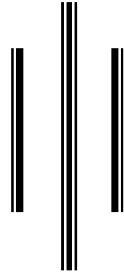
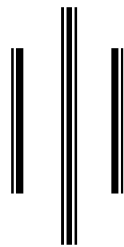


**A COMPARATIVE STUDY OF
CASH FLOW STATEMENT OF
SELECTED NEPALESE COMMERCIAL BANKS**



**A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**



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**In Partial Fulfillment of the Requirements of the Degree of
Master of Business Studies (M.B.S.)
Kirtipur, Kathmandu
August, 2012**

RECOMMENDATION

This is to certify that the thesis:

Submitted by

Amrit Prasad Regmi

Entitled

A COMPARATIVE STUDY OF
CASH FLOW STATEMENT OF
SELECTED NEPALESE COMMERCIAL BANKS

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

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VIVA-VOCE SHEET

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

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A COMPARATIVE STUDY OF
CASH FLOW STATEMENT OF
SELECTED NEPALESE COMMERCIAL BANKS

And found the thesis to be the original work of the student written according
to the prescribed format. We recommended this thesis to be accepted in partial
fulfillment of the requirements for

Master of Business Studies (MBS)

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DECLARATION

I hereby declare that the work reported in this thesis entitled “A COMPARATIVE STUDY OF CASH FLOW STATEMENT OF SELECTED NEPALESE COMMERCIAL BANKS” submitted to Central Department of Management, Tribhuvan University, is my original work. It is done in the form of partial fulfillment of the requirement for the Master of Business Studies (MBS) under the supervision and guidance of Associate professor. Dr Sanjaya Kumar Shrestha, Central Department of Management, T.U., Kirtipur.

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August, 2012

Amrit Prasad Regmi

Kirtipur, Kathmandu

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List of Abbreviations

A/R	: Account Receivable
ABBS	: Anywhere Branch Banking System
AGM	: Annual General Meeting
ANZ	: Australian and New Zealand
ATM	: Automatic Teller Machine
B. S.	:Bikram Sambat
B/P	: Bills Payable
B/R	: Bills Receivable
BAFIO	: Bank and Financial Institution Ordinance
BOD	:Board of Director
F/Y	: Fiscal Year
FASB	: Financial Accounting standard Board
IAS	: International Accounting Standard
ICMT	: Ireland Commercial Management Team
KBL	: Kumari Bank Limited
LTD	: Limited
LxBL	: Laxmi Bank Limited
M.	:Million
MBL	: Machhapuchhre bank Limited
NAS	: Nepal Accounting Standard
NASB	: Nepal Accounting Standard Board
NBL	:Nepal Bank Limited
NPA	: Non Performing Loan
P &L A/C	: Profit and Loss Account
POS	: point of Sales

RBB	: Rastriya Baniyaja Bank
SBL`	: Siddhartha Bank Limited
SCT	: Smart Choice Network
SEBO/N	: Security Board of Nepal
Sq. Km	: Square Kilometer
STCL	: Standard Chartered Bank Limited
TU	: Tribhuvan University
WTO	: World Trade Organization

Chapter I

Introduction

1.1 Background of the Study

Financial activities are the backbone of overall activities. Development of every country depends upon the development of economic activities. Banks and financial institutions play important role for development of the economy. These are considered as one of the main sources of economy. They increase the several financial activities but in our context most of them are not operating well. They are suffering from various economic and none conomic problems directly and indirectly.

Banks itself are not the pioneers of financial transaction. There was lot of actors who contributed to this field. Even before the establishment of banking system in Nepal, financial transaction was in proactive as under taken by some money lenders like goldsmith, Sahu-mahajan and Jamindars. The transactions that help during those days were not in an organized manner. Such unorganized way of financial affairs could not direct the nation towards the economic development. Hence, to fulfill the growing need of economy; Nepal bank limited came into existence in 1973 as the first commercial bank of Nepal even before the establishment of central bank i.e. Nepal Rastra Bank. (Nepal Rastra Bank Act, 1995, p.8).

Nepal bank Ltd. started the art of consolidating the scattered capital since its establishment in order to mobilize in productive sector. It develops a systematic tradition and culture of modern banking system in Nepal. Such system could able to establish a strong base for the growing the National economy.

In 1955, Nepal Rasta Bank has been established under Nepal Rastra Bank Act, 1995. It has been playing the important role in following aspects “to insure proper management for the issue of Nepalese currency notes to make proper arrangement for the circulation of Nepalese currency throughout the kingdom and to stabilize the exchange rates of the Nepalese currency in order to ensure the convenience and economic interests of the general public” (Nepal Rastra Bank Act, 1995, p.8).

NRB has been playing most important role in different sectors. It facilitates to mobilize capital or fund for development and encourages trade and industrial sector for enhancement. It provides financial guardians as well as valuable instructions for

operation to commercial banks and other related sectors. Therefore it is more essential to the development of banking system and regulation of financial activities in the government of Nepal.

Therefore, in this study I want to compare and analyze the trend of cash flow and its management of selected private sector commercial bank. The selected institutions are Machhapuchhre Bank Limited Siddhartha Bank Limited, Laxmi Bank limited, and Kumari Bank limited which are operating its business under almost equal age into the Nepalese financial market.

In 1974, commercial bank Act has been enacted and enforce in Nepal. This act has helped to emerge numbers of commercial banks with a view “to maintain the economic interest and comfort of the public in general, facilitate to provide loan for agriculture, industry and trade, and make available banking services to the country and the people”. (Commercial Bank Act. 2031 B.S., p.12).

Now commercial banks are operated under the directive of NRB, NRB act 2058 and Bank and Financial institution Act (BAFIA). After the liberalization in the decade of 2050 various commercial banks started to provide the service in the field of financial sector of the country. Number of Development banks, finance companies and saving and credit co-operative institutions have been also established to provide financial service to the country.

With the reference of foreign countries development with liberalization, Nepal, government has adopted to implement the policy of economic liberalization. The economy is based on mixed economy. In 2042(1985), finance companies Act has been formulated “to incorporate finance companies for non-banking business having about dynamism in the economic development of the country in order to promote the economic benefit of the people in general through institutionalized investment consolidating the scattered capital in the country.” (Finance Company Act, 2042 B.S., p.13), the statement clarifies that finance company Act has been introduced in Nepal to enhance the speed of economic growth by the use of accumulated fund for the peoples economic welfare.

1.2 Focus of the Study

Cash is the critical and crucial assets of any business organization. It is the fuel that keeps the business alive. Without cash no business transaction can even imagined to be done. So, analysis of liquidity position is an important aspect of modern business organizations. As such the decision makers must pay close attention to the firm's cash position and events and transaction that affect the causes of cash position of the company is termed as cash flow analysis.

Cash flow simply refers to the flow of cash 'in' and 'out' of a business sector over certain period of time. It defines the flow of cash. Normally there are the two types of cash flows. They are positive and negative. Positive cash flow means inflow of cash in to organization and negative means flow of cash out from organization. Cash flow exclude movements between items that constitute cash or cash equivalents because these components are the part of cash management of enterprise rather than parts of its operating, investing and financing activities.

Inflows and outflows of cash represent the most fundamental and prevalent economic events engaged by companies. In fact, frequent surveys of business show a single problem occurring increasingly greater portion of most managers' time: cash flow management. Managers realize that the "bottom line" has little to do with staying solvent. Cash planning specifically, understanding the sources and uses of current and future cash flow needs -often make the difference between success and failure

Business organization manages the cash efficiently for benefit in numerous ways. For example, they benefit through lower financing costs. By accurately forecasting the amount and timing of cash flows, managers minimize loan draws ,thus lessening interest expenses .In addition ,improving the amount of cash internally generated decreases the need for soliciting external financing, thus proportionate shareholder value and unused debt capacity .The statement of cash flow has also paramount importance for external uses of financial statements. Stockholder and creditor interests are seldom settled by means other than cash. Therefore, Cash flow information is very importance to enable these users to assess a company's ability

(1) To generate future positive cash flows from operations.(2) To meet its maturing obligations.(3) To Pay dividends. Cash flow information can also provide important insights regarding a company's continuing investment in productive assets and assessing the quantity of its earnings. (Bajracharya ,Puskar; Ojha Khagendra P.; Goit Jogindar; Sharma Sagar ,Managerial Accounting ,New revised).

1.3 Statement of the Problem

The sample banks are reputed banking institutions and with almost similar organizational structure and objectives, but the banks have not earning the same amount of profit, cash flows and not able to meet the return on cash basis on equal term and the share prices of these banks are differ too. There may be the limited investment bounding and low banking attitude of customer are quite serious problem of these banks. Government rules and regulation with competitive attitude and behavior of commercial banks is the barrier to meet their ongoing operating cost missed of loan amount by the borrowers are the main problems of banking sector in these days in the country.

The banks operating expenses mainly staff expenses and other items have been decreasing due to new branch opening. Similarly the investment opportunities are declining due to the restriction of NRB on real estate and economic recession faced by the country. Due to recession the banks are neither able to collect appropriate deposits nor investing profitable sector. Therefore, commercial banks have been found to be unable in utilizing its fund efficiently. Because of gloomy situation prevailed in the country these banks are compel to reduce the interest rate offered to depositors and they are adopting new technique to discourage low scale depositors. Beside that insecurity in the country and this strategies of the commercial bank have bring the serious problem to the economy that liquidity crisis (cash Crisis) in the financial market due to capital flying and low return in deposit lure the depositors to investee into other sector instead of keeping their money as deposit in the financial institution . Now such situation entrusted Bank and financial institution management to increases the interest rate to retain the existing deposit and to lure new deposit they have been introducing new deposit schemes. It shows poor vision of the bank and financial institution toward liquidity in past. Joint venture and other commercial banks are also suffering from low spread rate and they have not also adequate capital, which are the major causes to minimize cash inflow.

The environmental change does not create threat only, it also create opportunity. The bank would be able to catch the opportunity if it promulgates appropriate financial strategies after finding its real problems.

The main problems of these commercial banks are mentioned below.

-) What is the trend of cash flow of banks? Whether is it increasing or decreasing?
-) How much money flows from investing and financing activities?
-) Why does these banks have not same amount of cash flows?

1.4 Objectives of the Study

The title of the study is *A Comparative Study of Cash Flow Statement of Selected Nepalese Commercial Bank*. Thus main objective of this study is to analyze the cash flow analysis and its management in Nepalese commercial bank, to evaluate and compare cash flow statements of the selected commercial banks. Cash flow statements provide information that enables users to evaluate the change in net assets of an institution, its financial structure, its ability to affect the amount of timing of cash flow.

The specific objectives of the studies are:

-) To evaluate the trend of cash flow of the selected commercial banks individually.
-) To evaluate the cash flow from operating activities of the selected commercial banks by cash receipt and cash payment basis.
-) To judge the cash flow from investing and financing activities of the selected commercial banks.
-) To compare the cash flow performance of the concerned banks.
-) To recommend the fruitful suggestions for future improvements.

1.5 Significance of the Study

Nepalese financial institutions and capital markets are suffering from various cash management problems. Whole financial sectors are becoming a victim of the same. Decline investment opportunities due to recession have put the Nepalese entrepreneurs in a grate trouble. This may be the only reason that Nepalese investors are drawing back their hands from the investment sector.

Although the current economic situation of the country is not satisfactory, evolution of financial institution, mostly finance companies are increasing. However under such circumstances the objective and operation of finance companies in accordance with Finance Company Act, 2042 (1985) may not be easily fulfilled. It is because these companies may not properly utilize the domestic resources for a sustain economical growth right this time since most of the Nepalese entrepreneur are discouraged and they like to prefer idle stay rather than to operate the business by loans from financial institutions due to the lack of opportunities, at present Nepal became a member of WTO family. The world is converted in to a single market due to globalization. It creates competitions everywhere. But still, Nepalese financial sectors are not fully conscious. So activities, especially operating activities, which are the main source, which generates cash in those financial companies, are not enough for the regular flow of cash. Therefore, the study of financial institutions regarding cash flow becomes an indispensable subject in present context.

Being knowledge about significant of cash on every organization, in the present situation of Nepal there is not properly managed the cash. Still most of the financial institutions have been following traditional way. They are not maintaining the trend of cash flow in effective way. Due to the crisis of national economy, the investing opportunities are becoming placeless. Therefore it is believe that, this study tries to understand how far these institutions are able to sustain in such a quite unfavorable situation. Obviously, saying this study is essential to check the viability of these institutions regarding cash flow management. The study detects in the companies and efficiencies of these institutions and helps to explore the appropriate and effective measures for the remedy of company's cash management troubles.

1.6 Limitation of the Study

Basically the studies are based upon the published financial report provided by the given institutions. Therefore there are various limitations to analyze in details. The data published by the institutions, certified public accountants are believed as true, accuracy and fairness.

The effect of inflation which is one of the most important factors for the analysis of economic activities, has not been taken into consideration for the purpose

of study, as the whole data have been extracted from the published financial statements, it is mainly based on historical financial information.

Since the methods theories, standard and indicators etc. employed in the study have their own limitation and assumptions, this study, therefore, is within the limitation of all this employed method.

To analyze and compare the financial position consistently, the B/S & P/L A/C of all the selected companies has been taken into consideration since F/Y 2063/64 to 2067/68.

Regarding the above, it has mentioned the following points.

-) The study is only related with MBL, LBL, KBL, and SBL.
-) Only five years data from F.Y. 2063/64 to 2067/68 is taken for analysis.
-) The analysis and result totally depends on the data published in the banks' Annual reports. So the accuracy of the findings is purely depends upon the accuracy of data available.

1.7 Organization of the Study

Considering the objectives in mind, the study has been organized into following five chapters.

Chapter 1: Introduction

This chapter includes background information on the subject matter, focus of the study, statement of the problems, objectives of the study, significance of the study, limitation of this study and organization of the study.

Chapter2: Review of Literature

This chapter includes the relevant previous writing and studies to find the existing gap; review of textbook, dissertation thesis has been included in this chapter

Chapter 3: Research Methodology

This chapter contains research design, population and sample size, profile of the sample banks, data collection procedure and tools used for analysis.

Chapter 4: Data Presentation and Analysis

This chapter consists of systematic presentation and analysis of financial statement employing financial and statistical tools, it also includes major findings.

Chapter 5: Summary, Conclusion and Recommendations

This chapter includes the summary, conclusion and recommendations of the study. The bibliography and appendixes have been incorporated at the end of the study.

Chapter-II

Review of Literature

Literature Review is the foundation study to any type of research. This is the knowledge, which helps to the research for starting and completion of the study. It provides guidelines, ideas, format and several important data for the research field. Therefore previous studies are most important for completing any type of study because these are the basic guidelines which provide way of doing of the research. Cash flow statement is the latest version in accountancy.

Cash flow statement has totally replaced in the modern, concept of funds flow statement. Nepal's company act 2053 made compulsion to submit cash flow statement with financial statement. Cash flow statement was introduced in Nepalese curriculum only from the Bachelor degree level. So, previous studies on this chapter are negligible. Now considering the need of the cash flow statement, curriculum board has revised the syllabus and includes the cash flow statement from the intermediate level to make the students of the management more competent in the modern era.

Review of literature is basically a stock taking of available literature in the field of research. The textual matters would help the researcher to support the area of research. In order to explore the relevant and true facts for the reporting purpose while conducting the research study previous studies can not be ignored as those instructions would help to check up the change of duplication in the present study.

Thus one can find what research studies have been conducted? and what remains to go with? A researcher prepares a report or thesis by reviewing of related thesis, articles and books defined as a review of literature. Likewise other books and thesis, journal and annual report are selected commercial banks are studied while preparing this thesis report.

2.1 Conceptual Review

“Cash is the life blood if business enterprise. It is the fuel that keeps a business alive”. “Cash flow simply refers to the flow of cash into and out of a business over a definite period of time”. If the funds are in form of working capital then funds flow statement should be prepare. But when cash are assumed as fund then cash flow statement should be made to inform the stake holder about the cash flow position of

the enterprise/ company. Cash flow statement is the key financial statement that should be prepared by company to submit the report on AGM and BOD. It is besides the sources and usage of cash from different items and activities. Cash flow statement is the receipt and payment of cash with in an accounting period. According to the institute of cost and work accountants of India cash flow statement is “a statement setting in and out flow of cash under distinct head of sources of funds.”(Pandey, I. M., 1995)

Evolution of cash flow analysis will indicate the purposes to which management chose to commit funds where it reduced investment, the source from which it derived additional cash, and to what extent it reduced claims against the enterprise such an analysis will also show the disposition of earnings as well as how management reinvested the internal cash inflow over which it had discretion. The analysis will also reveal the size and composition of cash from operations and there pattern and degree of satiability of that source of cash. (.....and Niraula H. first edition)

2.2 Funds Flow Analysis

The efficiency of the firm is reflected in the inflow and outflow of funds in the business. To understand the operational efficiency of the business concern, it is necessary to have an analysis of the dynamic aspects of the flow of funds. And such an analysis made through funds flow analysis by preparing a statement is called a statement of change in financial position or funds flow statement. The funds flow statement is a statement which shows the movement of funds. In the words of Anthony “the funds flow statement which describes the sources from which additional funds were described and the use to which these resources were put.” (Shukla, Gupta & Grewal, 2006: 23.22) Therefore, the main purpose of funds flow analysis is to get clear information about the financial transactions that brings changes in the company’s resources. It is a kind of financial transactions that brings changes in the company’s resources. It is a kind of financial tools which answers the following questions’

-) From which source fund received?
-) How many funds received?
-) For what purpose the fund is used?

-) Whether the business is solvent or not?
-) How can a profitable business be running on low cash and working capital?

