

Pulsating financial penetration- An analysis of SONY

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Abstract

The global media firm Sony Corporation, a well-known name in the electronics sector, creates and markets products in response to consumer demand. Ibuka Masaru and Morita Akio began the business as Tokyo Tsushin Kogyo in 1946, and it has since grown to be one of the most popular and well-known brands in marketing history. Sony operates a wide range of industries, including, among others, music, movies, and financial services.

In order to advance each of its distinct businesses and better capitalize on the diversity of its business portfolio, Sony has adjusted its organizational structure. Sony still shows profitability despite the changing business environment. The Electronics Products & Solutions sector of Sony Group reported sales and operating revenue total of 2,339.2 billion yen for the fiscal year that ended on March 31, 2022.

Overall, Sony's success shows how an organization's culture and business strategies may have a direct impact on its capacity to create successful business plans and meet its goals. Sony maintains a solid position in the electronics sector and a reputation for successfully adjusting to shifting market trends, despite encountering difficulties in the constantly changing business climate.

Keywords:

Electronics industry, Financial statements, financial statistics, financial decisions,

Transnational media.

Introduction

Financial analysis involves evaluating a company's stability, viability, and profitability in order to determine its financial condition. A gauge of profitability and financial performance could be said to be the monetary results of a company's policies and operations. These financial condition and performance indicators are descriptive and analytical in nature. This covers total assets, stockholders' equity, current assets, current liabilities, total revenues, total expenses, and net income. Moreover, profitability measurements may be included in analytical assessments of financial situation and performance.

Company Profile

The Sony Group Corporation creates, sells, and offers solutions for electronic items. The company manufactures items for audio and video, cameras, mobile devices, and televisions. and other gaming-related items. The Sony Group also runs other businesses and produces movies, music, and video games.

Review of Literature

Numerous rules and regulations control the Sony Company's financial system, and any modifications to these rules would have an impact on the company's profitability. (Sony, 2017). The business is implementing new tactics to obtain a competitive edge in the industry and to improve the planning and delivery of goods and services. (Rassenfosse, Jensen and Webster 2011). In an analysis of Sony's financial performance from 2001 to 2005, H. T. Y. Wong and K. S. Tan discovered that the company's ROE, ROA, and net profit margin had been dropping. According to the report, this decline was caused by several things, including a lacklustre market for Sony's products, high operational costs, and intense industry competition. Comparing Sony's financial performance to those of its competitors in the industry is another method of analysis. S. S. Lee, C. W. Yoo, and D. W. Han compared the financial results of Sony, Samsung, and LG in the electronics sector in their study. The authors of a study by D. J. Kim, J. H. Kim, and K. H. Lee looked at how exchange rate variations affected Sony's profitability. A rising yen hurt Sony's profits, according to the report, as the corporation is primarily dependent on exports. Additionally, they discovered that Sony had lower ROA and ROE than its rivals, which they attributed to things like a weaker market position and a lower brand value.

Objectives of Research

1-To analyse the financial statement of the company for two years by applying financial ratios. 2-To identifying the financial strength and weakness of the company.3-To measure the performance in terms of assets utilization and profitability.4-To understand the functioning of the finance department.

Problem Statement

The goal of the current study is to find SONY's performance and profitability in terms of several financial metrics represented by its accounting ratios.

Research Methodology

The following is the tools that are used for analysing the financial position of the company

Ratio Analysis: Ratio analysis is the study or analysis of the line items included in the company's financial statements. It can be used to evaluate several aspects of a business, including profitability, liquidity, solvency, and operational effectiveness.

