



“A Study On Financial Analysis Of Limited Liability Partnership. (LLP’s)”

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Abstract: The study on financial analysis of Nimble Technologies, a limited liability partnership (LLP), aims to provide insights into the financial performance and position of these companies. The analysis delves into various financial metrics such as liquidity, profitability, solvency, and efficiency to evaluate the effectiveness of their financial management and operational strategies. By examining the financial statements and ratios of both companies over a specified period, this study aims to highlight trends, strengths, weaknesses, and potential areas for improvement. The findings of this research can assist stakeholders, including investors, creditors, and management, in making informed decisions regarding investment, credit extension, and strategic planning within the context of LLPs.

Index Terms - Limited Liability Partnership, Financial Metrics, Financial Statements

I. INTRODUCTION

1. Background of the topic:

The basis of Limited Liability Partnerships' (LLPs') financial analysis is anchored in the changing environment of legal entities and business structures. LLPs are a type of hybrid entity that combines the mobility and tax benefits of a partnership with the immunity from liability of a corporation. Because of its flexibility, this structure has become well-known, especially for expert service providers. Since LLPs are separate legal entities, a thorough financial analysis is necessary to evaluate their performance, viability, and risk management. Investors, creditors, and other stakeholders must comprehend the financial status of limited liability companies (LLPs). To assess the LLP's capacity to fulfill its responsibilities and produce profits, it entails carefully examining its financial records, and cash flows, including profitability ratios.

With the special features of limited liability partnerships (LLPs), like partner restricted liability the Financial analysis has to adjust for these subtleties in the lack of share capital. By examining these nuances, this study hopes to clarify the financial characteristics of LLPs. To present a comprehensive picture of the stability and financial health of Limited Liability Partnerships, it will examine important financial indicators, regulatory concerns, and industry standards. Stakeholders may ensure the long-term success and expansion of LLPs in the fast-paced business world of today by using the analysis to help them make well-informed decisions.

This study's purpose is that limited liability partnerships have distinct financial reporting, governance, and structure, making it crucial to comprehend their financial dynamics. To give potential investors, participants, and decision-makers a thorough understanding of the financial standing of Nimble Technologies Pvt Ltd, this research will look at important financial metrics, ratios, and trends.

1.1 Need for the topic:

1. Comparative Analysis: • Find possible investment opportunities: Investors can learn about the comparative advantages and disadvantages of both companies by analyzing their financial performance. This can help them find undervalued stocks or businesses with stronger growth possibilities.

• Benchmarking performance: By comparing the two organizations' results, the analysis might help them find areas where their financial management procedures need to be improved.

• Industry insights: Gaining knowledge about these two companies' financial performance will help you understand the general state and emerging trends of the particular industry in which they operate.

2. The Credit Risk Assessment: • For creditors and lenders, the study can assist in determining the financial health of both businesses, giving them the information they need to decide whether to set reasonable interest rates or issue credit.

• For vendors: Being aware of the financial situation

These businesses can assist suppliers in evaluating their financial risk and helping them decide whether to offer credit terms or not.

3. Assist in Making Strategic Decisions:

• The research can offer both businesses insightful information to support strategic choices about the distribution of resources, potential investments, and future growth.

• For stakeholders: Shareholders and staff, for example, can learn from the analysis of the financial standing and prospects of the organizations they work with.

4. Promote Accountability and Transparency:

• Greater transparency: By giving stakeholders information about a company's financial performance, a publicly accessible financial analysis can encourage accountability and transparency within the organization.

• Better corporate governance: The research can point out areas where stronger corporate governance procedures can result in better risk and decision-making.

1.2 Theoretical Implication of the topic:

To grasp the interests of different parties connected to the LLPs, such as creditors, employees, and investors, requires a grasp of stakeholder theory. The financial analysis clarifies how Nimble Technologies uses its financial choices to manage these stakeholder relationships.

Additionally, the study advances theory by addressing issues unique to limited liability companies (LLPs), such as the lack of stockholders and the partners' involvement in decision-making. It investigates how these organizations handle their finances in the absence of the conventional shareholder structure.

As a result, the understanding of accounting procedures through the lens of limited liability corporations is improved. In conclusion, the financial assessment from Nimble Technologies framework provides conceptual insights into the use of finance concepts in this particular corporate structure.