(Shukla, Gupta & Grewal, 2006:23.33)

2.3 Cash Flow Analysis

Cash is the lifeblood of business organization. Without cash no any business transactions can be imagined to be done. It is the fuel that keeps a business alive. Without cash no activities can take place. A business must have an adequate amount of cash to operate. So, analysis of liquidity position is an important aspect of modern business organization. As such the decision makers must pay close attention to the firm's cash position and events and transaction that affect the Cash Position Company is termed as cash flow analysis. (Munankarmi, S.P. 2057)

The information in the statement of cash flows provides a basis for analyzing financial results. Additional analyses if possible thorough the use of their ratios relating to cash flow: the cash flow per share of common stock, cash flow margin and cash flow liquidity ratio.

$$\text{Cash flow per share} = \frac{\text{Net cash flow from oprating activities}}{\text{Average nu of common share}}$$

Cash flow liquidity ratio

$$= \frac{\text{Net cash flow from oprating activities} + \text{cash balance}}{\text{Current liabilities}}$$

Cash flow liquidity ratio

$$= \frac{\text{Net cash flow from oprating activities} + \text{cash balance}}{\text{Current liabilities}}$$

(..... and Gautam A. 2011)

2.4 Profits and Cash Flow

Profits are accounting measures that may not reflect the economic reality of the firm. Increasing profits will not always result in higher stock prices, profits of the firm depend on many factors such as method of depreciation, non operating gains incomes expense and losses. Cash flow analysis not only recognize the profit but it goes a little further and measures the actual cash available for the firm. It is after all

the available cash not the profit that determines the firm's future investment and growth. Cash flows have earning potential and capture the economic impact of managerial decisions. Cash flows are not the profits that determine the wealth. (Munankarmi, S.P., 2057)

2.5 Cash flow Statement

Cash flow statement is the systematic and analytical presentation of inflow and outflow of cash from different sources within an accounting period. It is the reconciliation of opening and closing cash. It shows the actual view of business on cash basis. The FASB no 95 "statement of cash flow" issued reconciliation of opening and closing cash. It shows the actual view of business on cash basis. The FASB no 95 "statement of cash flow" issued in 1987 has classified the cash flow into operating, investing and financing activities. Similarly Nepal accounting standard (NAS-03) issued by NASB (2003), "cash flow statement should report cash flow during the period classified by operating, investing and financing activities." (Waggle & Dhal, First Edition: 11.2)

The IAS has also replaced NAS and asked its entire member to present cash flow statement along with the balance sheet and income statement. As such enterprises should prepare a cash flow statement along with the balance-sheet and income statement since 1992. Nepal company act 2063 B.S. (currently replaced Company Act 2053) also made mandatory to present cash flow statement along with balance sheet and income statement. NAS says "The cash flow statement is the part of the complete set of financial statement including balance sheet, income statement and accounting policies and extraordinary notes."

Recognizing the important and usefulness of cash flows analysis, the FASB issued statement of financial statement standard no.95 " statement of cash flow" in November 1987. This standard requires business to include a statement of cash flows in all financial reports that contain balance sheet and income statement. This statement supersedes opinion no. 19 " statement of change in financial position " the IAS has also replaced NAS and asked its entire member to present cash flows statement along with the balance sheet and income statement. As such an enterprise should prepare a cash flow statement and should present it as an integral part of its financial statement for each period for which financial statement are presented.

2.6 Importance of Cash Flow Analysis

Enterprises need cash to conduct their operation, to pay their obligation and to provide returns to their investors. Users of an enterprise financial statement are interested in how the enterprise generates and uses cash and cash equivalents. It helps the user of financial statement evaluate a company's ability to have sufficient cash both in short term and long term basis. For this reason, the statement of cash flow is useful to virtually everyone interested in the company's financial health. Cash flow statement is important to provide information about inflows and outflows of cash and cash equivalents.

It provides useful information to the users of the statement in the following ways.

1. It helps to evaluate financial polices & cash positions.
2. It helps to inform about the availability of cash. So that management can determine policies regarding financial management i.e. raising utilities of funds.
3. Assess a company's ability to generate positive future cash flows.
4. Assess a company's ability to meet its obligation, its ability to pay dividends and its need for external financing.
5. Assess the reason for difference between income and associated cash receipts and payments.
6. Assess both the cash and non-cash aspects of a company's investment and financial transactions.

In other words cash flow statement may helps to answer the followings:

1. If a company operates at profit why is it continually short of cash?
2. How can a company operate at a loss and still generate huge inflows of cash from operations?
3. How was the company's growth and expansion financed?
4. Did the company acquire any long term investment or other income producing assets?

5. Was financing obtained during the period through issuance of debt or equity securities? If so what were the amount of cash obtained?
6. Did the company use cash to retire any long term debt or equity securities during the period?
7. Are the company's incomes producing activities using more than they are generating?
8. Do operating activities consistently generate enough cash to assure prompt payment of operating expenses maturing liabilities interest obligation and dividends? (Munankarmi, 2003: 13.02)

2.7 Objectives of Cash flow Statement

The objective of cash flow statement is to highlight the major activities of the business that have provided cash for the business and have used during a period. Similarly, it also shows the resulting effect on the overall cash balance. The objectives of cash flow statement should be assessing users.

1. To assess the company's ability to generate positive cash flow in the future.
2. To assess its ability to meet its obligations to service loans, pay dividend etc.
3. To assess the reason for differences between reported and related cash flows.
4. To assess the effects on its finances of major transactions in the year.
5. To find out the causes of changes in the cash position on two dates and financial policies can be done with the help of cash flow statement.
6. To help the management to know and predict its position, it can help its policy and make decisions regarding the redemption of debentures purchase of fixed assets and so on.

2.8. Distinction between Funds Flow and Cash Flow Statement

- a) Concept: Funds flow is based on working capital and Cash flow is based on Cash.
- b) Accounting: Funds flow statement is based on Accrual basis of accounting and Cash flow statement is based on cash basis of accounting

- c) Preparation: Fund flow statement reveals the sources and application of funds and any difference represents net increase or decrease of working difference represents the closing cash balance.
- d) Purpose: Funds flow statement shows the causes changes in working capital position of a firms between two balance sheets dates whereas cash flow statement shows the causes of changes in cash position of a firm between two balance dates.
- e) Usefulness: Funds flow statement is useful in planning intermediate and long term financing, cash flow statement is more useful for short term analysis and cash planning of business.
- f) Schedule of changes in working capital: To get information about current assets and liabilities it is necessary to prepare the schedule of changes in working capital before preparing funds flow statement whereas in cash flow statement it is not necessary to prepare the schedule of changes in working capital. (Gupta, S.P. 1995: 296-298)

2.9. Preparation of Cash Flow Statement

The cash flow statement is prepared on the basis of cash basis of accounting. While calculating operating profits for cash flow statement, adjustment for prepaid and outstanding expenses and incomes are made to convert the data from accrual basis to cash basis. The statement is prepaid by taking the opening balance cash, adding to this all the inflows of cash and deducting all outflows of cash from the total. The statement is more useful for short-term analysis and cash planning of the business. Cash flow statement shows the source and application of cash. Sources are the inflows of the cash and user are the outflows of the cash.

Cash flow is simply refers to the flow of cash into or out of a business over a period of time. Watching the cash inflows and outflows is one of the major management tasks.

Source of Cash:

If the cash is coming into the business through by different activities, this is called cash inflows. The following are the cash inflows:

-) Opening cash & cash equivalent
-) Cash from operation

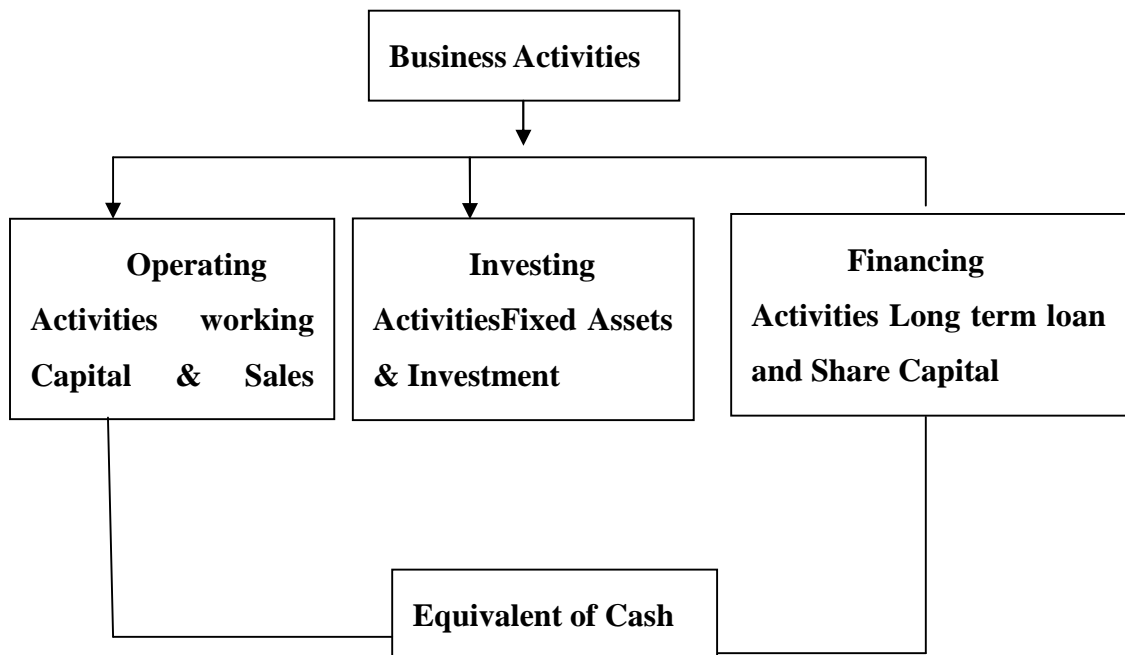
-) Cash from issue of shares
-) Cash from issue of debenture
-) Cash from long term loan
-) Cash from share premium
-) Cash from sales of fixed assets
-) Cash from sales of investment

Uses of Cash:

If the cash is going out from the business for different purpose, this is called cash outflows. The following are the cash outflows

-) Cash depleted from operation
-) Cash purchase of fixed assets
-) Cash purchase of investment
-) Redemption of debenture
-) Repayment of long-term loan
-) Dividend paid
-) Income tax paid
-) Closing cash & cash equivalent (Munakarmi, 2003:13.05)

Complement of Cash Flow M (Wagle & Dahal, First edition M 11.2)



As per the FASB's statement no. 9 the cash flows statement, should be presented under informative approach in activity format. Under informative approach the cash flow statement may be presented using:

) **Indirect Method**

) **Direct Method**

1. Indirect Method to Cash Flow Statement

Under this method, the cash from operating activities could be derived by preparing funds from operation, as have been done in case of fund flow analysis. This from operation could be converted in to cash from operation by adjusting change in short term assets and liabilities excluding cash. Cash from investing activities are generated internally from non operating activities like fixed assets and long term investment. Similarly, cash from financing activities are the presentation of cash from or to lenders, investors and shareholders that affect cash.

Operating Activities:

The amount of cash flows arising from operating activities is a key indicator of the extent to which the operations of the enterprise have generated sufficient cash flows to repay loans, maintain the operating capability of the enterprise, paying dividends and make new investments without resources to external sources of financing. It relates to a company's primary revenue generating activities. It is the single major continuing sources of cash. Operating activities are always within the management control and they provide base for management estimation of fund needed to rise from available sources. Cash flow from operating activities is generally the cash effects of transactions and economic events included in the determination of income.

Under this method, the net cash flow from operating activities is determined by adjusting net profit or loss for the effect of:

1. Changes during the period in inventories and operating receivables and payables.
2. Non-Cash items such as: depreciation, provision, deferred taxes and unrealized gains of losses.
3. All other items for which the cash effects are investing or financing cash flows.
4. Cash receipts and payments from contracts help for dealing or trading purpose.

Alternatively the net cash flows from operating activities under indirect method may be present showing operating revenues and expenses, excluding non-cash items disclosed in the statement of profit and loss and the changes in inventories and operating receivables and payables during the period, Example of operating activities:

1. Non-cash and non operating gains / losses / expenses.
2. Description / loss on sales of assets provision for taxes.
3. Gain on sales of fixed assets.
4. Operating profit before working capital changes.
5. Increases/ decreases in current assets and current liabilities.

Investing Activities:

All the cash flows (either outflows or inflows) from investing activities can be determined by the long term assets and investment of two accounting periods. Any increase in assets shall be considered as having purchased and cash paid for it unless any information contrary to the same provided. At the same time, decrease in assets accounts represents the sale of those assets and cash inflows unless information opposing to that is provide. The gain or loss on sale need to be adjusted to calculate the exact amount cash received. Investing activities are:

1. Cash payment to acquire the fixed assets.
2. Cash receipts from disposal of fixed assets.
3. Cash payments to acquire shares, warrants or debt instrument of other companies.
4. Cash advances and loan made to other parties.
5. Cash receipts from the repayment of advances and loans made to third parties.

Financing Activities:

Cash flows from financing activities are calculated by analyzing the liabilities side of the balance sheet. The amounts of secured loans, unsecured loans, the amount of share capital and retained earnings accounts are analyzed to calculate the inflows and outflows from financing activities. The increase in the amounts can be taken as inflows either with the name of more borrowing or issuance of shares. Similarly, the decrease in these amounts can be taken as outflows with the name of redemption of debts or preference shares. Besides the capital and loan amounts, another financing activity is dividend paid or drawings by the owners. Divided may be in the form of

cash dividend or stock dividends do not use any cash. Hence, they should not be considered for cash flows statement.

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the enterprise. Examples of Cash flows arising from financing activities are:

1. Cash proceeds from issuing debentures, loans, notes, bonds and mortgages and other sort or long term borrowings.
2. Cash repayments of amounts borrowed.
3. Cash proceeds from issuing shares or other equity instruments.
4. Cash payments to owners to acquire or redeemed the enterprises shares.
5. Cash payment by a lessee for the reduction of the outstanding liability relating to a finance lease.

[International accounting standard 7 (Revised 1992)]

2. Direct Method

International accounting standard committee (IAS) has encouraged preparing cash flow statement only on direct method. Therefore as far as possible we need to follow direct method. When the direct method is used the cash flow statement does not begin with net income, rather, it shows cash collected from customer and deducted cash used for various expenses. That is, major of class of gross cash receipt and gross cash payments are disclosed. (Munankurmi, 2003:13.12)

2.1 Operating Activities

Operating activity only include transaction that return to the calculation of net income. It involves the purchase and the sales of goods and services to customers. Cash flow from operating activities includes all cash flows from transaction that are not defined as financing and investing activities. The cash flow from operating activities is primarily derived from operating activity of the enterprise. Examples of cash flow from operating activities are:

1. Cash receipts from the sales of goods and services.
2. Cash receipts from royalties fees, commission and other revenue.
3. Cash payments to supplies of goods and services.
4. Cash payments to and on behalf of employees.

5. Cash receipts and cash payments of an insurance company for premium and claims, and other policy benefits,
6. Cash payments refund of income taxes.

The direct methods provide information which may be useful in estimating future cash flows and which is not available under the indirect method. Under the direct method information about the major classes of gross receipts and gross cash payments may be obtained either.

1. From the accounting records of the firms.
2. By adjusting sales, cost of sales and other items in the statement of profits and loss.
3. Changes during the period in inventories and operating receivables and payables.
4. Other non-cash items and
5. Other items for which the cash effects are investing or financing cash flows.

Investing Activities

Determinations of cash flows from investing activities require analyzing the non operating incomes and expenses in income statement relating to:

1. Productive assets.
2. Investment in share and debentures.
3. Intangible assets.
4. Short term investment other than cash equivalents.

(Munankarmi.2003:13.16)

Financing Activities

A company's transaction with its owners and long term creditors are typically called financing activities also it includes borrowing of cash on short term basis for determination of cash flow from financing activities items relating to:

1. Share capital (Equity)
2. Share premium
3. Debenture
4. Dividend proposed

Comparative balance sheets should be analyzed by preparing necessary accounts.

2.10 Group Cash flow Statement:

Group cash flow statement deals both cash and accrual based figure, whereas group cash flow statement attempts to report only cash movement. Group cash flow statement is prepared from the consolidated balance sheet; the holding company can prepare this statement.

The format of group cash flow statement is similar to basic cash flow statement. It can be prepared by applying either direct or indirect method. For the preparation of group cash flow statement, the activity of business concern is divided in the following three categories:

-) Operating Activities
-) Investing Activities
-) Financing Activities

These three activities are similar to basic cash flow statement. According to the IAS-7 Para 40 states; "the aggregate cash flows arising from acquisition and from disposal of subsidiaries or other business unit should be presented separately and classified as investing activities."-Para 39 (Dangol, Third Edition: 447)

International accounting standard-7, para 40 states: "An enterprise should be disclosed, in aggregate of both acquisition and disposal of subsidiaries or other business units during the period each of the following:

1. The total purchase or disposal consideration
2. The portion of the purchase or disposal consideration discharged by means of cash and cash equivalents.
3. The amount of cash and cash equivalents in the subsidiary or business unit acquired or disposed off and
4. The amount of the assets and liabilities other than cash or cash equivalents in the subsidiary or business unit acquired or disposed of, summarized by each major category."

Non cash transaction related to investing and financing activities should not be including in the cash flow statement. According to IAS-7 para-43 "investing and financing transaction that do not require the use of cash or cash equivalents should be excluded from a cash flow statement. Such transaction should be disclosed elsewhere in the financial statement in a way that provides all the relevant information about the

investing and financial transactions activities." Examples of non- cash transactions are as follows:

1. The acquisitions of asset either by assuming directly related liabilities or by means of a finance lease;
2. The acquisition of an enterprise by means of an equity issue
3. The conversions of debt to equity
4. While preparing a group cash flow statement, the net value of subsidiary purchase has to be determined for the calculation of cash flow from investing activities. (Dangol, ThirdEdition:456

2.11 Using the Cash Flow Information for Decision Making

A cash flow statement , when used in conjunction with the rest of the financial statement , provides information that enables users to evaluate the change in the net assets of an enterprises, its financial structure and its ability to affect the amount and timing of cash flow in order to changing circumstances and opportunities. Cash flow statement is useful in assessing the ability of enterprises to generate cash and cash equivalent and enables users to develop models to assess and compare the present value of the future cash flows of different enterprises. It also enhances the comparability of the reporting of operating performance by different enterprises because it eliminates the effect of using different accounting treatment for the same transactions and events. (NAS 2002)

Management stakeholders and creditors can use the information provided by the statement of cash flow to make their decision. The statement of cash flow provides that useful information to management, investor's creditors and other interested parties, which is usually not depicted by other financial statement. The statement of cash flow visualizes the picture of movement if cash owing to the operating, investing and financing activities of a company during the period. The statement of cash flow reflects the financial consequences due to the management decisions made if the past of matters like expansion, retrenchment, issuance of capital stock, the sale of long-term bonds and so forth.

The information in the statement of cash flows provides a basis for analyzing financial results. Additional analyses if possible thorough the use of their ratios relating to cash flow: the cash flow per share of common stock, cash flow margin and cash flow liquidity ratio.

Cash flow per share = Net cash flow from operating activities/average no of common share

Cash flow margin = Net cash flow from operating activities /Net sales

Cash flow liquidity ratio=Net cash flow from operating activities + cash balance/current liabilities

(.....and Gautam, A. 2011)

2.12 Review of Articles:

Associate Prof. S.P. Munankarmi in his article defined about cash flow analysis. It is an integral part of financial planning stated the importance of cash in organization by calling as the lifeblood of business enterprise. According to him it is the fuel that keeps a business alive. So a business must have adequate amount of cash to operate and decision makers should pay attention to the firm's cash position and events and transaction that affects the cash position of the company is termed as cash flow analysis.

Due to the increasing importance of cash flow analysis FABS stated that financial statements should include information about how a business obtains and spends cash about its borrowing and repayment activities , about the sales and repurchase of its ownership securities, about dividend payment and other distribution to its owners and about others factors that affect a company's liquidity and solvency.

