

## A STUDY ON ACCOUNTS RECEIVABLE MANAGEMENT IN AVA CHOLAYIL HEALTH CARE PRIVATE LIMITED, CHENNAI

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**Abstract**—Time management refers to the way that we organize and plan how we manage specific activities efficiently and effectively. As far as a food considered, time management is very important for everybody starting. This study undertook to explore the relevance of time management at Jeyyam Global food Pvt Ltd, one of the major food industries in the city. Other objectives of the study included- to know how specific and scheduled they are in carrying out their daily activities, to evaluate the time management of an employee, to identify how far employees have understood and internalized the concept and to understand the level of distractions and pressure on the employees during working hours. Samples were drawn from different sections such are office employees. The sample size selected was 120 and convenient sampling was employed. Data were collected from the samples through predesigned questionnaire. The findings are very encouraging. As a whole, employees have accepted the soundness of the time management concept practiced in the global food industry. Employees have realized the importance of time management and about its implication for their day-today work and as a means of career advancement. They handle themselves the distractions they face and there seems to be no time pressure as they find the office management has allotted enough time commensurate with the nature and content of the job. Employees are happy with their work life balance and senior employees delegate their work and support their subordinates well. The study also reveals that management can expect better productivity and co-operation from the employees for a win-win situation in the hospital.

**Keywords:** Accounts Receivable, Credit Sales, Invoice, Debit & Credit, Customer Payment, Cash Receipts, Bad Debt Expenses, Allowance for Doubtful Accounts, Net Receivable, Journal Entry.

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### INTRODUCTION

The term account generally refers to a record-keeping or ledger activity. It has many different applications in the financial industry. In banking, an account refers to an arrangement by which an organization, typically a financial institution such as a bank or credit union, accepts a customer's financial assets and holds them on behalf of the customer at his or her discretion.

Types of accounts include savings accounts, which are designed to help customers accumulate liquid assets; checking accounts, which make it easier for customers to use liquid assets to pay debts and buy goods and services; and retirement accounts, which allow customers to earn higher interest rates on money saved and invest for old age.

### OBJECTIVES OF THE STUDY

#### Primary Objective

The main objective of the study is the company performance towards accounts receivable management in AVA Cholayil Health Care Private Limited, Chennai.

## Secondary Objectives

The prime objective is to analyze and evaluate the accounts receivables management and its performance in AVA Cholayil Health Care Private Limited, Chennai.

- To analyse the receivable management of the company from 2019-20 to 2023-24.
- To know how the receivables were managed and to analyze to what extent they were offering credit
- To know who were the major defaulters and to know how much extent of cash is blocked as bad debts

## SCOPE OF THE STUDY

The scope of this study is confined to AVA Cholayil Health Care Private Limited, Chennai. The main aim of the study is to analyse the accounts receivable management in AVA Cholayil Health Care Private Limited, Chennai for 2019-20 to 2023-24. The scope encompassed with the debtors section of the company which is a part of finance and accounting department. An extensive study is done on the blocking up of receivables and its retaining activities, and the factors determining these notes receivables. The study concentrates on the liquidity position of the firm, and a brief study is made on the techniques used by the firm.

## LIMITATIONS OF THE STUDY

Finance statement analysis of the organization is based entirely on the previous year's Balance sheet and Profit & Loss A/c statement. This data available from the organization is valid only with respect to the figure given.

5 years data is taken for analysis. The 5 years data may give a clear picture about the overall performance.

Being the time limit for the researcher is very short; it becomes impossible to gather much more details recording this study.

There is always a possibility of window dressing of financial statements

## REVIEW OF LITERATURE

Literature review deals with the article related to the topic Critical Management. It helps to get clear idea about topic. The review of the literature for this study focuses on how accounts receivable management concentrating on the efficiency of collection. This chapter reviews the literature that forms the basis of the study. It will highlight theoretical framework where theories relating to the study will be discussed. Also in the chapter a review of Empirical literature where past studies by various scholars locally and globally on receivables management/performance are discussed.

Pasuvappa. M (2019) Accounts receivable of a firm is a legally enforceable claim for payment from a business to its customers / clients for goods supplied and / or services rendered in execution of the customer's order. On the balance sheet, it is reported as a current asset and is considered part of an organization's working capital. The foundation behind accounts receivable is a firm's policies and procedures for sales. A system must be in place to track accounts receivable. This should include balance forwards, listing of all open invoices and generation of monthly statements to customers. An aging of receivables should be used to collect overdue accounts. Several empirical papers also address trade receivable les.