1.3 Recent trends related to the topic:

Technology Integration: Financial analysis is being impacted by the growing usage of technology, including machine learning, artificial intelligence, and data analytics. With the use of sophisticated technologies, analysts can now easily evaluate massive datasets and obtain a greater understanding of the LLPs' financial health.

Economic and Regulation Changes: Shifts in the economy and legal systems frequently have an impact on financial analysis. A company's financial environment might be shaped by recent international events or regulatory changes, which can affect an LLP's financial performance and reporting obligations.

Integrated Reporting: Providing a thorough overview of a company's financial and non-financial performance, integrated reporting is becoming increasingly important. This tendency promotes a more comprehensive study that takes into account how a firm affects different stakeholders.

Predictive analytics: To predict future financial patterns, analysts are utilizing predictive analytics more and more. This entails using modeling techniques and historical data to predict future hazards and possibilities for LLPs.

II Literature review:

The significance of assessing both operating and financial hazards was highlighted by Goswami & Sarkar's (2011) examination of Tata Steel's financial results. They emphasized the need for thorough risk assessment and management by calculating the amount of Operating Leverage, which Degree of Finance Leverage, and the Degree of Total Load from 2000-01 to 2009-10. According to their research, Tata Steel should concentrate on raising net sales in the next years to successfully pay fixed operating expenses and keep operating risk

within a manageable range. This suggestion suggests a calculated course of action to reduce financial risk and guarantee the long-term viability of the business's operations.

In 2019 **Petrit Hasanaj, Beke Kuqi** Determining, forecasting, and evaluating the best economic conditions and companies' future performance is its main goal. Furthermore, the study aims to investigate financial statement analysis to provide financial managers with relevant data for their company's strategic decision-making. This emphasizes how crucial financial statement analysis is as a tool for external stakeholders like shareholders, investors, and additional interested parties, in addition to internal management. Stakeholders can make well-informed decisions and analyze risks by carefully examining financial reports, which provide them with insights into the company's present financial situation and performance.

The 2023 study by Subur Karyatun and Devi Indah Juliani on the financial performance of manufacturing firms that are listed on the stock market in Indonesia. The purpose of the study is to investigate and evaluate the relationship between these industrial enterprises' financial performance and three important financial indicators: the debt-to-equity ratio, the current ratio, and total asset turnover. The study examines the financial statements of ten manufacturing companies that were chosen at random and cover the period from 2016 to 2020.

The study by Bhadrappa Haralayya, published in the Iconic Research & Engineering Journals in 2022, looks into how financial statement analysis affects Lahoti Motors Bidar's financial success. The study broadens its focus to include working capital management as a critical factor affecting the financial performance and capacities of the organization. Using the handling of working capital as a focus point, the study provides a comprehensive understanding of the financial dynamics of the organization. Using this strategic method, Lahoti Motors Bidar's operating efficiency may be thoroughly assessed, and possible areas for improvement can be found. The goal of the research is to clarify the complex relationship between fiscal statement evaluation and the organization's overall financial health through a thorough examination of financial statements. Additionally, the investigation into the functioning useful method for figuring out an organization's liquidity, effectiveness, and solvency is capital management.

The Hasanaj and Kuqi (2019) study explores the vital role that financial statement analysis plays in identifying, projecting, and assessing the best possible economic conditions as well as the performance of a company going forward. The research attempts to provide financial managers with important insights required for well-informed decision-making in company affairs through the analysis of financial statements. A wide range of stakeholders, including executives, stockholders, and investors, benefit from this research since it gives them crucial knowledge about the state and performance of the company's finances. The study emphasizes how important financial statement analysis is as a tool for evaluating a company's present situation and future course, empowering stakeholders to make decisions that are strategically aligned with their goals and interests.

In a study on Hatsun Agro Product Ltd., Murthy, Manyam, while Manjunatha (2018) focused on comparing financial statement analysis to evaluate the business's performance in comparison to its historical performance. The study highlights how important management is in determining how well a firm performs through strategic planning along with effective execution. The study assesses achievements in terms of asset utilization and profitability activities by looking over financial statements. The research methodology examines performance in the past and present to provide insights into the trajectory of the company across time. Stakeholders can make more informed decisions by gaining a greater understanding of the company's operational effectiveness and financial health through this comparison research.