According to the articles profits are accounting measures that may be not reflect the economic conditions of the firms that means profit can be manipulated and increasing profit will not always result in higher stock prices. Cash flow analysis not only recognizes profit but also goes a little further and measures the actual cash available for the firm. It is after all the available cash not the profit that determines the firm's future investment growth.

As the article stated further that recognizing the importance of the cash flow analysis, FABS issued financial statement standards no. 95 and statements of cash flow in November 1987. This standard requires business to include a statement of cash flows in all financial reports that contains balance sheets and income statements. The IAS has also replaced NAS and asked its entire member to present cash flow statement along with balance sheet and income statement since 1992.

As the article suggest the following are importance of cash flow statement:

-) A company's ability to generate positive future cash flows
-) A company's ability to meet its obligations to pay dividends and its need for external financing
-) The reasons for differences between income and associated cash receipts and payments
-) Both the cash and non cash aspects of company's investment and finance transaction
-) A company's quality of earning refers to how closely income is correlated with cash flow the higher the correlation the higher the earning quality
-) A company's solvency liquidity and financial flexibility. Solvency is the ability of a company to pay its debt as they mature. The liquidity is the ability to generate adequate amount of cash and it also refer assets and liabilities. Financial flexibility refers to adaptation during the period of financial adversity to obtain financing to liquidate non operating assets for cash.
-) Net cash provided or used by operating activities.

Investment activities as the article stated include the lending money (investment) and collecting on loans buying and selling securities not classified as cash equivalent are defined as short term highly liquid investment that readily convertible to known amounts of cash and must be sufficiently close to its maturity date. Determinations of cash flow from investing activities, the analysis of non-operating incomes and expenses, statement relating to assets, investment in shares and debenture short term investment other than cash equivalent.

Net cash from financing activities are determined by the flow of short terms loans and over drafts. There may be some non cash investing and financing payments and such payments are not reported in the statement of cash flows. The FABS concluded that non cash portions of investing and financing activities should not reported in the statement of cash flow. However the board recognizes that non cash investing and financing activities are important events and so they should be disclosed by preparing a separate schedule for such activities.

As per the format of cash flow statement the article stated further that section seven of Nepal company act 2053 B.S. mentions the company's books of accounts and accounting system to be adopted by the company. Article 83 of the act is related to annual financial reporting statements which includes balance sheets income statement and cash flow statement, and article 84 of the act mentioned that the balance sheet and profit and loss account should be prepared in the prescribed format, but the cash flow statement is not prescribed as such it should in the author's opinion be presented in the format as prescribed by the FABS.

The article concluded that an accurate cash flow projection being an integral part of financing plan help to avoid cash flow problems and also helps to keep borrowing costs as low as possible.

2.13 Review of Previous Related Theses

Few of the research in the topics of cash flows analysis in Nepalese context are made but many of the research have been made in the area of financial performance and profitability situation of Commercial banks. As financial performance and profitability situation covers some of the aspects of cash flow statement, research made in these areas is taken into consideration for the sake of review to examine the financial performance of Commercial banks.

Similarly, researches made in the area of Nepal government accounting and auditing standard, compliance of IASs in Nepal accounting Standards, practices, problem and issues. Attempt is made here to review some of the researches which have been submitted in cash flow analysis, financial performance and profitability situation of financial institution, Nepal government accounting and auditing standard. Compliance of IASs in Nepal and Nepal Accounting Standards, practices, problems and issues in the context of Nepal. Some of the research as given below taken as references in this thesis preparation:

Amrit Shrestha, in his study *Analytical and Comparative Study on Cash Flow of Joint Venture Banks in Nepal*, has mentioned the strength and weakness of the all joint venture banks in Nepal through Cash Flow Analysis. He suggested and noted potable information occurring in the field of Cash Flow Management and managing trend of Cash Flow for joint venture banks in Nepal.

Although most of the business entrepreneurs along with their business philosophy has suggested that cash management of the firm should be in adequate position, no one has had create concrete pillar that cash should be at the would at the level be sufficient for the business. From current review, it is seen that most of the business entity and bank and financial institution has suffered from the liquidity crisis for which most responsible factors is cash, clearly pointed out that the cash management is the common and major problem in Nepalese enterprises. But the success and failure of an organization is greatly depends upon the efficient management of cash. Hence, financial manager not only consider the in present need of cash but also pay attention the future requirement of cash.

Navaraj Bista (2054) had conducted a research in the topic “*A Comparative Financial Analysis of Joint Venture Banks Nabil, Himalayan Bank Ltd and Nepal Bangladesh Bank Ltd.*” In the research, he centered with the study of financial position of these three banks, evaluation of trend of total deposit & loan and investment pattern, in the analysis, Bista has set the following objectives:

-) To study financial position of three Banks.
-) Evaluation of the trend of total deposit, loan & investment pattern.
-) Providing conclusions, findings and recommendation to the related Banks to overcome and improve problems and performance.

Bista pointed out various findings after analyze the data. Some were as follows:

-) The volume of operations in terms of amount Nabil stood in the first positions. HBL had successfully increased the operation in very short span of time and NBBL was unable to take steps in this regard for the analysis period.
-) The revenues, expenses and income of NBL were the highest followed by HBL and NBBL. It was concluded that NBBL was in maturity rise stage while HBL and NBBL were growth and introduction stages respectively.

Bhogendra Dangi (2054), had conducted a research in the topic “*Comparative Study of Financial Performance of Standard Chartered Bank, Nabil and Himalayan Bank Ltd.*” The objectives of that research were:

-) To analyze the financial strengths, weakness and to evaluate financial positions of the sample financial institutions.
-) To analyze the Banks deposit mobilization and investment procedure
-) To make relevant suggestions and recommendation for their effective and efficient future performance.

Dangi Pointed out some key findings which were as follows:

-) The analysis of financial statement of SCBNL, Nabil and HBL reveals that liquidity positions in terms of current ratio of these banks were below the normal standards. Current ratio of these three banks showed unsatisfactory liquidity positions. Comparatively SCBNL had better liquidity positions than Nabil and HBL.
-) Interest coverage ratio of SCBNL was higher than that of Nabil and HBL.
-) Profitability ratios of all these banks revealed positive return doing the study period Net profit to the deposit ratio of SCBNL was higher than that of Nabil and HBL while interest earned to total assets ratio and net profit to net worth ratio of HBL were slightly higher than that of SCBNL and Nabil.
-) Regarding to operating income HBL was earning higher percentage of operation income from interest than SCBNL and Nabil.

Shisir Munakarmi, in his study on analysis of cash flow for Shri Ram Sugar Mill, has mentioned the strength and weakness of the firm through cash flow analysis. Shri Ram Sugar Mill was suffering from shortage of cash in operating activities till the date.

Sheila Chhetri (2056), had conducted a research in the topic “***Profitability Position of Nabil with SCBNL***”. The objectives of that research were done to study the strength and weaknesses as well as opportunities and threats of these banks in terms of financial tools. She has set the following objectives:

-) To evaluate the trend of ‘Deposit and loan’ & advances of Nabil and SCBNL.

-) To evaluate the liquidity, profitability, capital structure & adequacy positions of Nabil and SCBNL.
-) To study the strength and weaknesses of Nabil and SCBNL
-) To study the opportunity and threats in terms of financial tools
-) To suggest and recommend for the improvement of financial performance of Nabil and SCBNL in the future.

Some remarkable findings of this research were as follows:

-) There exists highly positive correlations between total deposit and loan & advances of Nabil during this study period ($r = 0.99$). Similarly there existed a highly positive correlation coefficient of SCBNL on total deposit and loan & advances ($r: 0.94$). The liquidity position of SCBNL was comparatively better than that of Nabil.
-) Nabil capital adequacy position was more satisfactory than that of SCBNLL but Nabil capital adequacy position were deteriorating each year.
-) SCBNL profitability positions were more satisfactory than that of Nabil during the study period.

Buddi Prasad subedi (2009) had conducted the research topic with *A cash flow statement analysis of selected commercial bank (MBL,LxMI, SBL and KBL)*. His studies were only focused to analyze the data for trend of cash flow statement from 2061/62 to 2065/66.

Suman Bhandari (2060), had conducted a research in the topic “A study of cash flows Analysis in Nepalese Public Enterprises (*A case study of Salt Trading Corporation Limited*).” The objective of this research was:

-) To analyze cash flow statement of STCL.
-) To analyze functional to generate cash flow in future periods.
-) To find out the ability to meet its obligation
-) To provide suggestion and recommendation for effective cash management

Bhandari had pointed out the various findings in his research. Some major findings were as follows:

-) The sales revenues of STCL increased except in the current fiscal year.
-) The company is not adopting the definite inventory policy because the levels of inventory were fluctuated.
-) The company has ability to pay short-term obligation which shows the financial strength of company.
-) The long term solvency position of company is not satisfactory as it has used more debt as compare to equity.
-) The company is not utilizing effectively its assets because its fixed assets turnover ratio is very low.
-) Overall profitability ratio is not satisfactory although it has made profit every year of the study period except in the first year.
-) The cash flow from operating activities was not adequate to meet the short-activities was fluctuated.
-) The company has raised funds through loan and overdraft. It has not issued shares except in the first year of the study period which was also of very small portion. Due to such loan, the company paid more interest.
-) No optimum cash & Bank balance were maintained. The cash and bank balances were fluctuated that indicated no definite policy was maintained regarding the amount of cash hold at the end of each year.

2.14 Research Gap

A researcher reviewed and assessed the literature related to the topic, found the time gaps. The attempt is tried to fulfill the gap. The cash flow from operating, investing and financing activities up to only 2065/66 may not be given the real picture of the banks as time passes. So, it is realized that there is needed another findings based on the data up to 2067/68.

The study a comparative study of cash flow statement of selected commercial banks (MBL, LBL, KBL, and SBL) is distinct then other previous related studies. Even being cash flow statement title, some studies are related to other banks and some

had analyzed old data. On the other hand the previous others studies had made only trend line of cash flow for analyzing purpose but only trend line can't compare cash flow fairly. These studies only focused to analyzing operating investing and financing cash flow but to find out the fair result item or components of cash flow is also compared.

Operating, investing and financing cash flows are essential but elements of them are vital, because this are derived through their calculation. So, the increasing and decreasing of component of cash flow is to be analyzed to find out fair result. In this study item wise analysis is also made and technique of analysis is added. Cash flow of sample banks comparison is made to present the comparison, bar graph and diagram is prepared.

Chapter - III

Research Methodology

3.1. Introduction:

This chapter research methodology mainly related with Research Design, sample design, period of study, source of data & data collection procedures. Data processing terms methods, tools, techniques and theories, facilitates the research analysis & interpretation. It also clears the way of analysis and presentation chapter.

3.2 Research Design

To fulfill the objectives of the study as much as possible, an appropriate attention has been made in the process of research design. The research is fully based on the secondary data. All the required data have been collected from the related commercial banks and Audited reports. In the study, the researcher has followed the descriptive cumulative analytical research design to analyze the financial performance of the selected commercial bank. Various financial parameters and an effective research technique are employed to especially indentify the strength and weaknesses of this bank.

3.2.1 Population and Sample

At the present situation, the no. of commercial banks has been increasing rapidly. Some have already been established and others are in the process of converting into commercial bank from development bank and finance company. Currently there are 32 commercial banks operating banking business in Nepal. In this study all the commercial banks are population of study. But among them, MBL, LBL, KBL and SBL have been selected as sample for this study. Financial statements of the last five years from 2063/64 to 2067/0668 have been taken as sample data for the comparative study of cash flow analysis.

Sample commercial banks are taken on the basis of data of establishment, investors of the bank and financial transaction of the banks. Among the selected sample banks Machhapuchhre bank limited is the first regional bank established in 2000 A.D.and started its operation from locating its head office Pokhara. Kumari Bank Limited was emerged into existence as the sixteenth commercial bank of Nepal

by starting its banking operations from Chaitra 21, 2057B.S. (April 03, 2001). Similarly Laxmi bank was incorporated in April 2002 as a commercial bank with its head office at Birjung city. Siddhartha Bank Limited (SBL) commenced operation in 2002 having its registered office at Kamaladi, Kathmandu. The bank has good financial transaction among private sector banks so this bank is taken as sample banks for this study.

Among 32 commercial banks, only four commercial banks have been taken into analysis. These are selected on the base of random sampling method. They are,

-) Machhapuchhre Bank Limited (MBL)
-) Laxmi Bank Limited (LBL)
-) Kumari Bank Limited (KBL)
-) Siddhartha Bank Limited (SBL)

Machhapuchhere Bank Limited (MBL)

Machhapuchhere Bank Limited was registered in 2000 as the first regional commercial bank. The bank started banking business from the western region of Nepal with its head office in Pokhara. Now, the day it has paid up capital of above 1470 million rupees, it is one of the full fledged commercial bank operating in Nepal; and it ranks in the topmost among the private commercial banks.

MBL is striving to facilitate its customer's needs by delivering the best of services in combination with the state of the art technologies and best international practices.

Machhapuchhere Bank Limited has introduced latest technology in the banking industry in the country; it is the first bank to introduced centralized banking software named GLOBUS BANKING SOFTWARE which was developed by Temenos NV, Switzerland. The bank provides modern banking facilities such as any branch banking, any branch banking system, Internet Banking and Mobile Banking to its customers.

The last few years has opened up with branches spread all around the country .At this stage, it has its corporate office in Kathmandu and branch offices in other parts of Kathmandu ,Damauli, Bhairahawa, Birgunj, Banepa Baglung, Dharding &

different parts of Pokhara in addition to the head office in Nayabazar ,Pokhara. A fully fledged banking branch is in operation in Jomsom located high up in the mountains too. The bank aims to serve the people of both the urban & rural areas .The bank trying to open many more branches in almost cities and area.

The share holding pattern is illustrated as follows:-

Promoters Ownership	51%
Government of Nepal	0
“A” Class Licensed institutions	0
Other Licensed Institutions	0
Other Institutions	15%
Personnel	36%
Others	0
General Public Ownership	49%
Total	100%

(Sources: Annual Report 2067/68)

Laxmi Bank Limited (LBL)

Laxmi Bank Limited was registered in April, 2002 as a commercial bank. The current shareholding statues of promoters are holding 64.57 percent, and the genial public holding 35.43 percent. The banks promoters are Nepal’s leading business families with varied business interest.

To providing safe, seamless, quick and advance banking services, the bank has been heavily investing in latest banking technologies. The bank uses flex cube as its main banking platform. Fled incidentally has been ranked the one selling core banking solution globally, and has been embraced by over 500 financial institutions across over 92 countries. The bank has been providing its services through a host of

delivery channels including cell phone, internet, ATM, Point of Sale (POS) etc, in addition to a network of physical branches, our internet banking facility comes with capabilities of online shopping in addition to regular internet banking features, similarly, through the bank's alliance with smart Choice Technologic (SCT) the ATM /Debit card holder of the bank has access to a network of ATM's and Pos terminals located in all major urban centers of the country. The bank is also the first in South Asia to have implemented SWIFTS net, the advanced version of the SWIFT technology, which is used for speedy and secure payment and messaging services.

Now days, the bank is recognized as an innovative and progressive bank geared to providing shareholders and customers with quality earning and value added services. Transparency, good governance and sound business growth are out driving forces. Under a professional management team the bank has established itself as an emerging key planner.

The share holding pattern of the bank is as follows

1 Promoters Ownership	64.57%
Government of Nepal	0
“A” Class Licensed institutions	0
Other Licensed Institutions	1.67%
Other Entities	37.14%
Personnel	27.16%
Others	0
2. General Public Ownership	35.43%
Total	100%

(Sources: Annual Report 2067/68)

Kumari Bank Limited (KBL)

Kumari Bank Limited is stabilized as a commercial bank from Chaitra 21, 2057 BS (April, 03 2001). The bank is sixteenth commercial bank of Nepal. Its main objective is to provide competitive and modern banking services in the Nepalese financial market. The bank has paid up capital of Rs. 1186 million, of which 70% is contributed from promoters and 30% from general public.

Kumari bank has been providing some of the latest banking services like E-banking, ABBS banking and SMS banking services in Nepal. The bank always focuses on building sound technology driven internal systems to cater the changing needs of the valued customer, that enhance high comfort and value. The adoption of modern GLOBUS SOFTWARE, developed by Temenos NV, Switzerland and arrangement of centralized data base system enables customer to make highly secured transaction in any branch regardless of having account with particular branch. Similarly the bank has been providing 365 days banking facilities extended banking hours till 7 PM in the evening, utility bill payment services, inward and outward remittances services, and various other banking services.

The bank has added Visa Electron Debit Card, which is accessible in entire VISA and ATMs (including 11 own ATMs) and POS (point of sale) terminals both in Nepal and India to the customers.

The bank also recognized as an innovative and fast growing institution striving to enhance customer value and satisfaction by backing transparency business policies and practice, professional management. The bank's corporate governance and total quality management is the organizational mission.

Kumari bank Ltd has been providing wide-range of modern banking services through 20 points of representatives located in various urban & semi-urban part of country.

The key focus of bank is always center on serving unfulfilled need of all classes of customers located in various parts of the country by offering modern and competitive banking products and services in their door step. The bank always prioritizes the priorities of the valued customers.

The share holding pattern of the bank is as follows:-

1. Promoters Ownership	70%
Government of Nepal	0
“A” Class Licensed institutions	0
Other Licensed Institutions	1.67%
Other Institutions	0.12%
Personal	69.88%
Others	0
2. General Public Ownership	30.00%
Total	100%

(Sources: Annual Report 2067/668)

Siddhartha Bank Limited (SBL)

Siddhartha Bank Limited (SBL) started its business service operation from 2002. The banks promoters are a group of highly reputed Nepalese dignitaries having wide commercial experience. The banks provides a full range of commercial banking services through its branches of Birgung, Biratnagar, Kusma, Pokhara and Damak and other branches outside of the Kathmandu also.

SBL has been operating its banking business with vision is to be financially sound, operationally efficient and keep a breast with technological development. The bank firmly emphasis customer focus is a core value; shareholder prosperity is a prime priority employee growth is a commitment and economic welfare is a sincere concern.

Siddhartha Bank Limited's mission is to be a leader among the banks of our age in Nepal and committed to achieving this vision by fulfilling the interest of all the stakeholders through a motivated and fully committed staff. Our aim is to render efficient and diversified financial services.

SBL has been offering the whole range of personal and retail products for home, Auto Education, and mortgage loan for other miscellaneous requirements. Trade Finance, Treasury, and Siddhartha remit for remittance and cash management services for speedy collection of receivables are other services to the valued customer. A network of ATM's compliments services and Siddhartha i-connect service which is online internet banking services being offered to access the accounts and information from your desk at your comfort.

