

Comparative Analysis of Cash Flow Statement of Commercial Bank

**(A Case Study of Machhapuchhre Bank Ltd, Laxmi Bank Ltd. &
Siddhartha Bank Ltd)**

A THESIS

Submitted By

Dhala Nath Dhakal

TU Redg No: 7-3-39-230-2005

Campus Roll No: 382/062

Shanker Dev Campus

Submitted To

Office of the Dean
Faculty of Management
Tribhuvan University

**In the Partial Fulfillment of the Requirements for the
Degree of Master of Business Studies (MBS)**

Kathmandu, Nepal
March, 2012

VIVA-VOCE SHEET

We have conducted the viva – voce examination of the thesis presented

By

Dhala Nath Dhakal

Comparative Analysis of Cash Flow Statement of Commercial Bank

**(A Case Study of Machhapuchhre Bank Ltd, Laxmi Bank Ltd. &
Siddhartha Bank Ltd)**

and found the thesis is to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for the Degree of Master of Business Studies (M.B.S.).

VIVA-VOCE COMMITTEE

Chairperson, Research Committee

Member, Thesis Supervisor

Member, External Expert

RECOMMENDATION

This is to certified that the thesis

Submitted by

Dhala Nath Dhakal

Entitled

Comparative Analysis of Cash Flow Statement of Commercial Bank

**(A Case Study of Machhapuchhre Bank Ltd, Laxmi Bank Ltd. & Siddhartha
Bank Ltd)**

has been prepared as the form approved by this department in the prescribed format for the faculty of Management. This thesis is forwarded for examination.

Joginder Goet
(Thesis Supervisor)

Prof. Bisheswor Man Shrestha
(Head of Research Department

Asso. Prof. Ruchila Pandey
(For Campus Chief)

DECLARATION

I hereby declare that the thesis entitled “**Comparative Analysis of Cash Flow Statement of Commercial Bank**” A Case Study of Machhapuchhre Bank Ltd, Laxmi Bank Limited & Siddhartha Bank Limited. submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the Master’s in Business Studies (MBS) under the supervision of Joginder Goet of Shanker Dev Campus.

.....

Dhala Nath Dhakal

Researcher

Shanker Dev Campus

T.U. Redg. No: 7-3-39-230-2005

Campus Roll No: 382/062

ACKNOWLEDGEMENTS

I would like to thank all of my seniors whose previous thesis, articles and books play a vital role to complete this research work. I am also grateful to all Commercial Banks Personnel (MBL, LxBL and SBL.) for providing me the valuable information and necessary data and other all the staffs of Library and administration of Shanker Dev campus as well as central library of Tribhuvan University.

It is my great opportunity to complete this thesis under the supervision of **Joginder Goet** of Shankar Dev Campus for generous encouragement and undertaking of the supervision of my entire research work. This form of the report is the outcome of this continuous encouragement, helpful suggestions and comments.

I also extend my hearty thanks especially to my parents and all of my family members as well as to my friends for providing me valuable suggestions and good caring and support

Dhala Nath Dhakal

LIST OF CONTENTS

Page No

Viva-Voce Sheet	
Recommendation	
Declaration	
Acknowledgements	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
CHAPTER – I INTRODUCTION	1-9
1.1 Background of the Study	1
1.2 Focus of the Study	3
1.3 General Information about Selected Commercial Banks	4
1.4 Statement of the Problems	6
1.5 Objectives of the Study	6
1.6 Significance of the Study	7
1.7 Limitations of the Study	8
1.8 Organization of Study	8
CHAPTER – II REVIEW OF LITERATURE	10-33
2.1 Conceptual Framework	12
2.1.1 Introduction to the Studied Subject Matter	13
2.1.2 Funds Flow Analysis	13
2.1.3 Cash Flow Analysis	14
2.1.4 Profits and Cash Flow	14
2.1.5 Cash Flow Statement	14
2.1.6 Importance of Cash Flow Analysis	15
2.1.7 Objectives of Cash Flow Statement	17
2.1.8 Cash Flow Statement for Financial Institution	24
2.1.9 Cash Flow Statement under NRB Directives	25
2.2 Review of Articles and Journals	26

2.3 Review of Previous Research Works	28
2.4 Research Gap	33
CHAPTER – III RESEARCH METHODOLOGY	34-36
3.1 Introduction	34
3.2 Research Design	34
3.2.1 Population and Sample	34
3.2.2 Period of Study	35
3.3 Sources of Data and Data Collection Procedures	35
3.4 Tools of Analysis	36
3.4.1 Financial Tool	36
3.4.1.1 Cash Flow Analysis	36
3.4.1.2 Trend Analysis	36
3.4.2 Statistical Tool	36
3.4.2.1 Percentage	36
3.4.2.2 Bar Diagram	36
3.4.3 Assumptions of the Study	36
CHAPTER – IV PRESENTATION AND ANALYSIS OF DATA	37-80
4.1 Cash Flow Statement of Machhapuchhre Bank Limited	37
4.1.1 Cash Flow from Operating Activities	37
4.1.2 Cash flow from Investing, Financing Activities and Cash Balance	42
4.2 Cash Flow Statement of Laxmi Bank Limited	46
4.2.1 Cash Flow from Operating Activities	46
4.2.2 Cash flow from Investing, Financing Activities and Cash Balance	50
4.3 Cash Flow Statement of Siddhartha Bank Limited	53
4.3.1 Cash Flow from Operating Activities	53
4.3.2 Cash flow from Investing, Financing Activities and Cash Balance	56
4.4 Comparative cash Flow Statement of selected commercials banks	60
4.4.1 Fiscal Year 2062/63	60
4.4.2 Fiscal Year 2063/64	63
4.4.3 Fiscal Year 2064/65	66
4.4.4 Fiscal Year 2065/66 Year	69
4.4.5 Fiscal Year 2066/67	73
4.5 Major Findings	76