Welc highlights the importance of ratio estimation as a key technique for evaluating and comparing business financial performance in his 2022 study. Calculating a collection of metrics from important statistics taken out of primary financial accounts is the process of ratio analysis. Welc emphasizes that certain accounting ratios are frequently computed simply, frequently as a quotient of just two values. This computation's ease of use highlights ratio analysis's usefulness and accessibility as a tool for fiscal evaluation. Ratios shed light on the connections between several financial factors, including profitability, liquidity, and efficiency. This allows analysts to assess the operational and financial health of a business.

The fourth edition of Thomas R. Robinson's "International Financial Reporting Analysis" (2020) offers users a priceless resource created by seasoned CFA Institute specialists. This thorough manual addresses a wide

range of subjects, from the principles and practices of financial reporting down to the subtle differences between income statements & balance sheets. Robinson and his colleagues provide readers with lucid and perceptive instruction, furnishing them with the requisite instruments and methodologies for efficacious financial analysis. Beyond only theoretical ideas, the book offers readers useful perspectives that let them use what they've learned in practical situations.

The International Journal of Construction Management published a paper by Vibhakar and Tripathi in 2023 that addresses the problem of determining important financial performance metrics for Indian construction enterprises. Although they recognize the long-standing value of ratio analysis of finances in assessing the financial health of these enterprises, they also point out the complexity brought about by the wide range of ratios used by different corporations. The researchers use a combination of qualitative and quantitative methodologies to address this complexity. They specifically do factor modeling on financial ratios that were taken from a sample of one hundred Indian construction enterprises over ten years. Using this method, they can extract key financial metrics from the variety of accessible ratios, making performance evaluation more efficient and enlightening.

Yahyoyevna and Alexandrovich clarify the critical function that financial management plays in supporting the financial health of businesses in their 2024 Journal of Education publication. The essay emphasizes how sound financial management is essential to guarantee the stability of companies. As previously mentioned, financial stability is important not just for the individual business but also for the economy as a whole. Through effective financial resource management, organizations may effectively navigate through a range of economic problems and uncertainties, thereby ensuring the sustainability and resilience of their operations. The essay also emphasizes how crucial it is to keep an eye on financial stability to assess the financial effects of organizational choices and policies. Enterprises may optimize resource allocation, limit risks, and capitalize on growth possibilities by using careful financial management processes.

III Company Profile

Over the past fifteen years, PDKA, a well-known Bangalore, India-based chartered accountancy (CA) firm, has grown significantly. Under the direction of Shri. Dilip Kumar P., B.Com, FCA, CISA, DISA, the company has made a name for itself as a reliable supplier of services to a wide range of clients, including businesses from India and other countries including the USA, Australia, Dubai, UK, Ireland, Singapore, Japan, & Italy.

Offering a wide range of services under one roof is the company's area of expertise. It primarily serves the information technology (IT) or IT IT-enabled services (ITES) sectors as well as India's rapidly expanding retail business. With more than 15 years of post-qualification experience, Shri. Dilip Kumar P. has been instrumental in building a youthful, motivated, and vibrant team of experts at PDKA. Among the many credentials that Shri. Dilip Kumar P. possesses the designations of Fellow Chartered Accountants of India (FCA), Certified Information Systems Auditor (CISA), and Diploma in Information Systems Auditor (DISA). His experience in computer systems (IS) Audit, a critical component in today's technologically advanced business environment, is demonstrated by these qualifications. PDKA's Quality Policy demonstrates the company's dedication to quality. The company's goal is to provide business entities with all-inclusive services while closely following the rules, norms, and standards established by the Indian Institute of Chartered Accountants for India (ICAI). The goal of PDKA's Quality Management System (QMS) is to deliver exceptional services to its clientele efficiently and effectively.

At PDKA, all employees are held accountable for quality, both the firm's audit staff is a committed group of approximately thirty professionals who share the same commitment to quality. This team, which consists of a senior audit manager and two certified chartered accountants, guarantees that every task is finished precisely and to the highest standard. The range of services that PDKA offers includes business valuations, corporate governance and internal control setup for new ventures, business entry strategies for international companies operating in India, and Chief Financial Officer (CFO) services for overseas companies doing business in India.