Siddhartha Bank Limited is fully equipped with technology and human resource to reach in destinations.

The share holding pattern of the bank is as follows.

1. Promoters Ownership	51%
Government of Nepal	0
“A” Class Licensed Institutions	0
Other Licensed Institutions	0
Other Institutions	8.56%
Personal	42.44%
Others	0
2. General Public Ownership	49%
Total	100%

(Sources: Annual Report 2067/68)

3.2.2 Period of Study

The study is based on latest 5 years data covering the F/Y 2063/64 to F/Y 2067/68.

The data of the fiscal year 2067/68 of machhapuchhre bank is not included here because these are found at unaudited form. Thus comparison is made at the year excluding MBL.

3.3 Sources of Data & Data Collection Procedures

The data employed in the study were from secondary sources. The audited Balance Sheet, profit & loss A/C and related schedules of the concerned commercial Banks were collected. Besides these, other essential data and information were collected from some published and unpublished documents.

So far as data collection procedure was concerned annual reports of selected organization would be collected by making an access to the commercial Banks and Chartered Accountants firm. The researcher was consulted the library to gather necessary data and information during the course of study.

In study report, the audited accounts of different years of all the concerned commercial banks were presented in two different separate sheets each for balance sheet & profit/loss account in order to depict the overall picture of different year's financial position of such banks. Thereafter, cash flow statement was prepared by comparing the 5 consecutive fiscal year balance sheets. After preparing the cash flow statements the data were analyzed by observing all the financial statement.

3.4 Tools & Techniques of Analysis

While conducting the analysis the researcher use trend of cash flow for different fiscal year of selected commercial banks through trend line of fiscal year covering 2063/64 to 2067/68 and used multiple bar diagram to show comparative cash flow statement of selected commercial banks.

Chapter IV

Presentation and Analysis of Data

The chapter has analyzed five year's data of the selected Commercial Bank according to research methodology as mentioned in previous chapter. Cash flow statement is the reconciliation of opening and closing cash balance. Just the balance sheet, income statement and shareholder's equity do not answer the question raised by the users of financial statements. For such queries, cash flow statement answers those questions by analyzing and comparing through informative accounting system and considering the fact liquidity crisis prevail in the marked would lead to competitive market among the financial institutions For this purpose four Nepalese commercial banks are taken in to analysis.

The analysis of cash flow statement of all selected commercial bank from F/Y 2063/64 to 2067/68 is as given below.

4.1 Machhapuchhre Bank Ltd (MBL)

A. Cash flow from Operating Activities (CFOA)

According to appendix A, CFOA of MBL is Rs. 718.74m, Rs. 464.53m, Rs. 1011.47m, and Rs. (193.84)m respectively from the year 2063/64 to 2066/67. All year cash from operating activities except 2066/67 are positive. The operating cash flow trend is increasing and decreasing i.e. (35.37%) in 2064/65, 40.72% in 2065/66, (126.97%) in 2066/67 as compared to the base year (2063/64).

Cash receipts and payment from operation are Rs. 806.86m, Rs. 898.18m, Rs. 1178.60m, 1800.49m and Rs. 605.86m, Rs. 641.08m, Rs. 842.20m and 1491.07m respectively from the year 2063/64 to 2066/67.

Cash receipt includes various incomes which interest income is paramount. Interest income is Rs. 694.48m, Rs. 796.64m, Rs. 1033.88m and 1638.96m respectively from the year 2063/64 to 2066/667. It is seen that interest income is increasing each year on the basis year 2063/64.

The sources of interest income are loan, overdraft and investment. If the investment, overdraft and loan decrease then interest income also decreases and vice versa. The interest income shows investment increasing investment trends but the rate

of interest on investment is declining in the subsequent year resulted from lower rate of interest income.

Other important part of cash receipt from operation is commission and discount income. Commission and discount comes from bills purchase and discount, letter of credit, guarantee, collection fees, remittance fees and credit card. Cash flow from commission and discount are Rs. 34.30m, Rs. 35.61m, Rs. 38.01m and 48.79m from the year 2063/64 to 2066/67.

This is the income of agency and remittance business of the banks. Cash flow from commission and discount are increasing than the based year 2063/64. It is the positive sign for bank. Cash receipt from commission and discount are increased by 2.82%, 10.82%, and 42.24% respectively from the year 2063/64 to 2066/67 on the basis of 2063/64 as base year. Cash receipt from currency exchange gain is Rs. 2.93m, Rs. 35.80m Rs. 50.06m and 42.12m from the year 2063/64 to 2066/67 respectively. Cash flow is increasing and decreasing trends in exchange gain. Exchange gain includes revaluation gain and trading gain including exchange fees. Recoveries on loans previously written off are the factor of receivable from debtors. They are Rs. 0, Rs. 38000 Rs. 138000 and Rs 9670320 in the year 2063/64 to 2066/67 respectively.

Cash receipt from other income is Rs. Rs. 49.03m, Rs. 30.07m Rs. 56.49m and 60.93m M. respectively from the year 2063/64 to 2066/67. Other income includes rental of safe deposit lockers, issue and renewal of credit cards and ATM cards, charge for account closure, account maintenance charge etc. cash from other income are positive. It is good sign for banks.

Cash payments of banks for operating activities are Rs. 605.86m, Rs. 641.08m, Rs. 842.20m and 149.10m respectively in the year 2063/64 to 2066/67. Cash payments are increasing each year considering the base year 2063/64.

Out of the total cash payments interest payment are Rs. 397.72m, Rs. 407.91m Rs. 545.95m and 1113.98m respectively in the relevant four years. Interest expenses are increasing but in decreasing rate trend. It reflects the decreasing trend of withdraw of deposit or increased in non-interest bearing deposit and rate of the interest decreases even of the deposit of each year is in increasing trend. Interest expenses are increased by 2.56%, 3.72%, and 18.09% respectively from the year 2063/64 to 2066/67 as comparing to the year 2063/64.

Staffs are the key factor to generate positive cash flow. In order to motivate them salary and extra benefit like fringe benefit should be given. Total cash payment under staff expenses are Rs. 71.19m, Rs. 67.00m, Rs. 875.93m and 152.13m M. respectively from the year 2063/64 to 2066/67. Staff expenses are in increasing and decreasing trend. Office overhead costs are increasing trends. The bank is operating new branch with new technology and new staff member as a result office overhead costs are high for bank. Pension and staff bonus expenses are zero, Rs. 70.08m and Rs. 40.44m and zero respectively in the year 2063/64 to 2066/67.

Income tax expenses are Rs. 43.03m, Rs. 0.57m, Rs. 28.28m and 44.11m in the year 2063/64, 2064/65, 2065/66 and 2066/67 respectively. And other expenses plays vital role to increase total cash payment under operating activities. Other expenses are Rs. 1.14m and 17.00m in the year 2063/64, 2066/67 but in 2064/65 and 2065/66 they are zero.

Except above items increase/ decrease in current assets and increase/ decrease in current liabilities also influence to cash flow from operating activities. Net cash flow from change in current liabilities is Rs. 1672.25m, Rs. 1539.66m and Rs. 4513.13m and 31058.44m respectively in the year 2063/64 to 2066/67. Then net cash out flow from change in total current assets are Rs. 1154.47m, Rs. 1332.23m and Rs. 3838.06m and 3609.11m respectively in the year 2063/64 to 2066/67.

After the individual analysis of component related with operating section, we have tried to make clarify of cash flow from operating activities for different years by table and graph respectively.

Note:- The banks data of the fiscal year 2067/068 was not unavailable.

Table 4.1

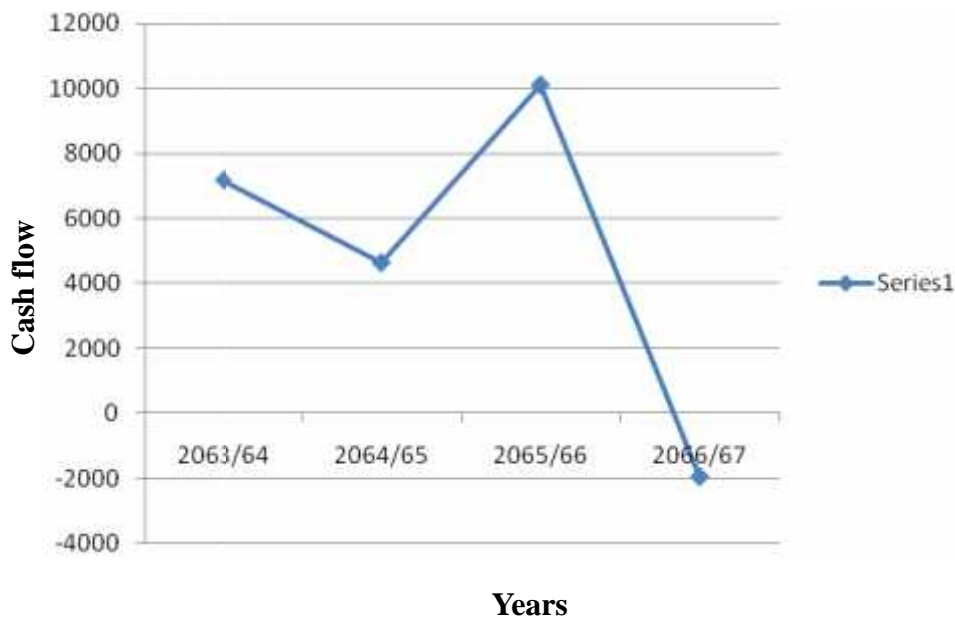
Cash flow from Operating Activities for different years

Fiscal year	2063/64	2064/65	2065/66	2066/67
Cash Flow	718744647	464532279	1011471586	(193846237)
% change	-	(35.37)	40.72	(126.97)

Source: Appendix

Figure 4.1

Cash flow from Operating Activities for different years (00000)



From the given table and graph, we can conclude that the cash flow from operating activities is decreasing trend except in the year 2065/66. It shows that the banks operating cash flow trend is not satisfactory.

B. Cash Flow from Investing Activities.

Bank or financial institutions are the business entities which does the money business. It collects money as deposit and invests for short time and long time but only long time investment includes in investing activities. It does not invest only for interest but invest in fixed assets also. CFIA of MBL is Rs. (246.69m), Rs. (293.87m), Rs. (159.57m) and 113.65m respectively from the year 2063/64 to 2066/67. Cash flow from investing activities is in increasing trend up to 2064/65 and it is decreased in the fiscal year 2065/66. Due to the decrease in investment interest income is also decreased to the some extent. It seems that, the bank is being unable to invest sufficient amount of cash in investment sector.

We have tried to show the cash flow from investing activities for different years by using table and figure as follows.

Table 4.2

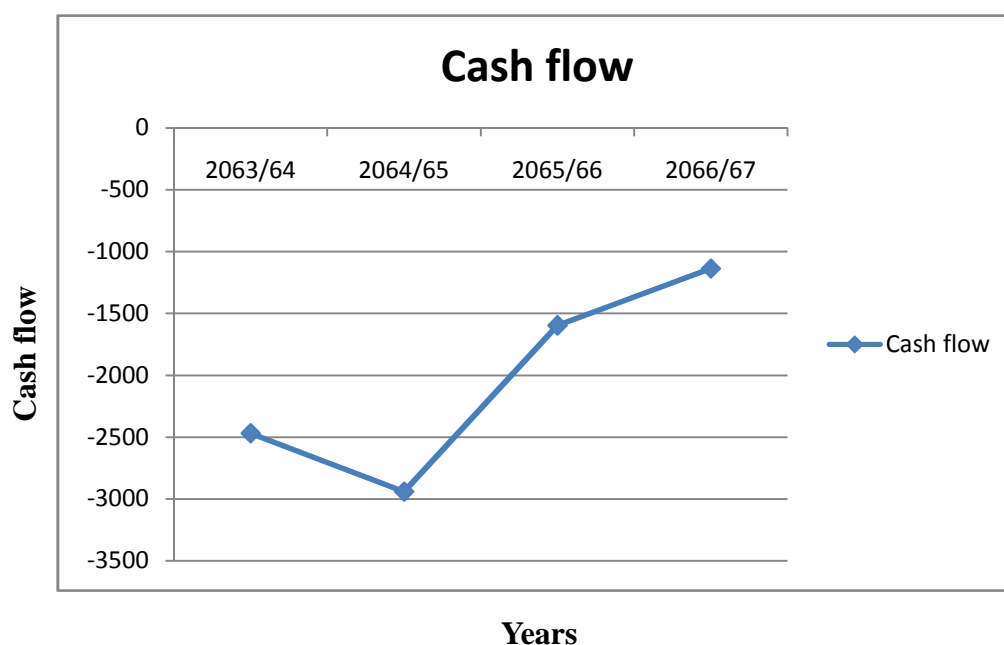
Cash Flow from Investing Activities for Different Years

Fiscal Year	2063/64	2064/65	2065/66	2066/67
Cash flow	(246695197)	(293874704)	(159579983)	(113653607)
% change	-	19.12	(35.31)	53.93

Source: Appendix A

Figure 4.2

Cash Flow from Investing Activities for Different Years (00000)



From the table and graph we can conclude that the cash flow from investing activities is in decreasing trend except 2064/65. The investing cash flow is also is not satisfactory as compared to the base year.

C. Cash Flow from Financing Activities

CFFA of MBL is Rs zero, Rs. 354.25m Rs. 404.95m and zero respectively from the year 2063/64 to 2066/67. It was found increasing and decreasing trend. It is increased in very higher rate during the year 2064/64 and 2065/66. In this year bank has issued equity shares in huge amount.

We have tried to show the cash flow from financing activities for different years by using table and figure as follows:

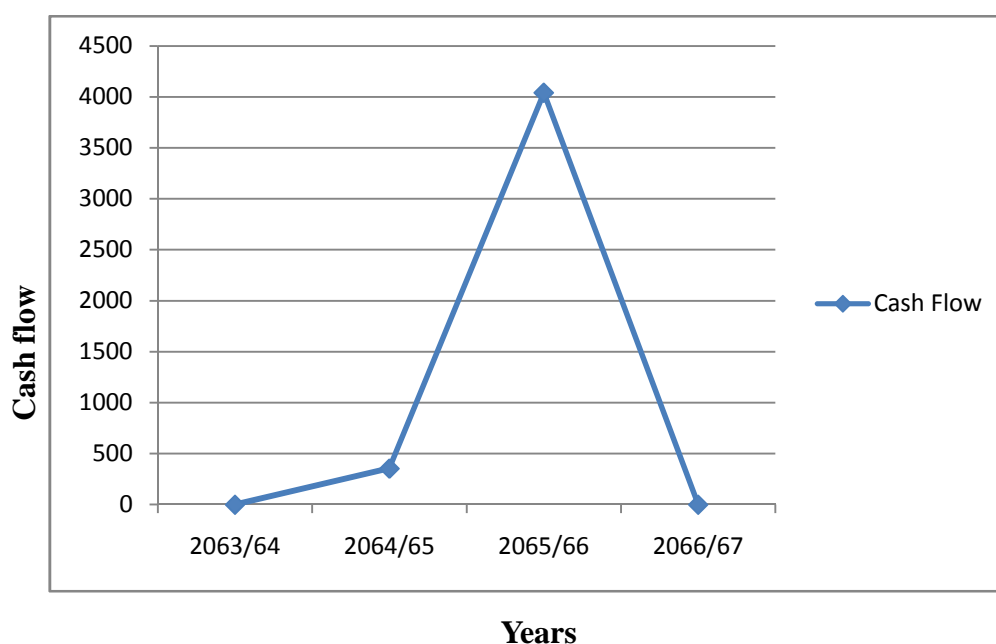
Table 4.3
Cash flow from Investing Activities for Different Fiscal years

Fiscal year	2063/64	2064/65	2065/66	2066/67
Cash Flow	-	35428384	404051079	0
% change	-	-	104.3	-

Source: Appendix A

Figure 4.3

Cash flow from Investing Activities for Different Fiscal years (00000)



From the above table and figure we can conclude that cash flow from financing activities is fluctuating in the fiscal year under the study. The bank has collected huge amount of cash from share capital in the year 2065/66 only.

D. Net Cash Flow for the year

Net cash flow of MBL is Rs. 470.15m, Rs. 215.97m, Rs. 126.69m and (306.93m) respectively from the year 2063/64 to 2066/67. It was found volatile trend. Positive and negative cash flow represent the increase and decrease cash flow

during four years. Net cash flow is highly decreased in F/Y 2066/67. It is mainly due to increase in cash flow from investing activities and not being financing cash flow of the particular year.

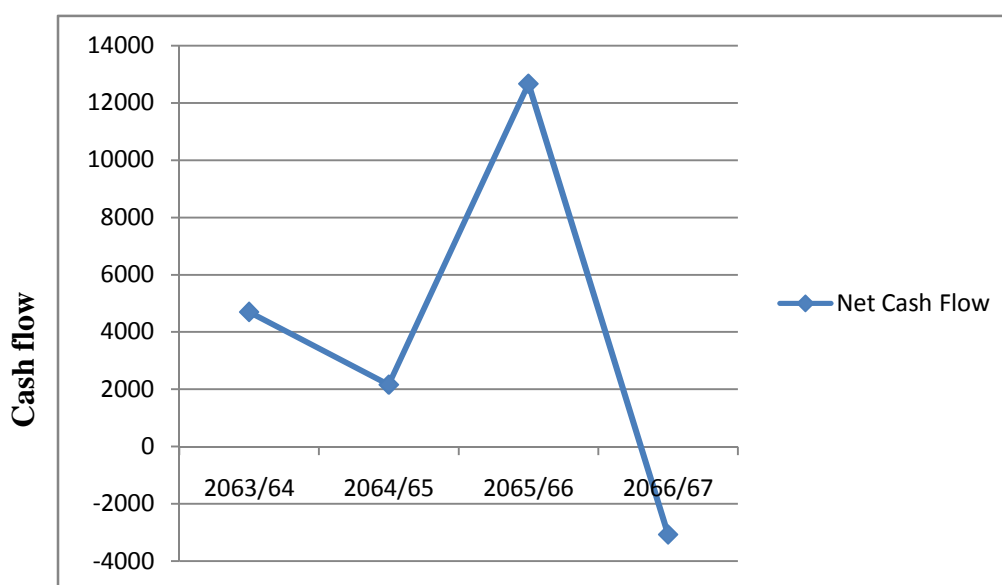
We have tried to show that net cash flow for the different years by using table and figure.

Table 4.4
Net Cash Flow for the year

Fiscal Year	2063/64	2064/65	2065/66	2066/67
Net Cash Flow	470156250	215975312	1266593619	(306931700)
% Change	-	(54.06)	169.39	(165.28)

Source: Appendix A

Figure 4.4
Net Cash Flow for the year (00000)



From the table and figure we can conclude that net cash flow is increasing and decreasing trend in the year 2065/66 but afterwards decreased in high rate.