Research Analysis and Interpretations

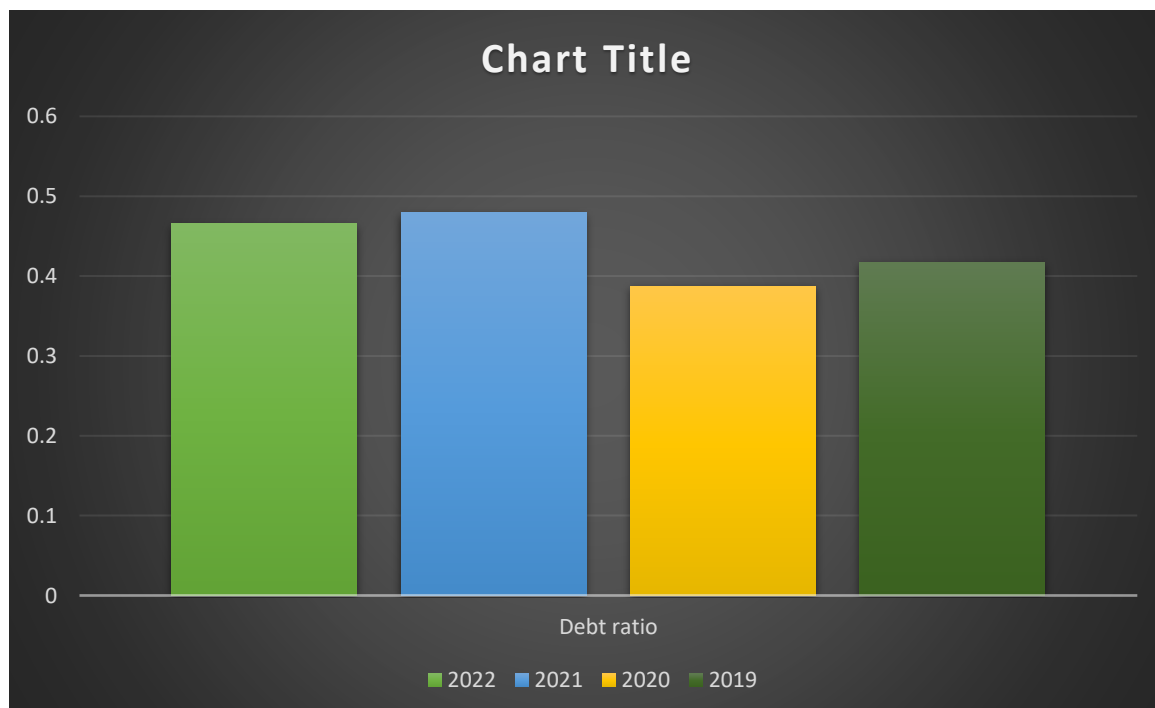
The study concentrated on profitability and efficiency ratios, which allow assessment of the sources and quantity of the firm's profit, to gauge its performance.

The success of businesses can be measured using a variety of ratios, but the current study has focused on the most widely utilized accounting ratios in order to make the analysis more insightful and practical. For all the tasks carried out within the firm, data interpretation is a crucial financial tool.

LEVERAGE RATIOS:

Debt Ratio = Total Debt/Capital Employed

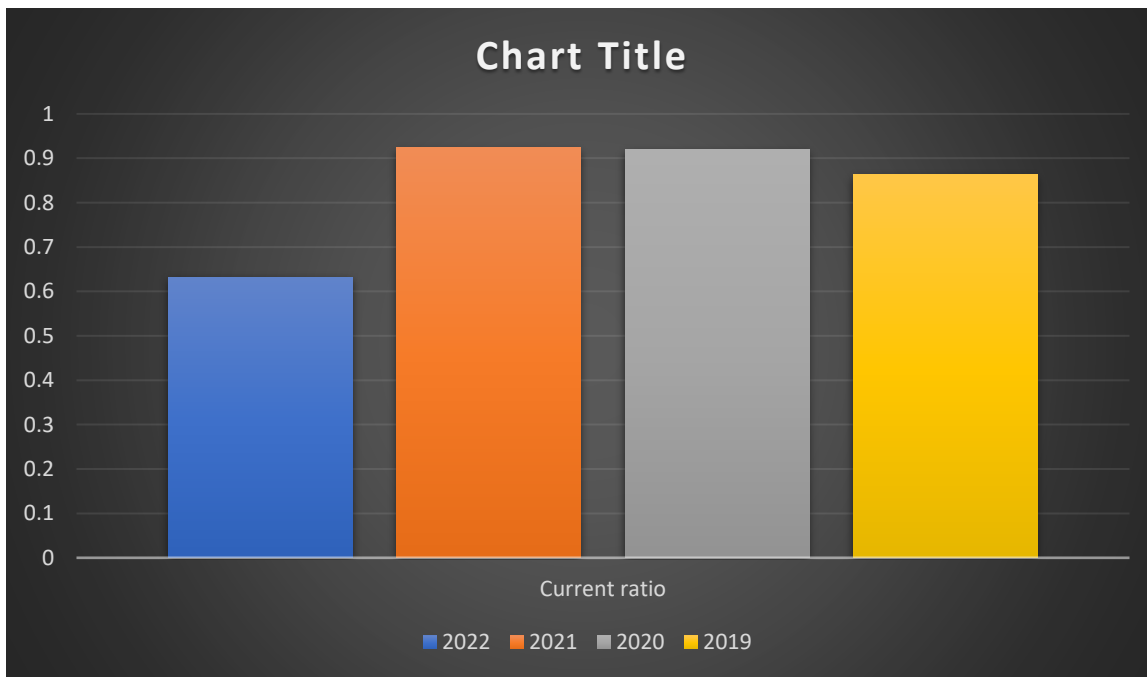
Annual Data	2022	2021	2020	2019
Dept/Equity ratio	0.4657	0.479	0.3875	0.4173