Pasuvappa. M (2019), Impact of Receivables Management on Working Capital and Profitability: A Study on Select Cement Companies in India, International Journal Marketing, Financial Service and Management Research, Volume 2, No. 3.

Petersen and Rajan (2019), who give a comprehensive examination of the determinants of trade credit. Using data from the 2012 National Survey of tiny Business Finance, they analyze each trade receivables and trade payables, and look at the theories described antecedently. According to

the information advantage exp lanation of trade credit, they realize proof that better and faster access to information makes companies additional competitive lenders than financial institutions, particularly once their clients are credit constrained.

Petersen and Rajan (2019), Impact of Receivables Management on Working Capital: A Study On Select Cement Companies.

Khandelwal. N M (2019) investigated the receivable management process and practices among 40 small scale industries in the state of Rajasthan, between 2009-2010 to 2012-2013. The study revealed that the management of receivables was

highly ineffective and disorderly. It was found that bills of receivables constituted as much as 50% of total current assets. Highlighting the sickness in the Jodhpur industrial estate, the study attributed the main reason to the inefficient management of receivable. The study also revealed that entrepreneurs had to be educated on the concepts of receivables.

Khandelwal. N M (2020). Analysis of Receivable Management; Retrieved November 18, 2012 from <http://www.shodganga.inflibnet.ac.ic/bifstream>.

Sinha .KP, Sinha.AK and Singh. SC (2019) in their study on the analysis of receivable

management in Fertilizer Corporation of India with reference to Gujarat State Fertilizer Corporation revealed that a huge portion of funds was tied up in the form of working capital, especially in inventories and receivables

## **RESEARCH METHODOLOGY**

Research is a systematic inquiry used to describe, explain, predict or control some observed phenomenon - the research topic. Researchers begin by selecting a broad research topic and conducting a literature review to build up the researcher's knowledge base and to ensure the significance of the research. The researcher will then develop a research problem related to the topic and create a specific question. The research design will then be developed and the procedures for analyzing the data will be identified.

## **SUMMARY OF FINDINGS**

The current ratio is 1.10 in the year of 2022-2023. It has decreased to 1.09 in the year of 2023- 2024.

The quick ratio is 0.79 in the year of 2021- 2022. It has increased to 0.80 in the year of 2023- 2024

The networking capital ratio is 0.03 in the year of 2019-2020. It has decreased to 0.02 in the year of 2020-2021. It has further decreased to -0.03, -0.12 and -0.09 in the year of 2021-2022, 2022-2023 and 2023- 2024 respectively.

The gross profit ratio is 43.80 in the year of 2022- 2023. It has increased to 44.19 in the year of 2023-2024. It has further increased to 78.56

The net profit ratio is 117.27 in the year of 2022- 2023. It has decreased to 117.15 in the year of 2023-2024

The debtors turnover ratio is 5.42 in the year of 2021- 2022. It has increased to 6.05 in the year of 2022-2023. It has further increased to 12.43 in the year of 2023-2024.

The average collection period is 67.31 days in the year of 2022- 2023. It has further increased to 60.17 in the year of 2023-2024.

The receivables to working capital is 335.92 in the year of 2019-2020. It has decreased to 316.11 in the year of 2020-2021. It has further decreased to -394.94, -73.90 and -118.77 in the year of 2021- 2022, 2022-2023 and 2023-2024 respectively.

The receivables to current assets is 0.32 in the year of 2020-2022. It has decreased to 0.27 in the year of 2022-2023. And it has increased to 0.32 in the year of 2023-2024.

The cash turnover ratio is 55.92 in the year of 2022- 2023. It has increased to 102.01 in the year of 2023-2024.

## **CONCLUSION**

The system of the accounts receivable management is going well in the company with the systematic way and an effective financial control process is being followed by the company AVA Cholayil Health Care Private Limited, Chennai to deal with the debtors. This project focuses on the receivables management which plays a crucial role in the sales, receivables and working capital of the company. The analysis of the project reveals that there is high volatility in extending credit period to customers. The analysis further reveals that there is great scope in increasing the sales volume, in managing better collection. The suggestions offered clearly indicated the efforts to be undertaken in better receivables management and increasing the turnover. If these suggestions are taken note of by company, then define rely the company can very well manage the working capital position with better collection through increased sales.

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