4.2. Laxmi Bank Ltd.

A. Cash Flow from operating Activities. (CFFOA)

According to Appendix A, CFOA of Laxmi Bank Ltd. is Rs. 124.37m, Rs. 668.46m, Rs. 314.08m, (374.97m) and 1149.02m respectively from the year 2063/64 to 2067/68. During the F/Y 2066/67, it is negative. It has increased higher rate in the

year 2064/65. It is decreased by 401.48% in the year 2066/67, increased by 152.52% and 823.81% in the year 2065/66 and 2067/68 as compared to the base year. In the F/Y 2065/66, it has more negative cash flow because of more cash payment as expenses and cash outflow from change in current assets is higher than cash inflow from operating current liabilities.

Cash receipts from operation as income are Rs. 523.09m, Rs. 795.14m, Rs. 1239.82m, 1880.4m and 2501.66m respectively from the year 2063/64 to 2067/68. Cash receipt includes interest income and other income. Interest income is Rs. 47.04m, Rs. 70.21m, Rs. 1728.81m and 2288.14m respectively from the year 2063/64 to 2067/68. It is in increasing trend on the basis of base year 2063/64. But the interest income of bank is higher in year 2067/68. The sources of interest income are loan overdraft and investment. If the investment, overdraft and loan decreases then interest income also decreased and vice-versa.

Other important part of cash receipt from operation is commission and discount income. Commission and discount comes from bills purchase and discount, letter of credit, guarantee, collection fees, remittance fees and credit card. Cash flow from commission and discount are Rs. 15.98m, Rs. 20.27m, Rs. 30.61m, 48.31m and 79.63 m. respectively from the year 2063/64 to 2067/68. This is the income of agency function. Cash flow from commission and discount are increasing than the base year 2063/64. It is positive sign for bank or is the positive situation for bank.

Cash receipt from exchange gain is Rs. 20.90m, Rs. 46.63m, 47.56m and 63.12m Rs. 51.00m respectively from the year 2063/64 to 2067/68. Cash flow is in decreasing and increasing trend in exchange gain. Exchange gain includes revaluation gain and trading gain including exchange fees.

Cash receipt from other income is Rs. 15.71m, Rs. 25.45m Rs. 70.91m, 60.09m and 69.95m respectively from the year 2063/64 to 2067/68. Cash flow is in increasing trend in other income over the particular review year, other income includes rental of safe deposit lockers, issue and renewal of credit cards and ATM cards, telex/TT etc. Cash from other income are positive as well as increasing trend. It is good sign for banks.

Cash payments of bank for operating activities are Rs. 354.75m, Rs. 576.9m, Rs. 962.16m, Rs. 1456.11m and 1997.87m respectively in the year 2063/64 to

2067/68. Cash payment of bank is in increasing trend on the basis year 2061/62. Out of the total cash payments interest payment are Rs. 2415.84m, Rs. 3913.02m, Rs. 7053.8m, Rs 59.78m and 1513.83m respectively in relevant five years. Interest expenses are in increasing trend. It reflects the increased in interest bearing deposit.

Staffs are the key factor to generate positive cash flow. In order to motivate them salary and extra benefits like fringe benefit should be given. Total cash payment under staff expenses are Rs. 441.58m, Rs. 391.30m, Rs. 104.0m, 149.00m and 204.3m respectively from the year 2063/64 to 2067/68. Staff expenses are in increasing trend. Staff expenses include salary, allowance, bonus and contribution to provident fund etc. Office overhead cost are also increasing trend. The bank is operating new branch with new technology and new management. As a result overhead costs are high for bank.

The bank has paid income tax in whole five years, amount of income tax is shown in cash flow statement are Rs. 30.22m, Rs. 55.49m, Rs. 75.77m, 143.6m and 159605937 respectively from the year 2063/64 to 2067/68. It is in increasing trend. But non-operating expenses, exchange loss and other expenses are negligible for LBL in respective five years period.

To illustrate cash flow from operation of the bank, following table and graph has been used

Table 4.5

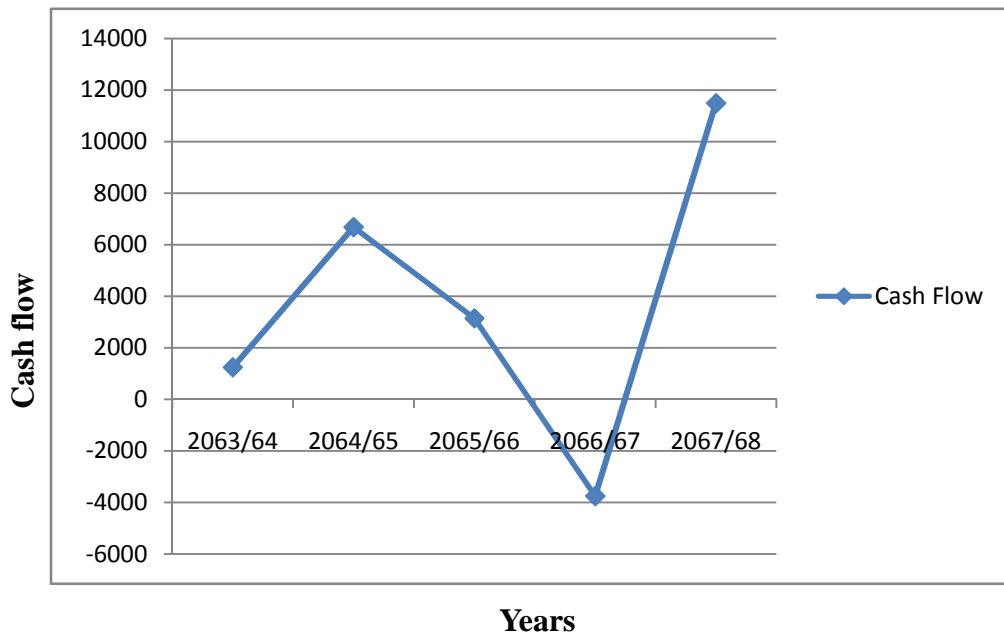
Cash flow from Operating Activities for different years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	124378471	668460835	314080096	(374970993)	1149022542
% change	-	437.44	152.52	(401.48)	823.81

Source: Appendix A

Figure 4.5

Cash flow from Operating Activities for different years (00000)



From the table and figure presented just in above, the cash flow from operating activities is increasing and decreasing trend up to 2066/67 but in the year 2067/68 it is highly increased.

B. Cash Flow from Investing Activities

Bank or financial institutions are the business entities which does the money business. It collects money as deposits and lend to person who stand in the need of money, and other hand it should purchase or invest in fixed assets. Mainly cash flow from these two types of activities called cash flow from investing activities. CFIA of Laxmi Bank is Rs. 0.43m, Rs. (83.52m), Rs. (71.35m), (68.74m) and (215.13m) respectively from the year 2063/64 to 2067/68. It shows that cash flow from investing activities is in decreasing trend except 2063/64.

We have tried to prepare table and graph to visualize this reality to the readers. Following table and figure has been employed as:

Table 4.6

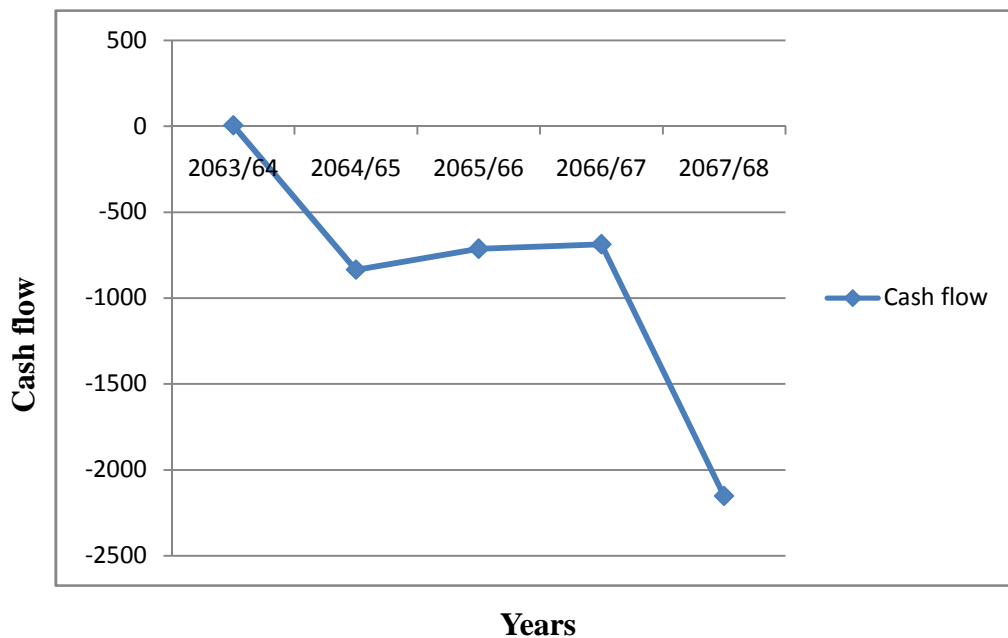
Cash flow from Investing Activities for different fiscal year

Fiscal year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash flow	439982	(83521416)	(71353026)	(68742446)	(215134463)
% change	-	(19082.9)	(16317.26)	(15723.93)	(48996.2)

Source: Appendix A

Figure 4.6

Cash flow from Investing Activities for different fiscal year(00000)



From the table and diagram, it is clear itself that the bank has made considerable huge amount of investment up to the fiscal year 2067/68. Positive cash flow from investment is not considered as good. But the banks investment is increasing trend so it is considered as good.

C. Cash Flow from Financing Activities.

CFFA of Laxmi Bank Rs. 119.77m, Rs. 183.49m Rs. 351.88m,451.63m and 806.76m respectively from the year 2063/64 to 2067/68. It is found increasing and decreasing trend. It is decreased by 53.20%, in the year 2064/65 and increased by 193.78.74. %, 277.06% and (32.64) % respectively from the year 2064/65 to

2067/68. Cash flow from issue of long term bond and debt negligible for four relevant year, but in 2065/66 the bank issue of long term bond by 350.000000 M. which increased the cash flow. Cash flow from issue of share capital is Rs 119.779700, Rs. 183.99m, and Rs. 188.9m, 451.63m and 806.76m respectively from the year 20663/64 to 2067/68. It is volatile due to increasing and decreasing trend.

We have tried to show the cash flow from operating activities for different years by using table and figure as follows:

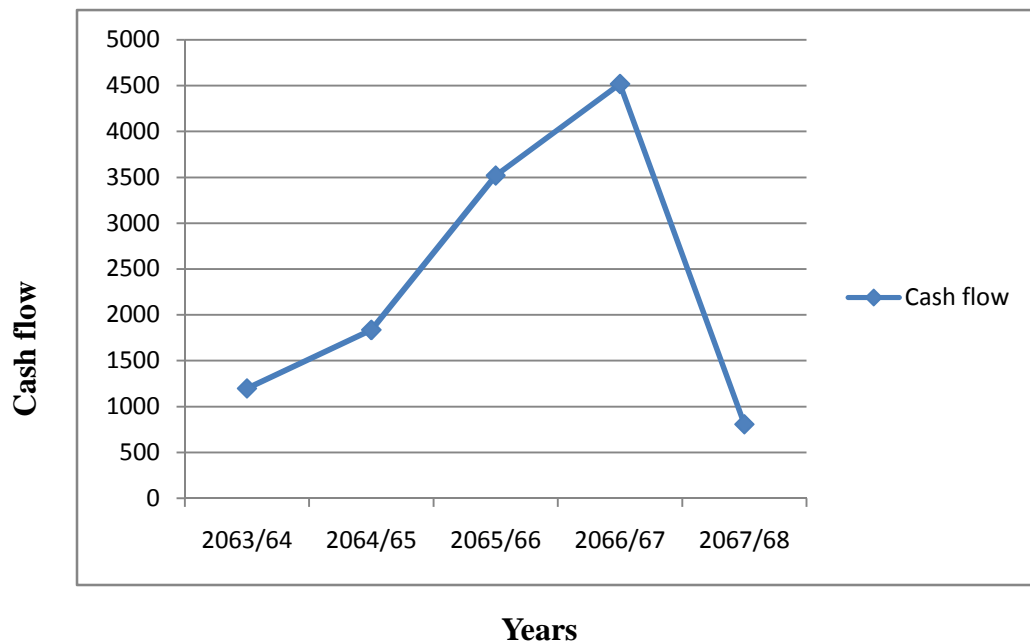
Table 4.7
Cash flow from financing activities for different year

Fiscal year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	119779700	183499300	351889800	451639954	80676025
% change	-	53.20	193.78	277.06	(32.64)

Source: Appendix A

Figure 4.7

Cash flow from financing activities for different year (00000)



From the table and figure presented just above, the cash flow from financing activities are in increasing trend up to the fiscal 2066/67 but it is highly decreased in the fiscal year 2067/68.

D. Net Cash Flow for the Year

Net cash flow of Laxmi Bank is Rs. 244.5m Rs. 768.43m, Rs. 594.61m, 792.65m and 1014.56m respectively from the year 2063/64 to 2066/67/68. Positive cash flow represents the increase of overall cash flow. High negative cash from current assets and cash flow from investing activities is the main cause to create negative overall cash flow.

To pasteurize and illustrate the net cash flow for different fiscal years, following table and graph are given as:

Table 4.8

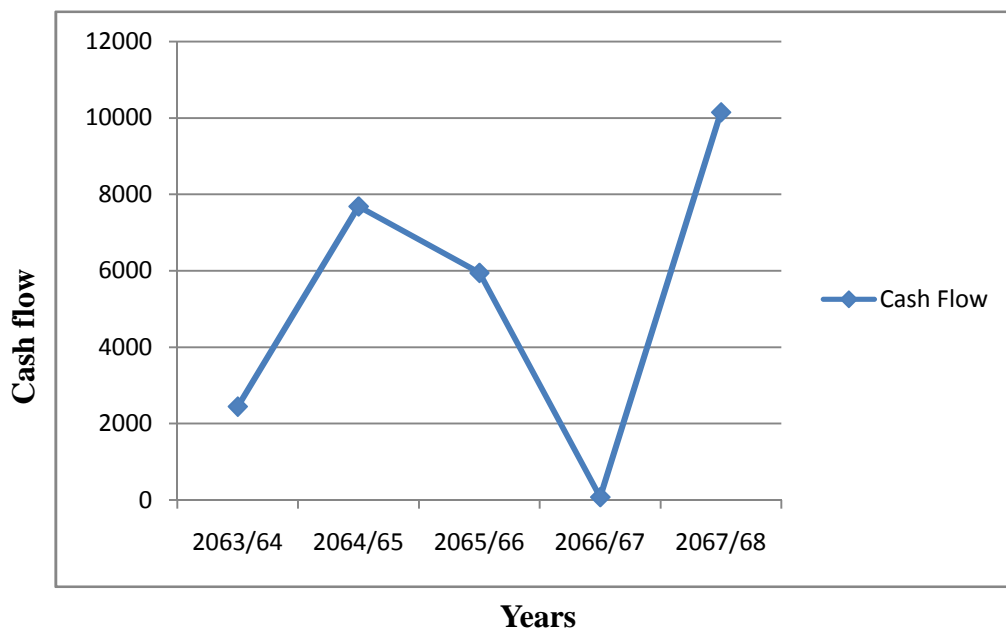
Net cash flow for different fiscal year

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	244598153	768438720	594616870	7926516	1014564104
% change	-	214.17	141.09	(96.76)	314.79

Source: Appendix A

Figure 4.8

Net cash flow for different fiscal year (00000)



From the above table and figure we can conclude that the net cash flow is increasing and decreasing trend. In the year 2067/68 the bank generate huge amount in spite of huge investment. Thus it is considered as good.

4.3 Kumari Bank Limited

A. Cash Flow from Operating Activities.

CFOA of Kumari Bank Limited is Rs. 567.63m, (Rs. 3731.16m), Rs. 914.64m, 566.41m and (1612.87m) respectively from the year 2063/64 to 2067/68. All CFOA are positive except is in 2064/65 and 2067/68. It has increased higher rate in the year 2065/66. The rate of change of the cash from operating activities are (165.73%, 61.13% in the year 2064/65 and 2065/66 (0.215) %, then (384.14) % in the year 2067/68 with compared to the year 2063/64. Cash receipts from operation are Rs. 868.29m, Rs. 1080.55m, Rs. 1533.63m, rs 2049.69m and 236.40m respectively from the year 2063/64 to 2067/68.

Cash receipt includes interest income and other income. Interest income is Rs. 791.28m, Rs. 956.8m, Rs. 1370.9m, 1869.12m and 217.44m respectively from the year 2063/64 to 2067/68. It is in increasing rate on the basis of based year 2063/68. But interest income is higher in year 20667/68 than respective five years period. If the

investment, overdraft and loans decreases then interest income also decreases and vice-versa. The interest income shows the increasing trend of the loan and advance and investment trends.

Other important part of cash receipt from operation is commission and discount income. Commission and discount comes from bills purchase and discount, letter of credit, guarantee, collection fees, remittance fees and credit card. Cash flow from commission and discount are Rs. 40.76m, Rs. 48.49m, Rs. 79.24m, 100.33m and 100.60m respectively from the year 2063/64 to 2067/68. This is the income of agency function and remittance business of the institution. Cash flow from commission and discount are increasing than the based year 2063/64. It is positive sign for bank or it is the positive situation for bank.

Cash receipt from currency exchange gain is Rs. 20.29m, Rs. 41.80m, Rs. 59.00m, Rs 36.71m and 37.92m respectively from the year 2063/64 to 2067/68. Cash flow is in increasing trend in exchange gain. Exchange gain includes revaluation gain and trading gain including exchange fees. Non-operating incomes negligible in operating cash receipt in other relevant four year. Cash receipt from other income is, Rs. 15.95m, Rs. 33.39m, Rs. 24.41m, Rs 42.31m and 45.26m respectively from the year 2063/64 to 2067/68. Other income includes rental of safe deposit lockers, issue and renewal of credit cards and ATM cards, charge for account closure, account maintenance etc. Cash from other income are positive. It is good sign and benefited for banks.

Cash payments of bank for operating activities are Rs. 657.50m, Rs. 809.00m, Rs. 1191.57m, 1864.96m and 1999.60m respectively from the year 2063/64 to 2067/68. Cash payment is in increasing trend.

Out of total cash payments interest payment are Rs. 404.50m, Rs. 493.51m, Rs. 803.42m, and Rs 117.85m respectively in the relevant five years. Interest expenses are increasing in trend during the review period. Comparative rate of interest is in declining; however it is increasing highly in the F/Y 2067/68.