4.5.1 Machhapuchhre Bank Limited	76
4.5.2 Laxmi Bank Limited.	77
4.5.3 Siddhartha Bank Limited	79
4.5.4 Comparative Findings	80

CHAPTER – V SUMMARY, CONCLUSIONS AND

RECOMMENDATIONS

81-85

5.1 Summary	81
5.2 Conclusions	82
5.3 Recommendations	83

BIBLIOGRAPHY

APPENDIX

LIST OF TABLES

Table No	Page No
Table: 4.1 Cash Flow From Operations Activities of Machhapuchhre Bank Limited From 2062/063 to 2066/067	38
Table: 4.2 Cash Flow From Investing, Financing Activities and Cash Balance of Machhapuchhre Bank from F/Y 2062/063 to 2066/67	42
Table: 4.3 Cash flow from operating activities of Laxmi Bank Limited from FY 2062/063 to 2066/67	46
Table: 4.4 Cash flow from Investing, Financing Activities and Cash Balance of Laxmi Bank Limited from F/Y 2062/063 to 2066/2067	50
Table: 4.5 Cash Flow From Operations Activities of Siddhartha Bank Limited from F/Y 2062/063 to 2066/2067	53
Table: 4.6 Cash flow from Investing, Financing Activities and Cash Balance of Siddhartha bank Limited from F/Y 2062/063 to 2066/2067	56
Table: 4.7 Comparative cash Flow Statement of selected commercials banks Fiscal Years 2062/2063	60
Table: 4.8 Comparative cash Flow Statement of selected commercials banks (Fiscal Years 2063/2064)	63
Table: 4.9 Comparative cash Flow Statement of selected commercials banks (Fiscal Years 2064/2065)	66
Table: 4.10 Comparative Cash Flow Statement of Selected Commercials Banks (Fiscal Years 2065/2066)	69
Table: 4.11 Comparative cash Flow Statement of selected commercials banks (Fiscal Years 2066/2067)	73

LISTS OF FIGURES

Figures	Page No
Figure: 2.1 Format of Cash Flow Statement under Indirect Method	19
Figure: 2.2 Format of Cash Flow Statement under Direct Method	22
Figure: 2.3 Cash Flow Statement for Financial Institution	24
Figure: 2.4....Company Cash Flow Statement for the F/Y.....	25
Figure: 4.1Cash Flow from Operations Activities of Machhapuchhre Bank Limited From 2062/063 to 2066/067	39
Figure: 4.2 Cash flow from Investing, Financing Activities and net cash flow of Machhapuchhre Bank from F/Y 2062/063 to 2066/67	43
Figure: 4.3 Cash flow from operating activities of laxmi Bank Limited from F/Y 2062/063 to 2066/067	47
Figure: 4.4 Cash flow from Investing, Financing Activities and Net Cash Flow of Laxmi Bank Limited from F/Y 2062/063 to 2066/2067	51
Figure: 4.5 Cash Flow From Operations Activities of Siddhartha Bank Limited from F/Y 2062/063 to 2066/2067	54
Figure: 4.6 Cash Flow From Investing, Financing Activities and Net Cash Flow of Siddhartha Bank Limited from F/Y 2062/063 to 2066/2067	57

ABBREVIATIONS

ABBS	: Anywhere Branch Banking System
AGM	: Annual General Meeting
ANZ	: Australian and New Zealand
ATM	: Automatic Teller Machine
B.S.	: Bikram Sambat
B/S	: Balance Sheet
BAFIO	: Bank and Financial Institution Ordinance
BOD	: Board of Director
F/Y	: Fiscal Year
FASB	: Financial Accounting Standard Board
HISEF	: Himalayan Securities and Finance
IAS	: International Accounting Standard
ICMT	: Ireland Commercial Management Team.
KBL	: Kumari Bank Limited.
LTD	: Limited.
LUFIL	: Lumbini Leasing and Finance Companies
LxBL	: Laxmi Bank Limited
MBL	: Machhapuchhere Bank Limited.
MPE's	: Manufacturing Public Enterprises
NAS	. Nepal Accounting Standard
NASB	: Nepal Accounting Standard Board
NBL	: Nepal Bank Limited.
NEPSE	: Nepal Stock Exchange.
NFC	. National Finance Company
NPA	: Non-performing loan.
NRB	: Nepal Rastra Bank.
P&L A/C	: Profit and Loss Account
RBB	: Rastriya Banijya Bank
SCT	. Smart Choice Network
SBL	: Siddhartha Bank Limited
SEBO/N	: Security Board of Nepal
TU	: Tribhuvan University