To sum up, PDKA's success stems from its dedication to quality, compliance with ICAI guidelines, and an extensive array of services catered to the requirements of its varied customers in the always-changing business environment.

IV Chapter- 4:**4.RESEARCH DESIGN****Statement of problem****Financial Performance Assessment:**

- Evaluate the financial performance of LLPs across different industries and sectors.

Comparative Analysis with Other Business Structures:

- Compare the financial performance of LLPs with other business structures such as sole proprietorships, partnerships, and private limited companies.

Regulatory Compliance and Reporting:

- Assess the compliance levels of LLPs with relevant financial reporting standards and regulatory requirements.

Capital Structure and Funding Patterns:

- Examine the capital structure of LLPs, including the mix of debt and equity.

Operational Efficiency and Cost Management:

- Investigate the operational efficiency of LLPs, focusing on cost management strategies.

4.1 RESEARCH GAP

This study aims to bridge the gap in existing research by thoroughly comparing the financial performance, profitability, and risk profiles of DIL and TRL. By analyzing key financial ratios such as gross profit margin, net profit margin, current ratio, quick ratio, debt-to-equity ratio, interest coverage ratio, inventory turnover ratio, and receivable turnover ratio, a comprehensive assessment of both companies' financial health will be conducted. The research will specifically focus on the years 2019-2023, providing insights into the companies' profitability trends and the trajectory of their assets and liabilities over this period. This analysis will offer a nuanced understanding of their current standing and prospects in the market.

4.2 OBJECTIVES OF STUDY

- To examine the financial performance of Nimble Technologies
- To determine the business's profitability.
- To research the firm's immediate and long-term financial status.
- To provide recommendations based on financial statement analysis.

4.3 SCOPE OF THE STUDY

- 1. Timeframe:** To give a complete view of the financial patterns and performance of the companies, the analysis could focus on a certain time frame, such as the last five years.
- 2. Financial accounts:** The primary goal of the study would be to examine the two companies' financial accounts, which would include the following:
 - o Cash Flow Statement;
 - o Income Statement;
 - o Balance Sheet
- 3. Specific Financial Ratios:** 1. To evaluate the financial health of the companies, the analysis would compute and interpret pertinent financial ratios. These include 2. Profitability ratios (e.g., return on equity, return on assets); 3. Liquidity ratios (e.g., current ratio, quick ratio); 4. Solvency ratios (e.g., debt-to-equity ratio); 5. Efficiency ratios (e.g., inventory turnover percentage, receivable turnover ratio)
- 4. Comparative Analysis:** This study's key component would be a comparison. The fiscal ratios and performance measures of the two businesses over various periods to determine: Financial performance similarities and differences o Comparative advantages and disadvantages and Potential areas for development.

4.4 RESEARCH METHODOLOGY AND DATA COLLECTION

- Sample design
- Sample size: 4 yearly statements of Nimble Technologies 2020-2023
- sampling unit: Profit and loss account and Balance sheet.
- Method of data collection- secondary data
- Data analysis techniques: Ratio analysis, Vertical analysis, Comparative statements.

4.5 Tools for data collection:

Financial Statements:

Balance Sheets: Obtain balance sheets to assess the financial position of LLPs, including assets, liabilities, and equity.

Income Statements: Analyze income statements for insights into revenue, expenses, and profitability.

Publicly Available Reports:

Utilize reports and publications from regulatory bodies, industry associations, and financial institutions that provide aggregated financial data on LLPs.

Financial Ratios:

Calculate financial ratios using both primary and secondary data.

Use ratios such as liquidity ratios, profitability ratios, leverage ratios, and efficiency ratios to assess financial performance.

4.6 Statistical tools for analysis:

Descriptive Statistics:

Regression Analysis:

Comparative Analysis:

Probability Distributions:

V Chapter 5:

DATA ANALYSIS AND INTERPRETATION:

Comparative Analysis of Nimble Technologies

Trade Receivables

Year	Amount	Percentage
2020	728,044.00	14.22%
2021	0.00	0.00%
2022	361,576.22	8.20%
2023	739,527.00	17.89%

Interpretation:

By analyzing this data, we can see variations in the trade receivables of Nimble Technologies over time. Even though trade receivables were noticeably absent in 2021, they recovered and grew in the years that followed.