Staffs are the key factor to generate positive cash flow. In order to motivate them salary and extra benefit like fringe benefit should be given. Total cash payment under staff expenses are Rs. 99.09m, Rs. 115.31m, Rs. 152.68m, Rs 142.77m and Rs168.35m respectively for the relevant year. Staff expenses are in increasing trend.

Staff expenses include salary, allowance, bonus and contribution to provident fund etc. Office overhead costs are in increasing trend. The bank is operating new branch with new technology and new management. As a result office operating costs are high for banks.

Exchange loss is totally zero in relevant five years period. Other expense of Bank is in year 2063/34, however other year has zero.

After the individual analysis of component related with operating section, we have tried to make this reality more clear, the following table and figure has been used as:

Table 4.9

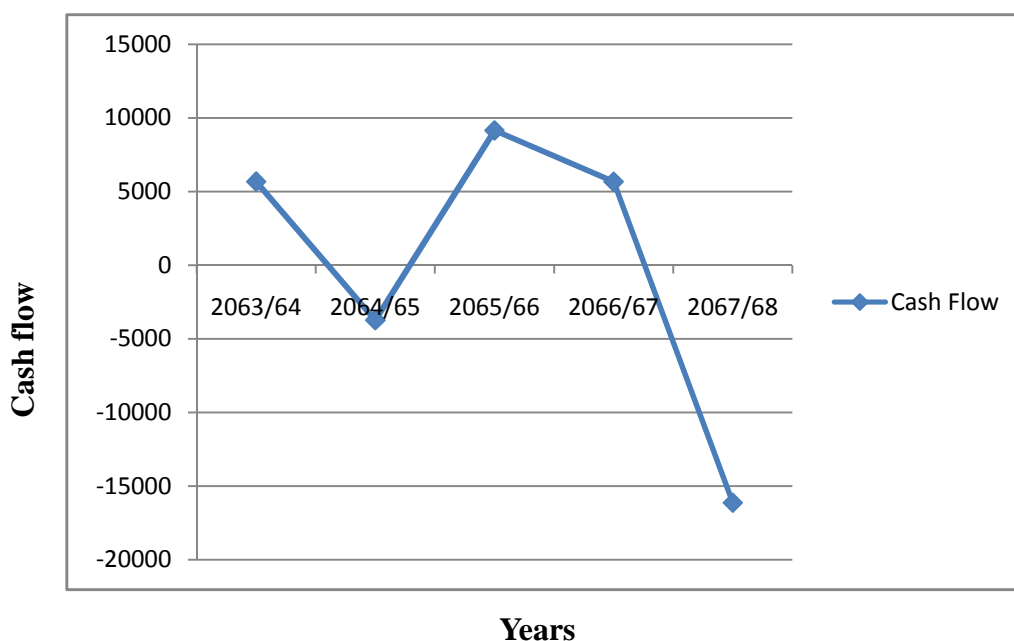
Cash flow from operating activities for different years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	567636906	(373116233)	914637801	566414376	(1612873550)
% change	-	(165.73)	61.13	(0.215)	(384.14)

Source: Appendix A

Figure 4.9

Cash flow from operating activities for different years (00000)



From the table and figure presented just above, the cash flow from operating activities is negative in the fiscal year 2064/65 and 2067/68, but in the other F/Y it is increasing and decreasing trend.

B. Cash Flow from Investing Activities.

Bank or financial institutions are the business entities which does the money business. It collects money as deposits and lend to person who stand in the need of money and similarly it should purchase of fixed assets. CFIA of Kumari Bank Ltd. is Rs. Rs. (410.15m), Rs.(85.15m), Rs. (80.45m), (40.06m) and (147.32m) respectively from the year 2063/64 to 2067/68. Cash flow is in volatile trend which shows that investment is in decreasing and increasing trend.

On the year 2064/65, 2065/66 and 2067/68 CFIA is decreasing in a high rate with comparing previous years. In other words the bank is being unable to invest sufficient amount of cash in investment sectors. Cash flow from long term investment is Rs. 283.47m, Rs. 178.6m, Rs. 6.80m, Rs3.57m and 21.36m respectively from the year 2063/64 to 2067/68. It is also in increasing and decreasing trend comparing with previous year. Cash flow from change in fixed assets Are Rs. 126.68m, Rs. 676.78m, Rs. 749.69m, Rs 378.05m and 86.82m respectively from the year 2063/64 to 2067/68. It is also in increasing and decreasing trend. Interest income from long term investment is negligible in the starting three relevant years.

We have tried to prepare table and graph (figure) to visualize this reality to the readers. Following table and figure has been employed as,

Table 4.10

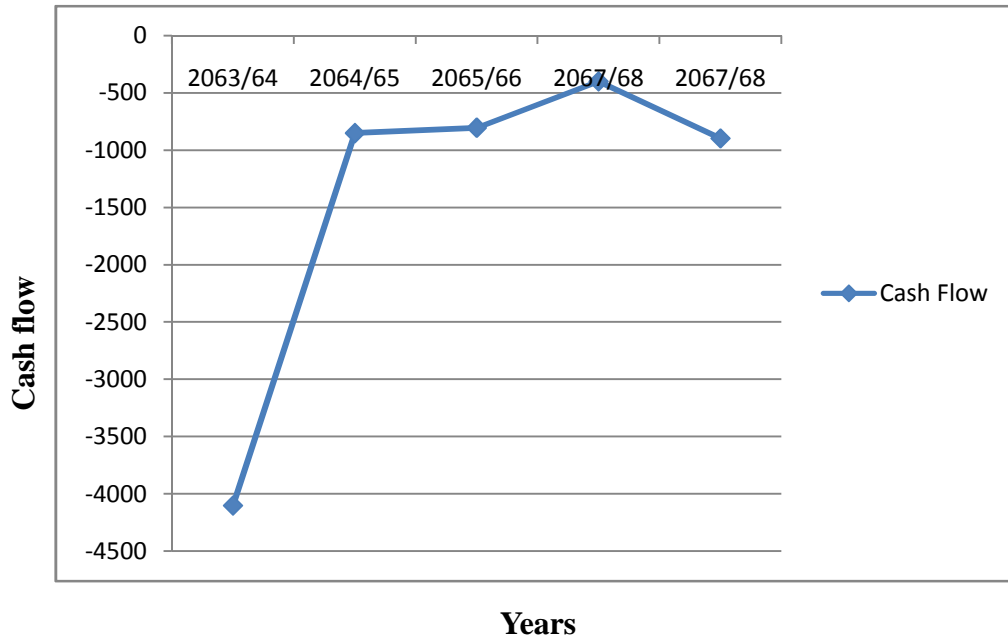
Cash flow from investing activities for different fiscal year

Fiscal Year	2063/64	2064/65	2065/66	2067/68	2067/68
Cash Flow	(410153700)	(85155041)	(80452678)	(40063878)	(89753783)
% change	-	(79.24)	(80.38)	(90.23)	(78.12)

Source: Appendix A

Figure 4.10

Cash flow from investing activities for different fiscal year (00000)



From the above table and figure the bank has invested huge amount of cash in the year 2063/64. But later years it is decrease up to few amounts. After seen the figure investing activities of the bank is not satisfactory.

C. Cash Flow from Financing Activities

CFFA of Kumari Bank Limited is Rs. 125.00m, 720.00m, 8.27m, 421.18m and 147.32m for the relevant year. Due to issue of long term loan, bond, debt and share, cash flow from financing activities are positive. There is issued bond by Rs 400.00m in years 2064/65 and other cash flows are from issuing capital and concessions and rates given by NRB. The banks have highly successes to collect fund from financing activities in the year 2064/65 and 2067/68.

To make this reality more clear, cash flow from financing activities for different years are showing by table and figure as follows:

Table 4.11

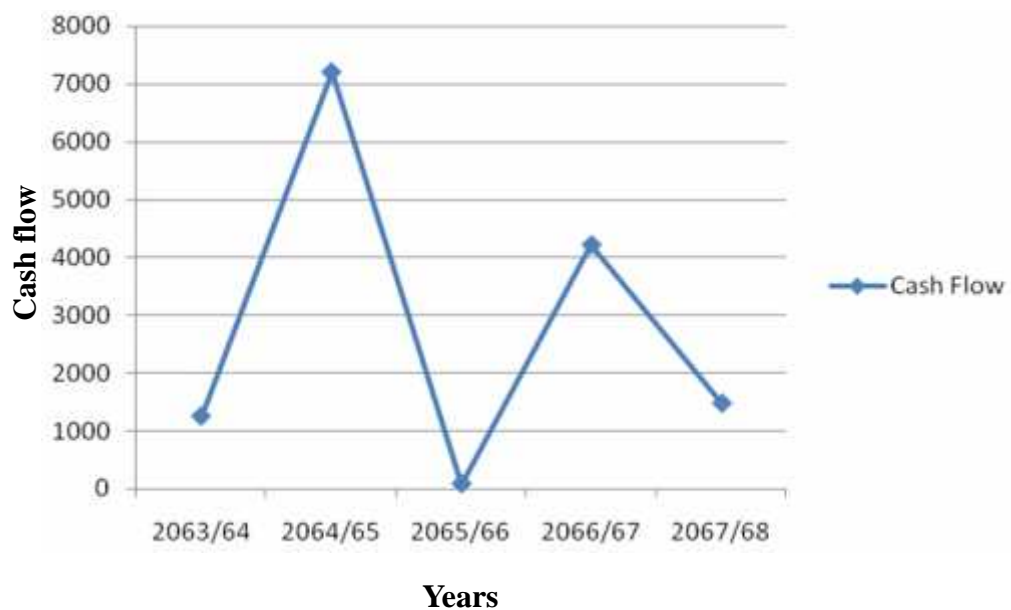
Cash flow from financing activities for different fiscal years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	125000000	720000000	8272000	421180000	147322369
% Change	-	(42.4)	(93.38)	236.94	17.86

Source: Appendix A

Figure 4.11

Cash flow from financing activities for different fiscal years (00000)



From the above table and figure it is clear itself that the bank has made collection of fund in huge amount from this section in the F/Y 2064/65, but afterwards year it is volatile trend.

D. Net Cash Flow for the year.

Net cash flow of Kumari Bank Limited is (Rs. 282.48m, Rs. 261.72m, Rs. 842.45m, 947.50m and Rs (1555.30m) respectively from the year 2063/64 to 2067/68. Positive cash flow represents the increase of overall cash flow. High negative cash flow from current assets and investing activities is the main cause to

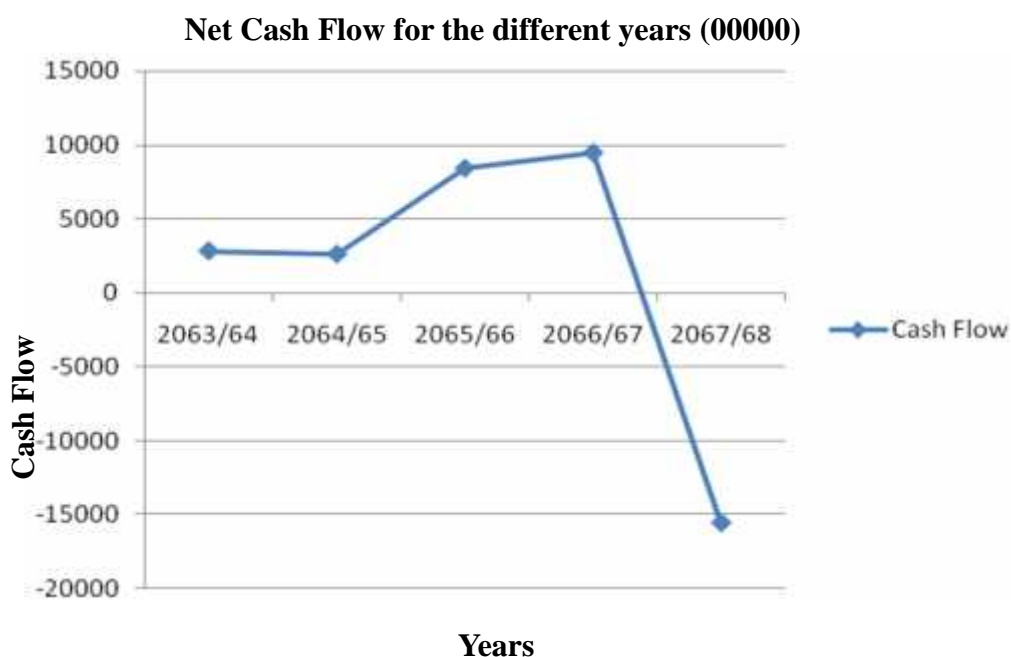
create negative overall cash flow there was highly negative cash flow from current assets and investing activities in the year 2067/68. We have tried to prepare table and figure to visualize this reality to the readers following table and figure has been employed as:

Table 4.12
Net Cash Flow for the different years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	282483206	261728726	842457123	947530498	(1555304964)
% change	-	(7.35)	198.23	235.43	(650.58)

Source: Appendix A

Figure 4.12



From the above table and figure, we can conclude that the net cash flow is positive in the starting 3 years under the study and then it is in decreasing trend other fiscal years, it is decreased in highest rate in the fiscal year 2067/68.

4.4. Siddartha Bank Ltd.

CFOA of Siddartha Bank Ltd. is Rs. 536.58m, Rs. (186.45m) Rs. 1195.23m, 963.69m, Rs (562.67m) respectively from the year 2063/64 to 2067/668. It is positive in the relevant five years except in the year 2064/65 and 2067/68. It is

decreased by 134.75% in the F/Y 2064/65 and 204.86% in the year but increased by 122.75% in the F/Y 2065/66 and 80.0% in the year 2066/67 as compared to 2063/64. Cash receipts from operation are Rs. 534.38m, Rs. 757.25m, Rs. 1388.42m, Rs 2123.91m and 2849.6m respectively from the year 2063/64 to 2067/68.

Cash receipt includes interest income and other income. Interest income is Rs. 481.26m, Rs. 729.87m, Rs. 1265.58m, Rs 2018.29m and Rs 2680.61m respectively from the year 2063/64 to 2067/68. It is in increasing trend on the basis of based year. But the interest income of bank is higher in year 2067/68 than respective five years period. The sources of interest income are loan, overdrafts and investment. If the investment, overdrafts and loan decreases than interest income also decreases and vice-versa.

Other important part of cash receipt from operation is commission and discount income. Commission and discount income from bills purchase and discount, letter of credit, guarantee, collection fees, remittance fees and credit cards and so on. Cash flow from commission and discount are Rs 20.17m, Rs. 21.45m, Rs. 32.50m, Rs 42.75m and 6.85m respectively from the year 2063/64 to 2067/68.

This is the income of agency function. Cash flow from commission and discount are increasing than the based year 2061/62. It is the positive sign for bank or is the positive situation for bank. Cash receipt from commission and discount are increased by 82.37%, 167.15%, 274.5% and 330.93% respectively from the year 2064/64 to 2067/668 on the basic year.

Cash receipt from currency exchange gain is Rs. 14.24m, Rs. 27.48m, Rs. 38.06m, Rs 12.16m and Rs 38.68m respectively from the year 2063/64 to 2067/68. Cash flow is in increasing trend in exchange gain. Exchange gain includes revaluation gain and trading gain including exchange fees. In the year 2065/66 cash inflow from tax saving is by 5.25m.

Cash receipt from other income is Rs. 18.69m, Rs. 31.80m Rs. 46.35m 50.69m and 62.25m respectively from the year 2063/64 to 2067/68. Other income includes rental of safe deposit lockers, issue and renewal of credit cards and ATM cards, telex/ TT etc. cash from other income are positive. It is good sign for banks.

Cash payments of bank for operating activities are Rs. Rs. 383.83m; Rs. 678.57mRs. 1829.56m387.69m, Rs241.87m respectively from the year 2063/64 to

2067/68 cash payment of bank is in increasing trend on the basis of based year 2063/64.

Out of the total cash payments interest payment are Rs. 271.71m, Rs. 408.18m Rs. 813.61m, 134.180m and Rs 190.67m respectively in the relevant five years. Interest expenses are in increasing trend. It reflects the increased in interest bearing deposit as well increased rate.

Staffs are the key factor to generate positive cash flow. In order to motivate them salary and extra benefit like fringe benefit should be given. The total payment under staff expenses are Rs. 33.62m, Rs. 50.33m Rs. 79.36m,134.18m and 190.67m respectively from the year 2063/64 to 2067/68. Staff expenses are in .increasing trend. Staff expenses include salary, allowance, bonus and contribution to provided fund etc. Similarly office operating expenses are Rs. 38466054, Rs. 71480863, Rs. 114816885, RS142769756 and Rs 189789561 respectively from the year 2063/4 to 2067/68. The bank's operating expenses high due to opening new branch with new technology. Income tax paid Rs 40033194, Rs. 65769319 Rs. 98651396, Rs 103688012, and Rs129959990 in year 2063/64, to 2067/68,. Exchange loss is totally zero in relevant five years period. There is other income of Rs. 8857466, 1546947, 1924703 in F/Y 2065/66 to 2067/67 that is also increasing and decreasing trend.

After the individual analysis of component related with operating section, we have tried to make clarify of cash flow from operating activities for different fiscal years by table and figure.

Table 4.13

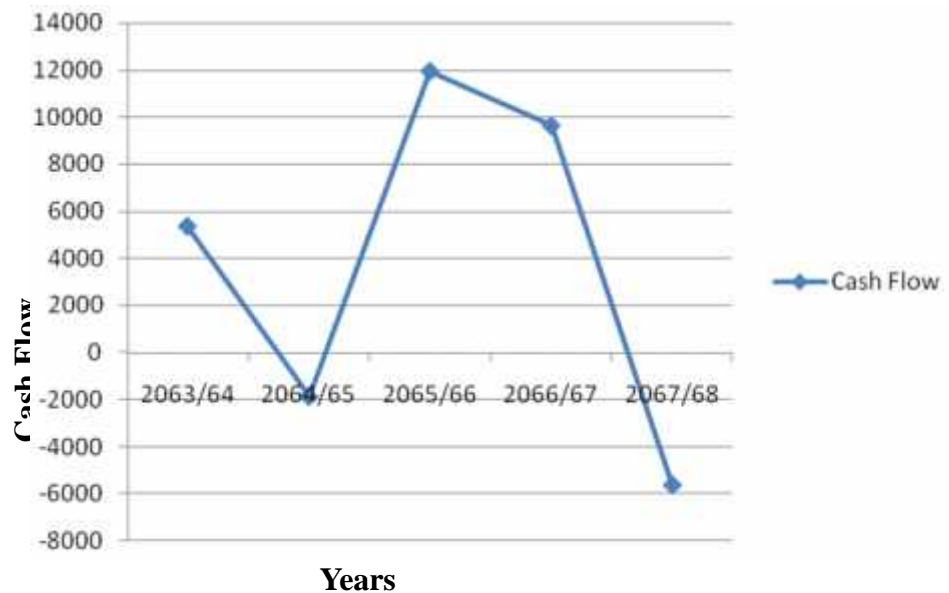
Cash Flow from Operating Activities for different years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	536588190	(186453300)	1195235762	963699358	(562670036)
% change		(134.75)	122.75	80.00	(204.86)

Source: Appendix A

Figure 4.13

Cash Flow from Operating Activities for different years (00000)



From the table and figure we can conclude that cash flow from operating activities is decreasing and increasing in the different fiscal year, it is negative in the year 2064/65 and 2067/68.

