EVALUATING THE PERFORMANCE OF COMPANIES ON THE BASIS OF FINANCIAL ANALYSIS RATIOS

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ABSTRACT

The process of evaluating performance of great benefit to this, most companies, including the company under study publicly report include a balance sheet and income statement and cash flow as well as some of the details and financial ratios and comparisons, which explains the nature of the company's activity. In order to strengthen the company's position in the market and for investors to buy shares, but the company after all not made charts and graphs illustrate the company's performance, and as we know, the charts and graphs give a clearer picture and also leave an impact.

Keywords: Financial Analysis, Advance Accounting, Financial Ratios, Performance of the Companies.

1. INTRODUCTION

Financial analysis in the past few years has become a very significant even at the level of states, although he has yet to reach the level of ambition but there are many universities and institutes competent to take it upon himself to enter this article task within the approved curriculum for graduating qualified to meet the market need that has become need desperately to such jurisdiction after the great global openness and after the spread of capital markets in most countries of the world.

As fever intensified competition between the companies became the process of evaluating the performance of organizations process indispensable for survival and development, and financial analysis has the upper hand in the process of evaluating performance and detect deviations and even find out where the flaw lies.

Financial analysis in a simple is the sum of methods and mathematical and statistical methods and by the technical analyst financial data and financial statements and reports in order to evaluate
the performance of institutions and organizations in the past and the present and anticipate what will be in the future. While others argue that the financial analysis on it the entrance or system to run data to extract information that will help decision makers to identify.

2. FINANCIAL ANALYSIS

First: the concept and importance of financial analysis:

1- The Concept of Financial Analysis:

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While others argue that the financial analysis on it the entrance or system to run data to extract information that will help decision makers to identify:

i) Past performance of the facility and the fact that the financial and economic situation of the facility at the moment.

ii) Predict financial performance of the entity in the future.

iii) Evaluating the performance of management.

Second: financial analysis steps, the beneficiaries of it, sources of information analysis, and the types of financial analysis:

1- Financial analysis steps:

There are specific steps used by financial analyst in the process of analyzing and perhaps most important are the following:

a - Identify purpose or objective of the analysis and this relates to the decision of the administration about what work you want do you want to evaluate final performance, or do you want to analyse the project's ability. Meet its obligations under way as often happens in banks, for example, when you want to give a loan to a facilities, or intended an analysis of the productivity of labour, and other targets.

b - The analyst then collect the information required by the type of analysis, the goal was the final analysis, performance evaluation, the analyst collects data on expenditure and income for a certain period and identify the key indicators that have a significant role in the performance of the project, such as sales or production.

c- Then moves analyst then to determine which tools will be applied in the analysis process this regard, of course, the scientific and technical level of the analyst and the extent of his experience in the field of analysis.

d - Here the analyst using relevant data in order to reach a certain benefit indicators in the analysis process.

e - Having access to certain indicators will analyze these indicators in order to see the direction of these indicators in the future.

f - Ends analyst to writing its findings and recommendations in the form of a report to be submitted to the agency that requested the analysis.
3. SOURCES OF INFORMATION FINANCIAL ANALYSIS

Data sources can be divided into financial analysis to two sources:

A - Internal sources:

It sources from inside the facility, which is the accounting and statistical information, administrative and economic.

B - External sources:

The all sources that are outside the facility and perhaps most notably capital markets and offices stock brokers and bodies, specialized newspapers and magazines and various state departments that have a relationship such as the Ministry of Planning and the Ministry of Economy and the Ministry of Finance and statistical systems.

Additionally should identify levels of profitability and performance in different sectors as well as the sector in which the entity operates analysis to be carried out in addition to some of the legislation related to taxes and customs duties and other, as well as the economic conditions should be known from recession and inflation and other vogue.

CONCLUSION

1- After a performance evaluation for Cement Acc Company unclear how effective and accurate financial analysis tools to track paragraphs costs and analysis, for example, in addition to compare each paragraph of the budget and costs with the same paragraph during the three years (2009-2011), or compare costs with profits. In addition to that, the charts and graphs that reflects the results of the analysis the best images and can - from a simple knowledge in this area - to be a good idea for this company just by looking at these graphs.

2- The process of evaluating performance of great benefit to this, most companies, including the company under study publicly report include a balance sheet and income statement and cash flow as well as some of the details and financial ratios and comparisons, which explains the nature of the company's activity. In order to strengthen the company's position in the market and for investors to buy shares, but the company after all not made charts and graphs illustrate the company's performance, and as we know, the charts and graphs give a clearer picture and also leave an impact and impression more to the recipient, as the images are concentrated in the mind more than other means as media experts say.

3- There is great interest in highlighting the pros and the economic and social status and contribution to this company or those in the process development and all that represents the state media have an impact individuals particularly investors. This, of course, as a result of the use of financial analysis tools. So should the companies and the company the subject of the study that emphasizes the social aspect and media because of their significant impact on the hearts of members of the community.

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