

A Study on Fund Flow Statement in Lakshmi Vilas Bank at Trichy

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ABSTRACT - Numerous transactions of financial nature take place in business firm over a period of time. It is necessary to consolidate and summarise the transactions to obtain a comprehensive idea about the nature, effect, consequences and result of the transactions. To prepare an income statement and a balance sheet at the end of a period to provide a summarized version of all the financial transactions.

KEYWORDS: The size of increase and decrease of the working capital for that the period.

I. INTRODUCTION

It is customary to prepare an income statement and a balance sheet at the end of a period to provide a summarized version of all the financial transactions of a period. However the income statement has limited scope and is restricted to the inflows and outflows of net assets resulting supply of goods or services. Similarly the balance sheet is a static statement presenting the assets and liabilities on a particular day.

Financial management is concerned with the management of flow of funds resulting from business decisions and transactions. It strives to regulate the flows in a purposeful and profitable manner to obtain advantage to the firm. Thus it is essential to record, analyse and interpret the changes in financial position of the firm and control the future operations.

Flow of funds implies any changes in working capital. These changes are a continuous process, day after day, as and when transactions take place. So, the changes in working capital may be called 'flow'. It can be 'inflow' or 'outflow' of working capital.

II. REVIEW OF LITERATURE

David F.Scott et.al.(2012) studied the change in the financial and operating performance. This study used the according performance measure adjusted for market effects in addition to unadjusted accounting performance measures both unadjusted and market adjusted results show significant increase in profitability operating efficiency, capital investment spending, input employment level, and dividends. This study also found a decline in the leverage following privatization but this change was significant only for the unadjusted leverage ratios.

VARMA (2013) the basic problem of working capital in bank was the surplus investments in current assets rather than inadequacies. The investments mainly found in the inventory and receivable components.

Roy and BhattacharyyaS(2014) the study concludes that as long as the income is comfortable for financing of current assets by current liabilities it would not cause any problem. But when the projected income becomes uncertain, the situation will turn to be critical. But it will not be so, if the finance is served from the self finances like depreciation provision. Here the supply of finance from the depreciation provision is spontaneous if the revenue remains sufficient to cover this provision.

III. RESEARCH METHODOLOGY

I have collect secondary data in lakshmi vilas bank at trichy. I have prepared in fund flow statement.

3.1 RESEARCH DESIGN:

OBJECTIVES OF STUDY

- To know the assessment of the current assets and current liabilities (working capital position of the banks)
- To indicate result of financial structure
- To know long term loans and how much from normal operational activities of the lakshmi vilas bank

LIMITATIONS OF THE STUDY

- The study is mainly carried out based on the secondary data provide in the financial statement
- This study is based on the data and information provided in the annual reports therefore it may not be a future indicator.

- Funds flow statement has to be used along with the balance sheet and profit and loss account, it cannot be used alone

SCOPE OF THE STUDY

The lakshmi vilas bank located at trichy. The period of this study 2017-2018. I have prepare fund flow statement

IV. DATA ANALYSIS & INTERPERTATION

TABLE 4.1

SCHEDULE CHANGES IN WORKING CAPITAL 2017-2018

PARTICULARS	2017	2018	INCRE ASE	DECRE ASE
CURRENT ASSETS				
Cash	145480 48	169816 94	2433646	
Bank	169071 7	316794 2	1477225	
Investments	865173 03	107677 483	2116018 0	
Advances	237289 114	257682 017	2039290 3	
CURRENT ASSETS(A)	340045 182	385509 136	4546395 4	
CURRENT LIABILITIES				
Other liabilities	781893 2	779294 5	25987	
CURRENT LIABILITIES(B)	781893 2	779294 5	25987	
WORKING CAPITAL(A-B)	332226 250	377716 191	4548994 1	
NET INCREASE IN WC	454899 41			45489941
	377716 191	377716 191	4548994 1	45489941

TABLE 4.2

PREPARE OF FUND FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

SOURCES	Rs	APPLICATIONS	Rs
Issues of shares	645471	Purchases of investments	2116018 0
Raising of loans	2239648 2	Purchases of Fixed asset	433345
Funds from operation	4404151 3	Increase in Working capital	4548994 1
	6708346 6		6708346 6

V. SUGGESTION

Current assets and other current liabilities are increased when compare to 2017-2018. If the current liabilities are reduced from the upcoming years mean the profit will be increased

VI. CONCLUSION

This balance sheet was very useful for the judgment of financial status of the bank from my point of view this evaluation proved a great deal with the bank to make a decision on the regulation of the fund to distribute the SOURCES AND APPLICATIONS of fund automatically the sales was increase to earn profit and company.

REFERENCE

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