B. Cash Flow from Investing Activities

Bank or financial institutions are the business entities which does the money business. It collects money as deposits and lend to person who stand in the need of money, called investment and other hand due to various purpose it should be purchased or invested in fixed assets. CFIA of Siddhartha bank Ltd. is Rs. Rs. (235.30m), Rs. (26.61m), Rs. (306.10m), (312.66m) and (81.18m) respectively from the year 2063/64 to 2067/68. Cash flow from investing activities is in increasing and decreasing trend.

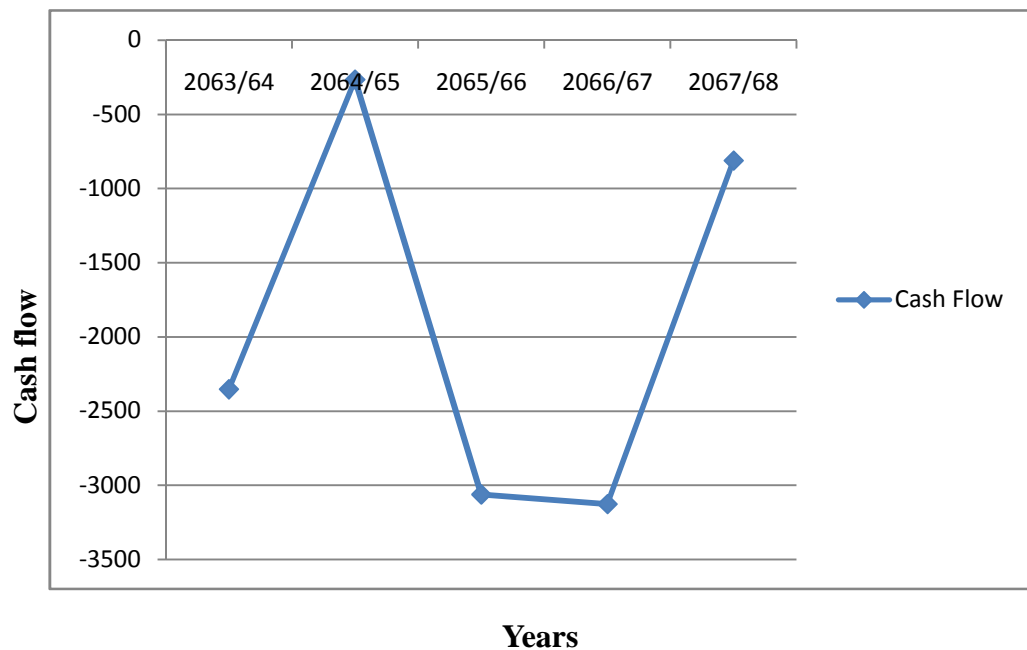
We have tried to show the cash flow from investing activities for different years by table and figure as follows.

Table 4.14
Cash Flow from Investing Activities for different years

Fiscal Year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	(235308142)	(26610942)	(306210088)	(312662330)	(81158253)
% change	-	(68.69)	30.13	32.87	(65.50)

Source: Appendix A

Figure 4.14
Cash Flow from Investing Activities for different year (00000)



From the above table and figure, we can conclude that cash flow from investing activities is increasing and decreasing trend. The year 2066/64, 2065/66 and 2066/67 has satisfactory investment however other year has not.

C. Cash Flow from Financing Activities.

CFFA of Siddhartha Bank Ltd. is zero in the year 2061/62 because in this year the bank neither issued the share and debenture nor redeemed. But CFFA of Siddhartha Bank Ltd. is Rs. 100.00m, Rs 133.26m, Rs 221.23m, and Rs207.88m and 142.93m respectively from the year 2063/64 to 2067/68. It is found in increasing and

decreasing trend. Cash Flow increased by 33.26%, 22.17% 107.89%, and 42.93% from the year 2063/64 to 2067/68 as compared with base year 2067/68. The fluctuation of cash flow from financing activities we know that cash flow is in increasing trend.

We have tried to show the cash flow from financing activities for different years by using table and figure as follows:

Table 4.15

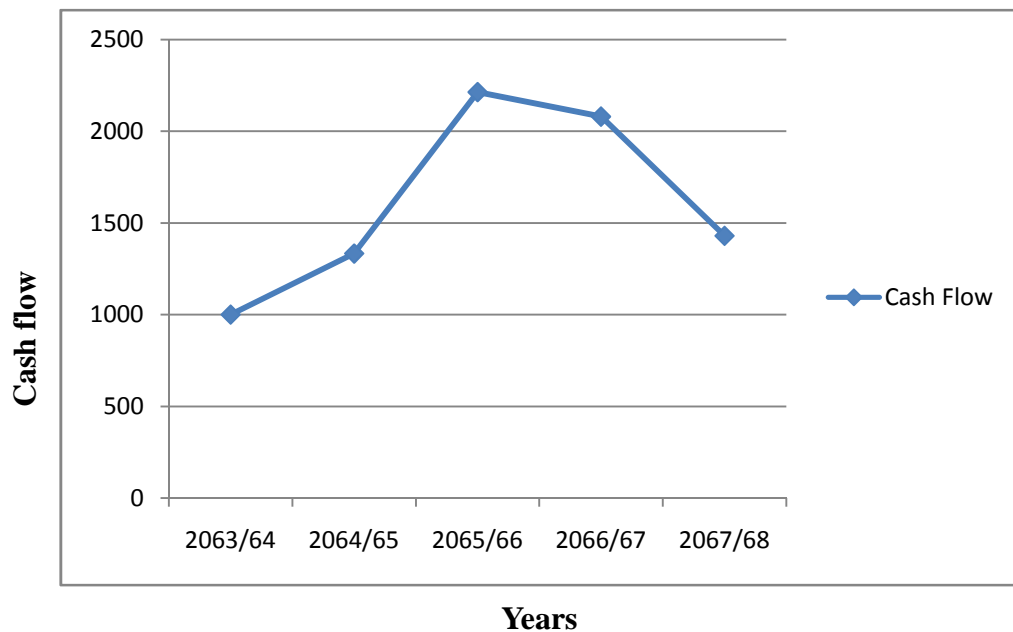
Cash Flow from Financing Activities for different years

Fiscal year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Flow	100000000	133263158	221233158	207889077	142930063
% change	-	33.26	121.23	107.89	42.93

Source: Appendix A

Figure 4.15

Cash Flow from Financing Activities for different years (00000)



From the above table and figure, we can conclude that it is highest in the year 2065/66 but later year has slightly decreasing up to the year 2067/68.

D. Net Cash Flow for the year.

Net cash flow of Siddhartha Bank is Rs. 401.28m, (Rs. 79.80m), Rs. 110.25m, Rs858.92m and Rs (500.92m) respectively from the year 2063/64 to 2067/68. Positive cash flow represents the increase of overall cash flow. The bank does not able to generate positive cash flow during the whole review period. In the year 2064/65 and 2067/68, it has negative cash flow, it indicates that is not more strength situation in the industries but in 2063/64 , 2065/66 and 2066/67 , the bank has positive cash flow as well as increased in highly rate. It has more strength situation for the bank. To make this reality more clearly, the net cash flow are showing by table and figure as follows:

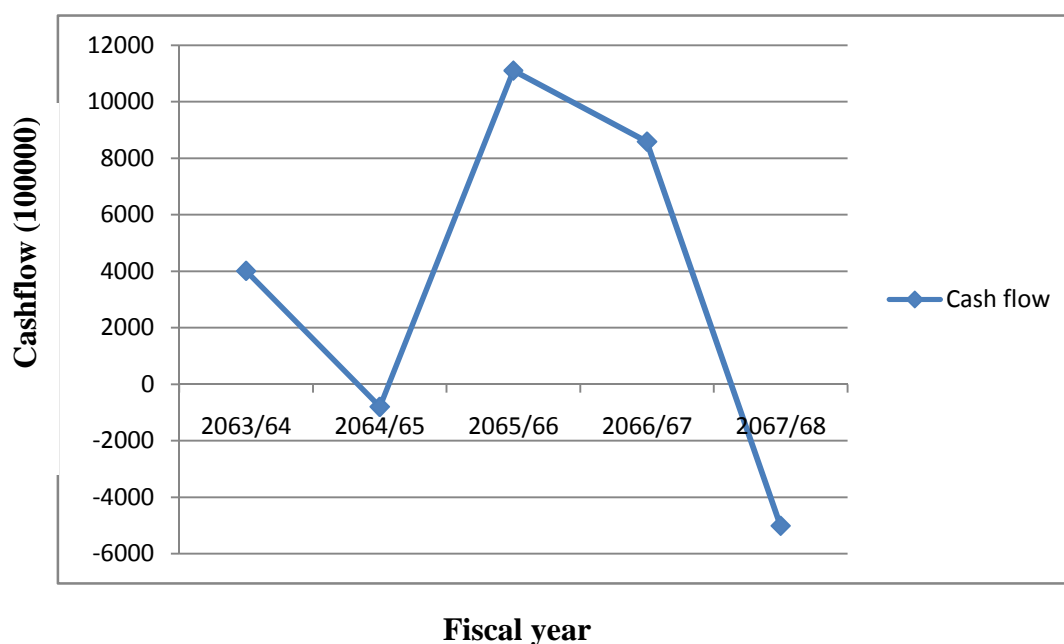
Table 4.16
Net cash flow of bank for different years

Fiscal year	2063/64	2064/65	2065/66	2066/67	2067/68
Cash flow	401280048	(79801084)	1110258832	858926104	(500925226)
% change	-	(119.89)	(72.52)	114.04	(224.83)

Source: Appendix A

Figure 4.16

Net cash flow of bank for different years



From the table and figure, it is clear itself that the bank has negative net cash flow in the year 2064/65 and 2067/68. But other fiscal year has positive.

4.5 Fiscal Year 2063/64

A. Cash Flow from Operating Activities.

The amount of total cash flow from operation in the year 2063/64 was Rs. 718.74m, Rs. 124.37m, Rs. 567.63m, Rs. 536.58m respectively of MBL, LBL, KBL, and SBL. MBL was in the highest position where LBL is in the lowest position from the view point of operating cash flow. Cash flow from operating activities involves various activities which are presented in the table. Cash receipt from operation was Rs. 806.86m; change in operating current assets was Rs. (1154.47m), Rs. (3148.24m), Rs. (2263.37m) and Rs. (2606.21m) respectively as the above banks. Similarly cash flow from change in operating current liabilities was Rs. 1672.22m, Rs. 3104.27m, Rs. 2620.22m and Rs. 2992.24m respectively as the above banks in the year 2063/64.

Cash receipts include interest income, commission and discount, exchange gain, non-operating income, recoveries of loans previously written off and other income. Similarly cash payment includes interest expenses, staff expenses, office overhead expenses, exchange loss, non-operating expenses, pension and staff bonus expenses, income tax paid and other expenses. The determination of cash receipt and cash payment is the summation of these included items with adjustment of change in working capital is detail in comparative sheet. The amount of CFOA is highest in MBL; it is because of generating high amount of interest income as well as generating high positive cash flow from change in working capital. Therefore CFOA is the net flow between the cash receipts and payments along with adjustment of change in working capital which is determination of related factors. So based on the analysis MBL is the better positive than other banks from the view point of cash flow from operating activities.

B. Cash Flow from Investing Activities.

The amount of cash flow from investing activities in the year 2063/64 is Rs. (246.69m) , Rs. 439.00m, Rs. (410.15m) and Rs. (235.30m) , respectively of MBL, LBL, KBL and SBL. In this activities, activities related with long term like long term investment and purchase) of fixed assets are included which are presented in the

comparative cash flow statement. CFIA of KBL is in the top position than other banks where other two banks also have investment in heavy amount. But it was found that cash outflow of the LBL is less than cash inflow, it is not a sign of good position of bank.

C. Cash Flow from Financing Activities.

The amount of cash flow from financing activities of MBL in the year 2063/64 is zero. Because the bank have not issued any share and deb. and have not done activities related with financing. The amounts of cash flow from financing activities are Rs. 119.77m, Rs. 125.00m, Rs. 100.00m of LBL, KBL, SBL respectively. CFFA of KBL is highest position than others. It is calculated from the various activities related with long term bond, loan and debt, shares, dividend and reserve funds etc. decreased in the comparative cash flow statement.

D. Net cash flow for the year.

Net cash flow for the year 2063/64 is Rs. 470.15m, Rs. 244.59m, Rs. 282.48m and Rs. 401.28m of MBL, LBL, KBL and SBL respectively. Net cash flow of MBL is in the highest position than others. Net cash flow is the total of operating, investing and financing cash flow. Overall cash flow of the bank will be positive due to the positive operating and financing activities.

The information of comparative CFOA, CFIA, CFFA and net cash flow of the selected commercial banks for the fiscal year 2063/64 has been studied in above. Again we have tried to prepare table and figure to make this reality more clear.

Table No: 4.17

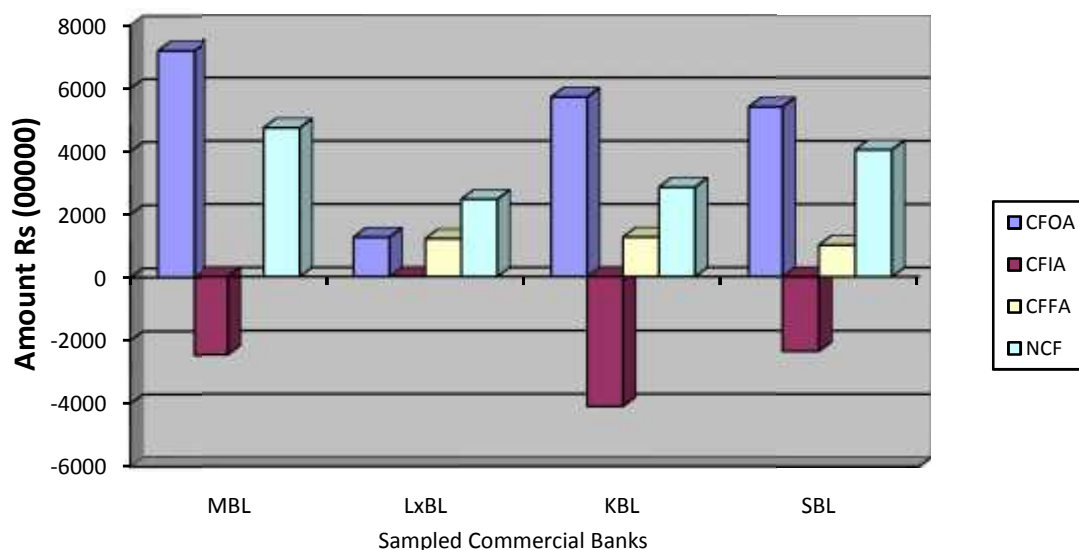
Comparative cash flow analysis of selected commercial banks for fiscal year 2063/64

Banks Cash Flows	MBL	LBL	KBL	SBL
CFOA	718744647	124378471	567636906	536588190
CFIA	(246695197)	439981	(410153700)	(235308142)
CFFA	-	119779700	125000000	100000000
NCF	470156250	244598153	282483206	401280048

Source: Appendix B

Figure No 4.17

Comparative cash flow analysis of selected commercial banks for fiscal year 2063/64



From the above table and figure, we can conclude that MBL is in top position from the view point of CFOA, then KBL, SBL and LBL is in 2nd, 3rd and 4th position respectively. KBL is in highest position from the view point of CFIA, where LBL have positive cash flow from investing activities, it is not good sign for bank. From the

view point of CFFA KBL is in top position where MBL has no cash flow from CFFA. And then MBL is in the highest position from the view point of net cash flow, where SBL, KBL, and LBL are in 2nd, 3rd and 4th position respectively.

4.6 Fiscal Year 2064/65

A. Cash Flow from Operating Activities.

The amount of total cash flow from operating in the year 2064/65 was Rs. 464.53m, Rs. 668.46m, Rs. (373.116m) and Rs. 186.45m respectively of MBL, LBL, KBL, and SBL. LBL was in the highest position where KBL is in lowest position with negative cash flow from the view point of operating cash flow. Cash flow from operating activities involves various activities which are presented in the table. Cash receipt from operation was Rs. 898.18m, Rs. 795.14m, Rs. 1080.55m and Rs. 7572.57m respectively as above the banks. Similarly cash payment was Rs. 641.08m, Rs. 576.92m, Rs. 809.00m and Rs. 67.8m respectively as above banks in the year 2064/65. Cash flow from change in operating current assets was Rs. (1332.65m), Rs. (3319.59m), Rs. (2851.73m) and Rs. (3810.89m) respectively as above banks. Similarly cash flow from operating current liabilities was Rs. 1539.66m, Rs. 376.98m, Rs. 2207.07m and Rs. 3409.60m respectively as above banks in the year 2064/65.

Cash receipts include interest income, commission and discount income, exchange gain, non-operating income, recoveries on loans previously written off and other income. Similarly cash payments includes interest expenses, staff expenses, office overhead expenses, exchange loss, pension and staff bonus expenses, income tax paid and other expenses. The determination of cash receipt and cash payment is the summation of these included items which is detail in the comparative balance sheet. The cash flow from operating activities comes from adjustment of change in working capital with the deviation of cash receipts and payments. The analysis reflects the very weak condition of KBL in its high expenditure for operating activities and high negative cash flow from change in working capital.

The amount of CFOA is highest in LBL; it is because of generating high amount of interest income and other income and generating high amount of positive cash flow from the change in working capital. Although the interest income and other income of other banks also high range but their expenditure is also high and they have being generating high amount of negative cash flow from change working capital.

Therefore CFOA is the net flow between cash receipts and cash payment with adjustment of change in working capital which is determination of all related factors. So based on this analysis LBL is in better position than other banks from the view point of cash flow from operating activities.

B. Cash Flow from Investing Activities.

The amount of cash flow from investing activities in the year 2064/65 is Rs. (293.87m), Rs. (83.52m), Rs. (85.15m) and Rs. 26.61m respectively of MBL, LBL, KBL, and SBL. In this activities, activities related with long term like long term investment and purchase of fixed assets are included which are presented in comparative cash flow statement. CFIA of the MBL is in the top position than other banks, but all the banks have invested heavy amount. The outflow is higher than inflow of cash in all banks. Positive cash flow from investing activities is not sign of good investment. Due to the instable political situation and economic condition of the country, the entire bank investment is highly affected, even they are able to invest in productive sector is very good signing from the view point of cash flow.