Current ratio:

Current assets/current liabilities

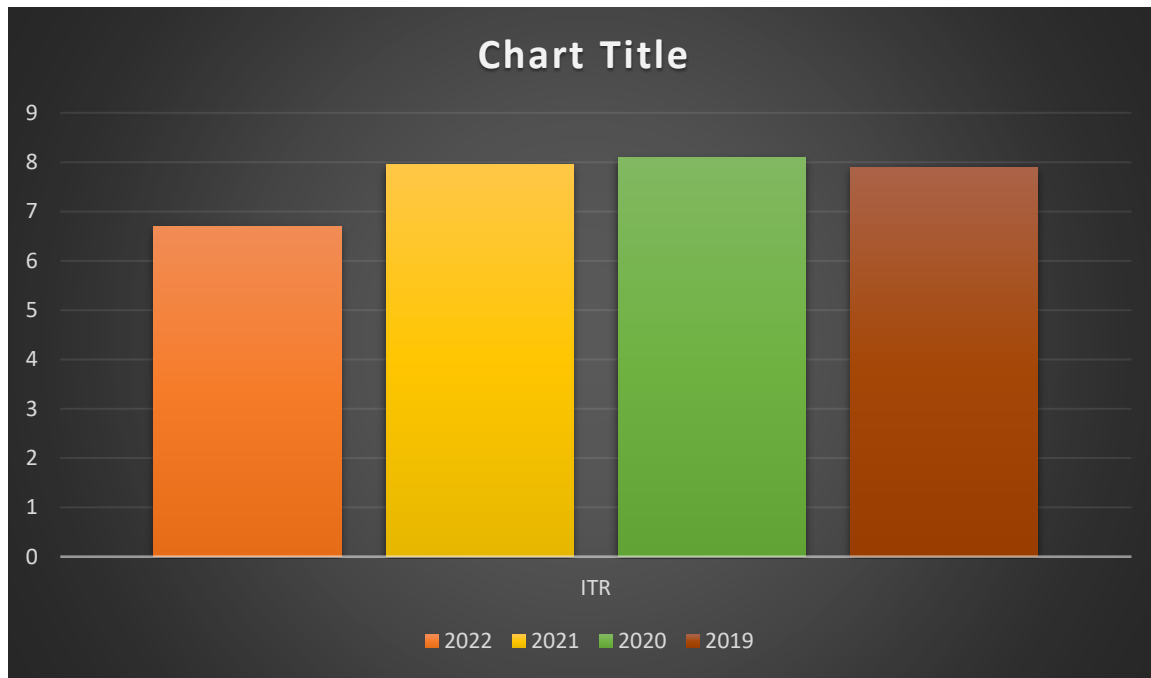
Annual Data	2022	2021	2020	2019
Current ratio	0.6319	0.9237	0.919	0.863



INVENTORY TURNOVER RATIO:

Net sales/average inventory

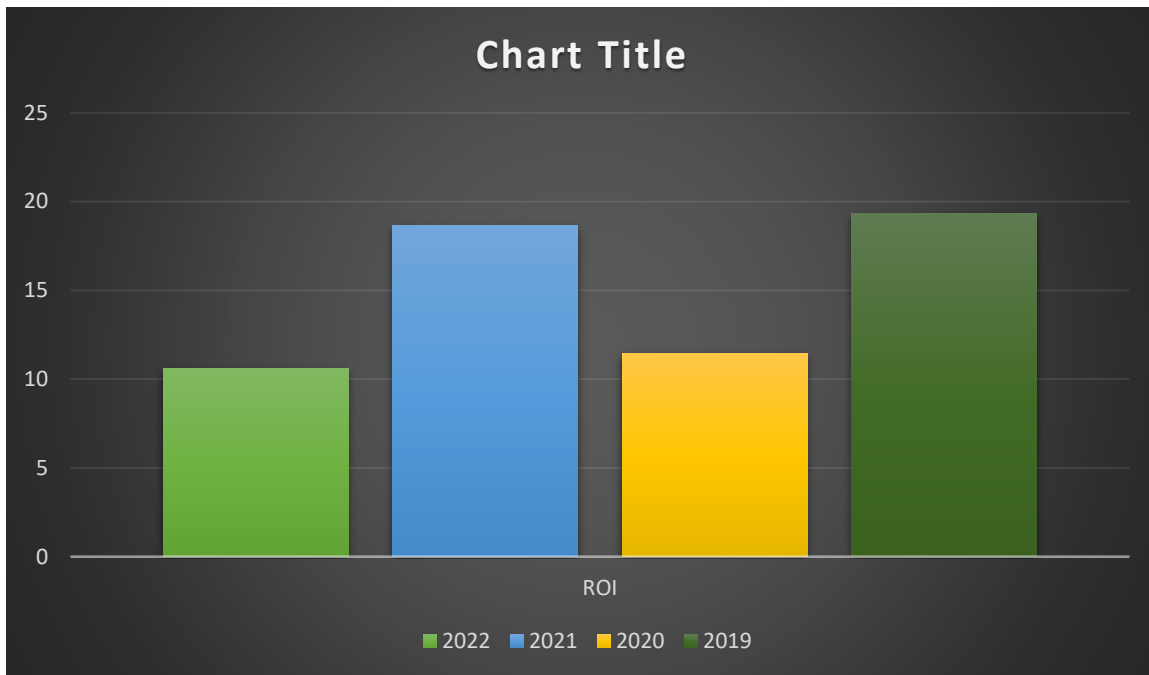
Annual Data	2022	2021	2020	2019
ITR	6.6885	7.9584	8.0567	7.8845



Return on investment:

Net income/cost of investment x100

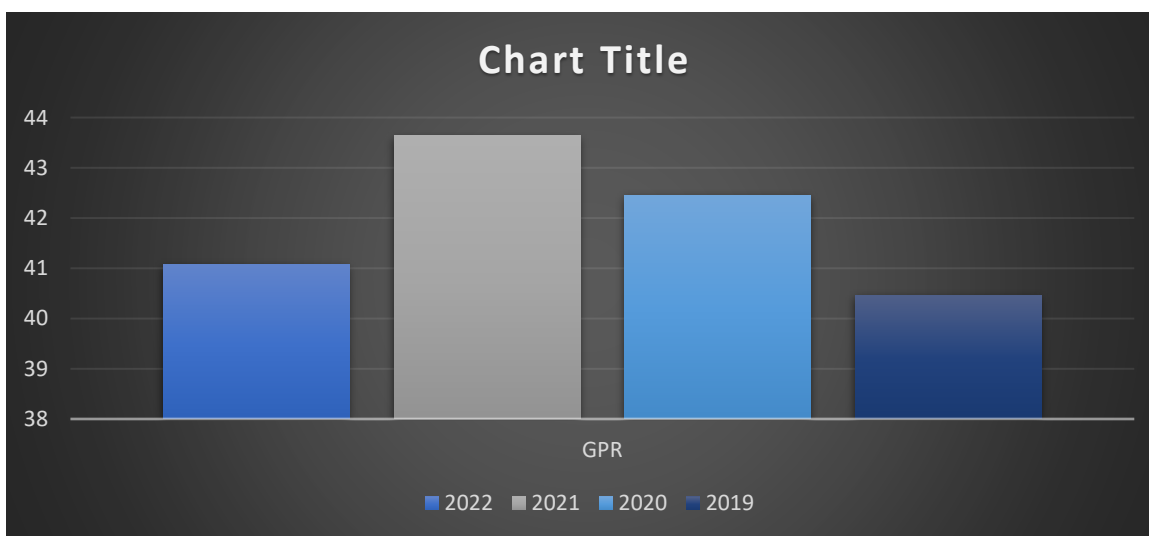
Annual Data	2022	2021	2020	2019
ROI	10.5751	18.6305	11.4713	19.3115