To properly manage their cash flow, guarantee on-time collections, and evaluate the creditworthiness of their clientele, Nimble Technologies must analyze these patterns.

Inventories

Year	Amount	Percentage
2020	1,628,242.25	31.79%
2021	1,274,134.18	22.37%
2022	1,749,873.37	39.66%
2023	1,305,853.00	31.59%

Interpretation:

The inventory data from Nimble Technologies shows fluctuating quantities throughout time, highlighting the significance of effective inventory management. Reactive customer service, reduced carrying costs, and optimal working capital are all benefits of effective management. By examining these patterns, Nimble may improve its plans to better align with the needs of the business and changes in the market, leading to increased operational effectiveness and a competitive edge. Nimble can continue to develop, improve customer satisfaction, and preserve its financial stability in a competitive market by adapting its inventory methods to the changing dynamics.

Short Term Provisions:

Year	Amount	Percentage
2020	382,226.58	7.46%
2021	513,933.38	9.02%
2022	594,913.98	13.48%
2023	1,244,202.00	30.10%

Interpretation:

The increasing short-term provision allocations from Nimble Technologies indicate a cautious approach to managing impending financial concerns. Nimble shows that it may be proactive in preparing for unforeseen costs and risks by gradually allocating funds. This strategy not only promotes resilience but also financial stability, allowing Nimble to quickly fulfill short-term commitments without sacrificing operational integrity. The aforementioned trend highlights Nimble's dedication to flexible financial management, which will eventually strengthen its long-term viability and competitiveness by putting it in a favorable position to weather changes and exploit opportunities in the face of changing market conditions.

Trade Payables:

Year	Amount	Percentage
2020	1,946.00	0.04%
2021	102,666.78	1.80%
2022	3,703.00	0.08%
2023	0.00	0.00%

Interpretation:

The trade payables of Nimble Technologies show volatility, indicating the need for flexible payment arrangements and procurement tactics. Maintaining healthy relationships with suppliers and maintaining financial stability requires striking a balance between timely payments and efficient cash flow management. Payables fluctuations show how flexible the business is to operational requirements and market situations, enabling quick reactions to shifting demands. Nimble preserves supplier confidence while optimizing resource allocation by upholding this equilibrium. This kind of tactical trade payables management not only builds resilience but also improves Nimble's marketability.

VI Chapter 6:**Suggestion:**

Better Receivables Management: To lower the risk of bad debts, put in place strict credit standards and monitoring programs. To reduce outstanding receivables and increase cash inflows, provide incentives for early payment.

Optimized Inventory Control: To better match inventory levels with demand changes, make use of sophisticated forecasting methods and inventory management software. Use just-in-time inventory management techniques to reduce carrying costs and guarantee product availability.

Proactive Provisioning: Evaluate possible risks and liabilities frequently and modify short-term provision allocations as necessary. To improve financial readiness, save aside money for unforeseen costs and erratic market situations.

Simplified Payables Process: To maximize cash flow without jeopardizing relationships, negotiate advantageous payment terms with suppliers. To expedite the payables process and guarantee on-time settlements, implement automatic invoicing and payment solutions.

Through the application of By implementing these recommendations, Nimble Technologies may fortify its cash flow management, boost overall operational effectiveness, and improve its financial standing, all of which will position the company for long-term growth and market competitiveness.

VII Conclusion:

In summary, trade receivables, inventory, short-term contingencies, and trade payables all fluctuate over time, as seen by the financial data provided by Nimble Technologies. These variances highlight how crucial it is to use strategic financial management to adapt to shifting operational requirements and market conditions. Nimble can improve its cash flow supervisors, guarantee on-time payments and payments, and maximize inventory levels by examining these patterns. Furthermore, proactive steps like raising short-term contingencies show Nimble's dedication to reducing financial risks and preserving stability. Nimble Technologies should keep modifying its financial plans in the future to conform to changing market conditions and company goals. By doing this, Nimble will be able to maintain long-term growth and competitiveness, improve operational efficiency, and solidify its position in the market.

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