



A Study on Working Capital Management at Cook N Klean

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Abstract:

Working capital management plays a vital role in maintaining the financial stability and operational efficiency of an organization. It focuses on the management of short-term assets and liabilities such as cash, receivables, payables, and inventory. The main objective of this study is to analyse the working capital management practices at Cook N Klean and examine their impact on liquidity and profitability.

The study adopts a descriptive research design and collects primary data through a questionnaire survey from employees and management of Cook N Klean. Secondary data were obtained from company financial statements, reports, journals, and online sources. The findings show that effective management of working capital helps maintain smooth operations, improve liquidity, and increase profitability. The study concludes that proper monitoring of receivables, cash flow, and credit policies is essential for maintaining financial efficiency in service organizations.

Keywords: Working Capital Management, Liquidity, Current Assets, Current Liabilities, Profitability, Cash Management.

Introduction:

In the modern business environment, effective financial management is essential for the success and sustainability of organizations. One of the most important aspects of financial management is working capital management, which deals with the management of short-term assets and liabilities to ensure smooth business operations.

Working capital represents the difference between current assets and current liabilities. Proper management of working capital helps organizations maintain liquidity, meet short-term obligations, and improve profitability. Efficient working capital management ensures that companies have sufficient funds to run their daily operations without financial difficulties.

Service-based organizations such as Cook N Klean depend heavily on efficient cash flow management and timely collection of receivables. Delays in payments from customers or inefficient financial planning may lead to liquidity problems and affect operational performance.

Therefore, proper planning and monitoring of working capital components such as cash, receivables, and payables are essential for improving financial performance. This study focuses on analyzing the working capital management practices at Cook N Klean and evaluating their impact on liquidity and profitability.

Problem Statement:

Many organizations face challenges in maintaining an optimal level of working capital. Insufficient working capital may lead to liquidity shortages and operational disruptions, while excessive working capital may result in idle funds and reduced profitability.

Cook N Klean may experience issues such as delays in receivables collection, inefficient cash management, and imbalance between cash inflows and outflows. Therefore, it is important to examine the effectiveness of working capital management practices in the company.

Literature Review:

Deloof (2013) stated that efficient working capital management improves profitability and financial performance of firms.

Shin and Soenen (2018) explained that proper management of receivables, inventory, and payables plays a significant role in maintaining liquidity and improving firm value.

Padachi (2016) highlighted that working capital management is crucial for small and medium enterprises to maintain financial stability and operational efficiency.

Raheman and Nasr (2017) found that effective working capital management positively influences the profitability of firms.

Objectives of the Study:

1. To analyze the working capital management practices at Cook N Klean.
2. To examine the liquidity position of the company.
3. To evaluate the relationship between working capital management and profitability.

Research Questions:

1. How effective is working capital management at Cook N Klean?
2. What factors influence liquidity and financial performance in the company?
3. How does working capital management affect profitability?

Research Methodology:**1. Research Design:**

The study follows a descriptive research design to analyze working capital management practices at Cook N Klean.

2. Sample Size:

The sample size of the study is 50 respondents.

3. Sample Area:

The study focuses on employees and management of Cook N Klean.

4. Data Collection:**Primary Data:**

- Collected through structured questionnaires from employees and management.

Secondary Data:

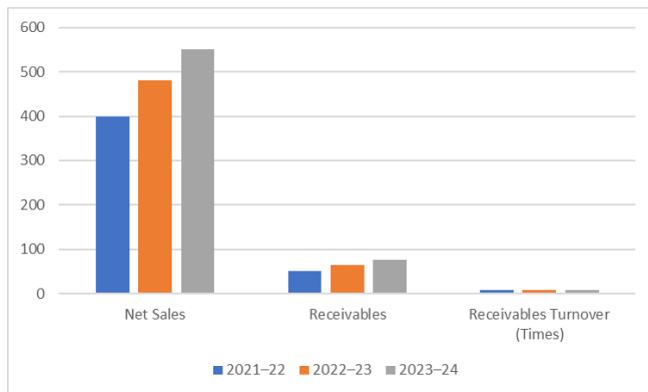
- Company financial statements
- Journals and research papers
- Websites and financial reports

Data Analysis:

The data analysis for this study is based on **secondary data collected from the financial statements of Cook N Klean**, including the Balance Sheet and Profit & Loss Account. The analysis focuses on evaluating the company's working capital position using financial ratios and comparative analysis.

Receivables Turnover Ratio

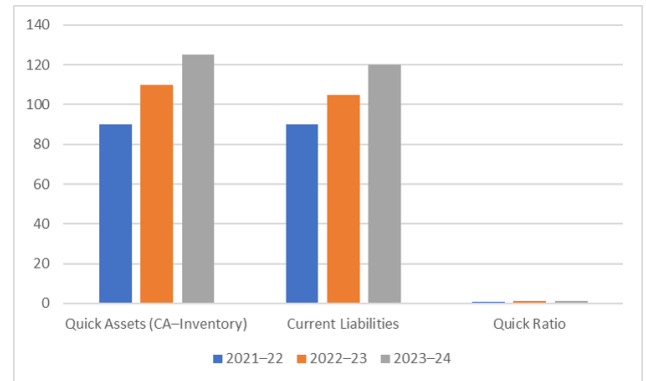
Year	Net Sales	Receivables	Receivables Turnover (Times)
2021–22	400	50	8.00
2022–23	480	65	7.38
2023–24	550	75	7.33



Interpretation: Inventory turnover is relatively stable, showing consistent efficiency in managing stock. The slight decline in 2023–24 indicates a minor slowdown in inventory movement, possibly due to higher stock levels or reduced demand. However, the overall control over inventory remains satisfactory with scope for improvement.

Quick Ratio

Year	Quick Assets (CA–Inventory)	Current Liabilities	Quick Ratio
2021–22	90	90	1.00
2022–23	110	105	1.05
2023–24	125	120	1.04



Interpretation: The quick ratio remains around 1, indicating that the company has sufficient liquid assets to meet short-term liabilities without selling inventory. This reflects good liquidity management and a stable short-term financial position.

Findings:

1. Most respondents are aware of the importance of working capital management.
2. Proper receivables management improves liquidity.
3. Efficient cash management supports smooth business operations.
4. Working capital management directly influences profitability.

Suggestions:

1. Cook N Klean should strengthen receivables collection policies.
2. Regular monitoring of cash flow should be implemented.
3. Financial planning and budgeting should be improved.
4. Modern financial management tools should be adopted.

Conclusion:

The study analyzed the working capital management practices at Cook N Klean. Effective management of cash, receivables, and payables is

essential for maintaining liquidity and operational efficiency.

The findings reveal that proper working capital management helps organizations avoid financial difficulties and improve profitability. By adopting better credit policies, monitoring cash flows, and implementing efficient financial strategies, Cook N Klean can enhance its overall financial performance.

Overall, working capital management plays a crucial role in ensuring the financial stability and growth of service-based organizations.

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