PROFITABILITY RATIOS:

Gross Profit Ratio = Gross Profit / Net Sales

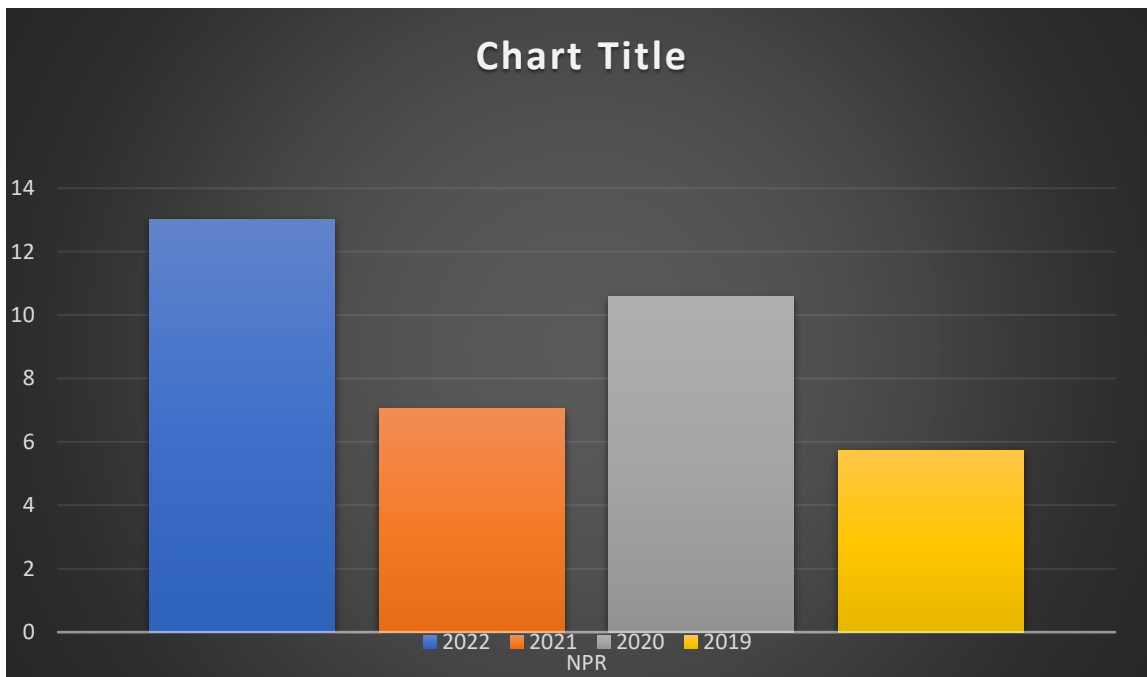
Annual Data	2022	2021	2020	2019
Gross profit ratio	41.0795	43.6338	42.4547	40.5616



Net Profit Margin:

$$\text{Profit After Tax} / \text{Net Sales} \times 100$$

Annual Data	2022	2021	2020	2019
Net profit margin	13.0207	7.0484	10.5736	5.7443



Findings and Recommendations

Upon observing SONY's current assets. We can see that they have increased and again decreased by 2022. So, keeping an inventory is an expensive endeavour for the business, and management must conduct thorough research. Net profits have increased so they have performed crucial steps to prevent funds from being unfairly blocked.

In SONY, effective inventory management is necessary. I draw the conclusion that BHEL's leverage position is poor and the company's debt is steadily declining while owner stakes are steadily rising. This indicates that SONY is paying its debts on time. SONY also offers guaranteed returns on investment. On seeing the turnover and profitability of SONY I would like to conclude that there is a continuous decrease in the values, investors might feel unsafe to invest money in BHEL.

Limitations and Way forward of Research

Because it solely relies on publicly available financial data, it is subject to all constraints imposed by the condensed published financial statements.

The financial statements do not provide a precise situation because they are prepared assuming a running concern. As a result, accounting principles and practises severely restrict financial analysis.

Conclusion

This study shows that SONY's financial strength and weakness were both present over the relevant time period. This led to a fall in all relevant profitability ratios, which in turn may have affected SONY's performance over the course of the two years. Profitability ratios have a shaky relationship at the same time

ANNEXURES & REFERENCES

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