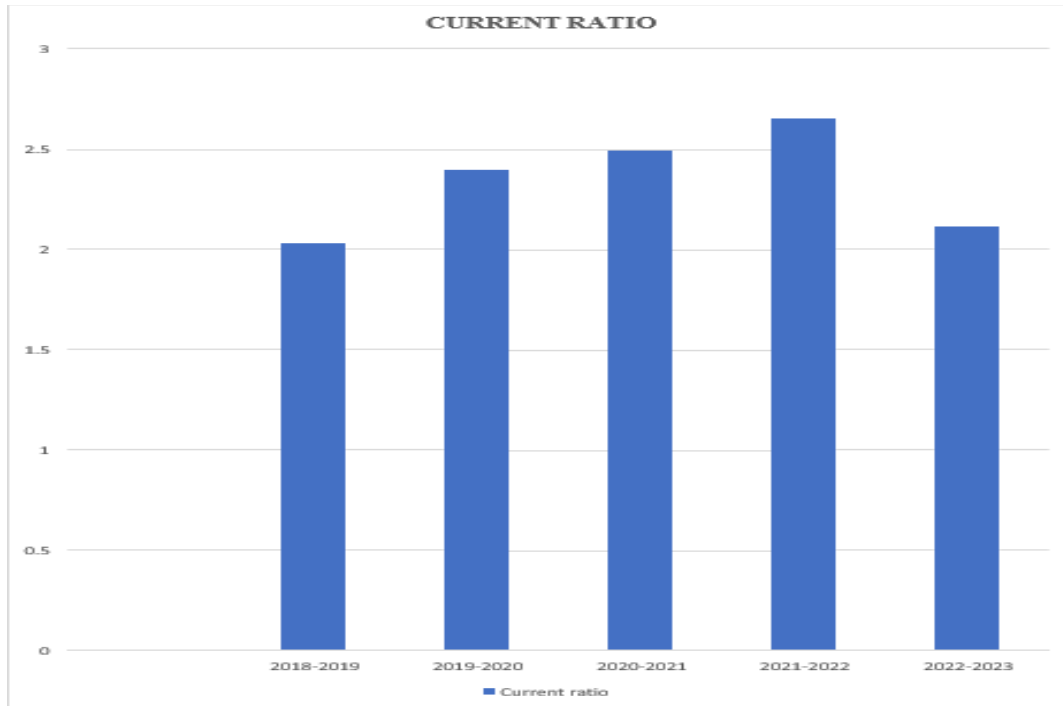


FIGURE 1. Showing the percentage of current ratio year ending 2019-2023

**Liquid Ratios:** Quick ratio also known as acid test or liquidity then the current ratio, the term liquidity refers the ability of a firm to pay its short-term obligations as and when they become due. Two determines of current ratio as a measure of liquidity are current asset and current liabilities.

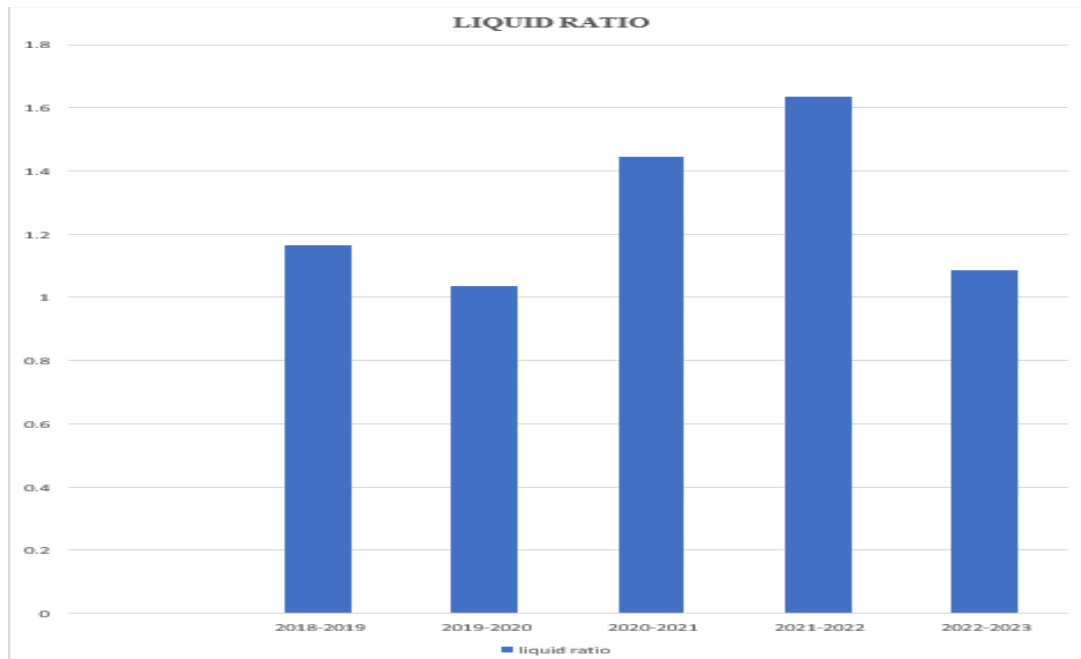
**Liquid ratio = Liquid Assets/Current Liabilities**

TABLE 2. Table showing the liquid ratio

Year	Liquid Asset(Rs in lakhs)	Current liabilities (Rs in lakhs)	Ratio
2018-2019	11206	9606	1.167
2019-2020	9574	9239	1.036
2020-2021	17070	11827	1.443
2021-2022	18584	11364	1.635
2022-2023	17038	15710	1.085

Sources; extracted from annual report in the year 2019-2023

**Interpretation:** From the table liquid ratio of the Macroskies. It was not was not fluctuating trend during the study period. Hence the position indicates that the liquid ratio.



**FIGURE 2.** Showing the percentage of liquid ratio year ending 2019-2023

## 7. FINDINGS

1. Current ratio of MACROSKIES was irregular varying during the study period. It was maximum in 2021 - 2022.
2. Liquid ratio of MACROSKIES has been decreases in the studyperiod. It was maximum in 2021 - 2022.
3. Fixed asset to current asset ratio was constantly decreasing the study period from 0.551 to 0.516.
4. The net profit to total asset ratio was constantly decreasing during the study period.
5. Gross profit ratio of MACROSKIES has been decreasing in the studying period it was maximum in 2020 - 2021.
6. Fixed asset ratio was increasing in the studying period.
7. The comparative balance sheet analyses to found out as a satisfactory level of performance duringthe period of study.

## 8. SUGGESTIONS

Budgetary has become the primary function of management most of the budgeting relates to individual and individual proposals. Budgets are the expressions, largely in financial terms. Budgetary control has, therefore become an essential tool of management for controlling and maximizing profits. The objectives and how it can be achieved through budgetary control process. Time tables for all stages of budgeting should be followed regularly by all the departments. Reports, statements, forms and other record should be maintained if any information is needed. Continuous comparison of actual performance with budgeted performance will result in knowing whether the company is in profit or loss.

## 9. CONCLUSION

Over all the project report I study and analysis the budgetary control system minimizing the total cost and improving the organizational effectiveness with the view of balance sheet the ratio analysis is used. Comparative balance sheet

analysis to found the as a satisfactory company performance. on the other side trend analysis informs about their increase on the yearly based. The research found out the overall financial position of MACROSKIES is favorable.

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