C. Cash Flow from Financing Activities.

The amounts of cash flow from financing activities are Rs. 35.42m, Rs. 18.34m, Rs. 720.00m and Rs. 133.26m m. of MBL, LBL, KBL and SBL respectively. CFFA of KBL is the highest position than other. It is calculated from the various activities related with long term bond, loans and debts, share capital, dividend and reserve fund etc. described in the comparative cash flow statement.

D. Net Cash flow for the year.

Net cash flow for the year 2064/65 is Rs. 215.97m, Rs. 768.43m, Rs. 761.72m and Rs. (798.01m) of MBL, LBL, KBL and SBL respectively. Net cash flow of LBL is in the highest position than other where SBL has negative cash flow. Net cash flow is the total of operating, investing and financing cash flow. Overall cash flow of bank will be positive due to the positive operating and financing activities.

The information of comparative CFOA, CFIA, CFFA and net cash flow of the selected commercial banks for the fiscal year 2064/65 has been studied in above. Again we have tried to prepare table and figure to make this reality more clear.

Table No: 4.18

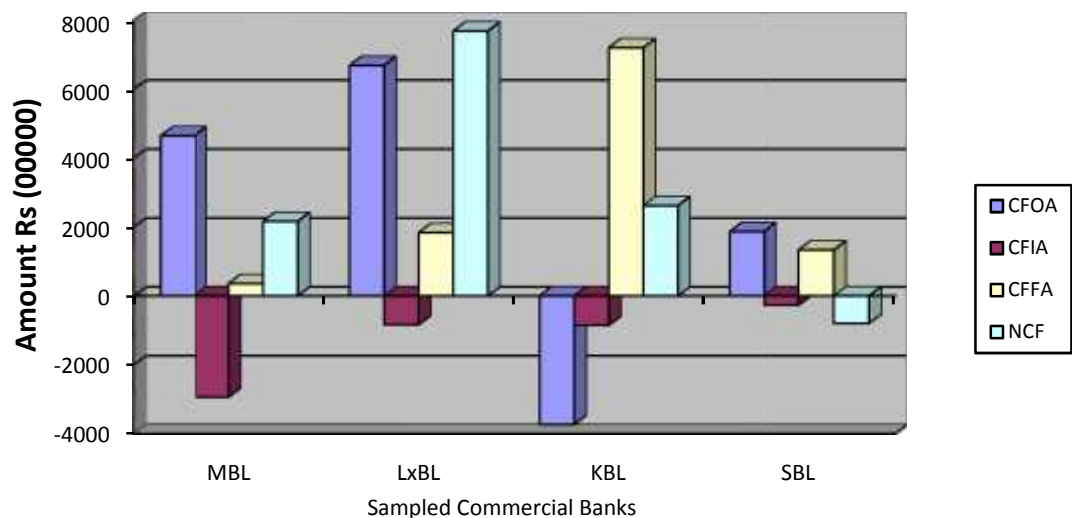
Comparative cash flow analysis of selected commercial banks for fiscal year 2064/65

Banks Cash Flows	MBL	LBL	KBL	SBL
CFOA	464532279	668460835	(373116233)	186453300
CFIA	(293874704)	(83521416)	(85155041)	(26610942)
CFFA	35428384	183499300	720000000	133263158
NCF	215975312	768438720	261728726	(79801084)

Source: Appendix B

Figure No: - 4.18

Comparative cash flow analysis of selected commercial banks for fiscal year 2064/65



The given table and figure, it clear itself LBL is in highest position from the view point of CFOA where KBL have negative cash flow. But MBL is in top position from the view point of CFIA due to good investment scheme. KBL seems more active in financing activities, in the fiscal year 2064/65 KBL collects more fund by financing activities than other banks. When we analyzed the net cash flow, LBL is in top position where SBL have negative cash flow.

4.7 Fiscal Year 2065/66

A. Cash Flow from operating Activities.

The amount of total cash flow from operation in the year 2065/66 was Rs. 1011.47m, Rs. 314.08m, Rs. 914.63m and Rs. 1195.23m respectively of MBL, LBL, KBL and SBL. SBL was in the highest position where LBL is in the lowest position from the view point of operating cash flow. Cash flow from operating activities involves various activities which are presented in the table. Cash receipt from operation was Rs. 1178.60m, Rs. 123.98m, Rs. 153.36m and Rs. 138.84m respectively as the above banks. Similarly cash payment was Rs. 842.20m, Rs. 962.16m, Rs. 1191.57m and Rs. 1829.56m respectively as above banks. Cash flow from change in operating current assets was Rs. (3838.06m), Rs. (5097.19m), Rs. (2649.93m), and Rs. (4827.91m) respectively as the above banks. Similarly cash flow change in operating current liabilities was Rs. 451.31m, Rs. 513.3m, Rs. 322.25m, and Rs. 575.00m respectively as above banks in the year 2065/66.

Cash receipts includes interest income, commission and discount, exchange gain, non-operating income, tax saving income, recoveries on loans previously written off and other incomes. Similarly cash payment includes interest expenses, staff expenses, office overhead expenses, exchange loss and other expenses. The determination of cash receipt and cash payment is the summation of these included items which is detail in comparative sheet. The cash flow from operating activities comes from the adjustment of change in working capital with deviation of cash receipts and payments. This analysis shows that all banks have positive cash flow and all are in strong position from the view point of cash flow from operating activities.

The amount of CFOA is highest in SBL because of generating high amount of interest and other income and generating high amount of positive cash flow from the change in working capital. So based on these analyses MBL is in better position than other banks from the view point of cash flow from operating activities.

B. Cash Flow from Investing Activities.

The amount of cash flow from investing activities in the year 2065/66 is Rs. (159.57m), Rs. (71.35m), Rs. (80.45m) and Rs. (306.21m) respectively of MBL,

LBL, KBL and SBL. In this activities, activities related with long term like long term investment and purchase of fixed assets are included which are presented in comparative cash flow statement. CFIA of the SBL is in the top position than other banks, but all the banks have invested heavy amount. The outflow is higher than inflow of cash in all banks. Positive cash flow from investing activities is not a sign of good investment. Due to the instable political situation and deteriorating economic condition of the country, the entire bank investment is highly affected, even they are able to invest in productive sector is very good signing from the view point of cash flow.

C. Cash flow From Financing Activities

The amounts of cash flow from financing activities are Rs. 404.95m, Rs. 351.88m, Rs. 8.27m and Rs. 221.23m of MBL, LBL, KBL, SBL respectively. CFFA of MBL is in the highest position than others where KBL is in lowest position. It is calculated from the various activities related with long term bond, loans, debts, and share capital, dividend and reserve fund etc, described in the comparative cash flow statement.

D. Net Cash Flow for the Year.

Net cash flow for the year 2065/66 is Rs. 1266.59m, Rs. 594.61m, Rs. 842.45m and Rs. 110.25m of MBL, LBL, KBL and SBL respectively. Net cash flow of MBL is in the highest position than others, where SBL is in the second position where LBL is in lowest position. Net cash flow is the total of operating, investing and financing cash flow. Overall cash flow of the bank will be positive due to the positive operating and financing activities.

The information of comparative CFOA, CFIA, CFFA and net cash flow of the selected commercial banks for the fiscal year 2065/66 has been studied in above. Again we have tried to prepare table and figure to make this reality more clear.

Table No: 4.19

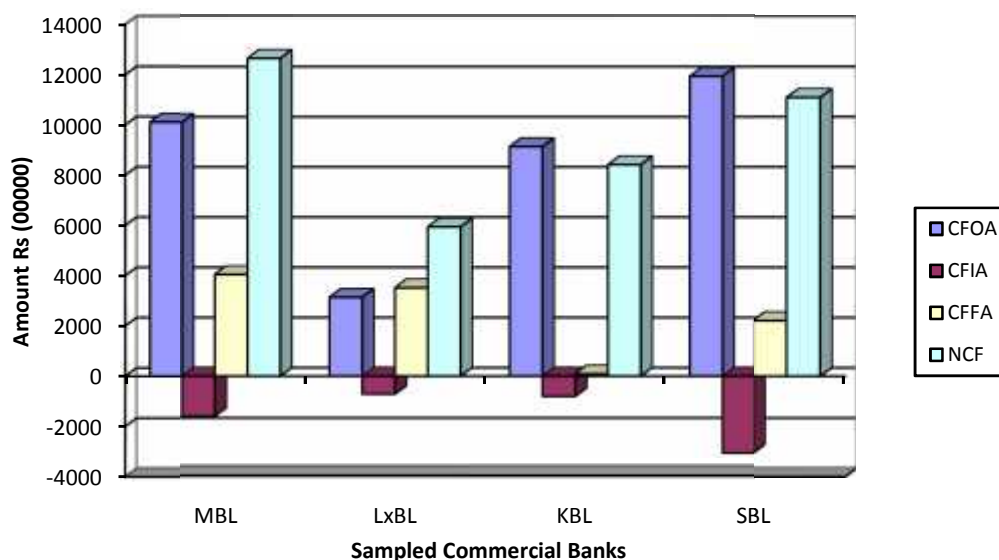
Comparative cash flow analysis of selected commercial banks for fiscal year 2065/66

Banks Cash Flows	MBL	LBL	KBL	SBL
CFOA	1011471586	314080096	914637801	1195235762
CFIA	(159599983)	(71353026)	(80452678)	(306210088)
CFFA	404951079	351889800	8272000	221233158
NCF	1266593619	594616870	842454123	1110258832

Source: Appendix B

Figure No:- 4.19

Comparative cash flow analysis of selected commercial banks for fiscal year 2065/66



From the above table and figure, we can conclude that SBL is seen in the top position from the operating and investing section where LBL is in lowest position in both section. Then MBL is seen in the highest position from the view point of financing and net cash flow where KBL is in lowest position in financing activities and LBL is in lowest position from the view point of net cash flow.

4.8 Fiscal year 2066/67

A. Cash Flow from Operating Activities.

CFFOA of these related banks is (193.84m), (374.97m), 566.41m and 963.69m respectively. This year MBL and LBL generate negative cash flow however KBL and SBL generate positive cash flows. The year cash receipt from operation was Rs. 1800.49m, 1888.04m, 2049.69m and 2123.91m respectively. Similarly cash payment was Rs. 1491.07m, 1997.87m, 1864.96m and 1769.0m respectively as the above banks in the year 2066/67. The year SBL has highest Cash receipt then other Banks however MBL has lowest. But cash payment has lowest in MBL and highest of LBL found.

For the point of operating cash flow, cash flow from operating activities involves various activities which are presented in the table in appendix. Cash flow from change in operating current assets was RS (3609.11m), 423.96m, (8541.3m), (3836.51m) respectively as above banks. Similarly cash flow from change in operating current liabilities were Rs 3105.84m, 221.25m, 1235.81m and 4445.31m respectively as above banks in the year 2066/67.

Cash receipts include interest income, commission and discount, exchange gain, non-operating income and other income. Similarly cash payment includes interest expenses, staff expenses, office overhead, exchange loss, pension and staff bonus expenses, income tax paid, non-operating expenses, income tax paid and other expenses.

The amount of CFOA is higher in SBL; it is because of generating high amount of interest income as well as generating positive high cash flow from working capital. Therefore CFOA is the net flow between cash receipts and cash payments along with adjustment of change in working capital which is determination of related factors. So based on this financial ratio analysis SBL is in better position than other banks from the view point of cash flow from operating activities.

B. Cash Flow from Investing Activities.

The amount of cash flows from investing activities in the year 2066/67 is Rs. (113.65m), (215.13m), (40.06m) and (312.66m) of MBL, LBL, KBL and SBL respectively. In this activities various other activities are included which are presented

in the comparative cash flow statement. CFIA of the SBL is in the top position than other banks. MBL, LBL and SBL have also negative cash flow but at lower level than KBL. It represents that every bank had put their best endeavor to the investment. The outflow is higher than inflow of cash in all banks. Positive cash flow from investment activities is not a sign of good investment. Due to the various political and economic situations the entire bank decreased their investment; it should be considered good from the view point of cash flow.

C. Cash Flow from Financing Activities.

In the F/Y 2066/67 CFFA is negligible for bank. The amount of cash flow from financing activities is zero for MBL, but CFFA is Rs 80.67m, 421.18m and 207.8m Respectively for LBL, KBL and SBL. Shareholders equity is a major source of financing activities. It is found 80.67m and 1.08m of KBL and SBL respectively. Negative cash flow from financing activities is not a sign of good position of bank. Although all banks has positive, thus it is satisfactory.

D. Cash Flow for the Year.

Net cash flow for the year 2066/67 is Rs, (306.93m), 1014.5m, 947.53m and 858.92m respectively of MBL, LBL, KBL, and SBL. LBL is in the highest position where MBL is not only lowest but also negative. Net cash flow is the effect of total operating, investing and financing cash flow. It was found that net cash flow of MBL is negative because of highly negative effect from CFIA and also highly negative effect from change in working capital.

The information of comparative CFOA, CFIA, CFFA and net cash flow of the selected commercial banks for the fiscal year 2066/67 has been studied in above. Again we have tried to prepare table and figure to make this reality more clear.

Table No: 4.20

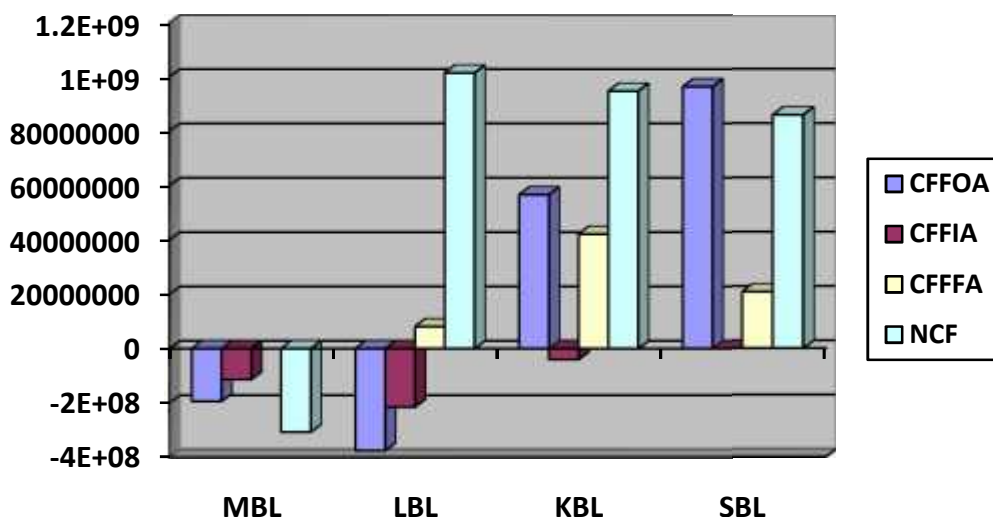
Comparative cash flow analysis of selected commercial banks for fiscal year 2066/67

Banks Cash Flows	MBL	LBL	KBL	SBL
CFOA	(193846237)	(374970993)	566414376	963699358
CFIA	(113653607)	(215134463)	(40063878)	312662330)
CFFA	0	80676025	421180000	207889077
NCF	(306931700)	1014564101	947530498	858926104

Source: Appendix B

Figure No: 4.20

Comparative cash flow analysis of selected commercial banks for fiscal year 2066/67



From the above table and figure, we can conclude that LBL was in the highest position where MBL was in lowest position from the view point of operating cash flow. Then CFIA of the LBL is in top position than other banks. The above mentioned table and figure we can see that CFFA of KBL is slightly negative and CFFA of LBL has not but other banks have much more cash flow from this section in this year .So we can say that in the F/Y 2066/67 all sampled banks except MBL and LBL have

been able to collect fund by financing activities. It is good sign for banks .But we found that net cash flow of sampled banks is positive except of MBL, where LBL is in top position.

4.9 Fiscal Year 2067/68

A. Cash Flow from Operating Activities.

The amount of total cash flow from operation is in the year 2067/68 was Rs. 1149.02m, (1612.8m) and (5626.7m) respectively of LBL, KBL and SBL. LXMI was in the highest position where KBL is in the lowest position with negative cash flow from the view point of operating cash flow. Cash flow from operating activities involves various activities which are presented in the table. Cash receipt from operation was Rs 2501.66m, 2364.03m and Rs. 284.91m respectively as the above banks. Similarly cash payment was Rs. 1997.8m, rs 1999.60m and 2418.79 m. respectively as the above banks in the year 2067/68. Cash flow from operating current assets was Rs. 423.96m, (1543.30m) and 21009.51m) respectively as the above banks. Similarly cash flow from operating current liabilities was Rs. 221.25m, (433.99m) and 1116.0m respectively as above banks in the year 2067/68.

Cash receipts include interest income, commission and discount, exchange gain, non-operating income and other income. Similarly cash payment includes interest expenses. Staff expenses, office overhead, exchange loss, pension and staff bonus expenses, income tax paid, non-operating expenses and other expenses. The determination of cash receipt and cash payment is the summation of these included items with adjustment of working capital is detail in comparative sheet.

The amount of CFOA is higher in LBL; it is because of generating high amount of interest income as well as generating positive cash flow from change in working capital. Therefore CFOA is the net flow between cash receipts and cash payments along with adjustment of change in working capital which is determination of related factors. So based on the analysis KBL is in better position than other banks from the view point of cash flow from operating activities.

B. Cash Flow from Investing Activities

The amount of cash flow from investing activities, in the year 2067/68 is Rs. (215.13m), (89.75m) and (81.18m) respectively of LBL, KBL, SBL. In this activities various other activities are included which are presented in the comparative cash flow statement. CFIA of LBL is in the top position than other banks where all over banks are found in negative which represents that all banks have been investing heavily but found LBL is more aggressive in order to generate more cash flow. Positive cash flow from investing activities is not a sign of good investment. Due to the instable political situation and dethroning economic condition of the country, the entire bank investment is highly affected, even they are able to invest in productive sector is very good signing from the point of cash flow.

C. Cash Flow from Financing Activities.

The amounts of cash flow from financing activities are Rs. 80.67m, 147.32m and 142.93m LBL, KBL and SBL respectively. CFFA of KBL is highest positive than others. It is calculated from the various activities which are mentioned in the cash flow statement analysis of individual banks and also presented in comparative cash flow statement. Shareholders equity is a major source of financing activities. It is found of KBL in year 2067/68 highest in position.

D. Net Cash Flow for the year.

Most of the banks in review period have negative net cash flow for the year except LBL. Net cash flow for the year 206/68 is Rs. 1014.56m, (1555.30m) and Rs. (500.92m) of LBL, KBL and SBL respectively. Net cash flow of LBL is in highest positive with positive than others. Net cash flow is the total of operating, investing and financing cash flow.

To make this reality more clear as above, the following table and simple bar diagram is used:

Table 4.21

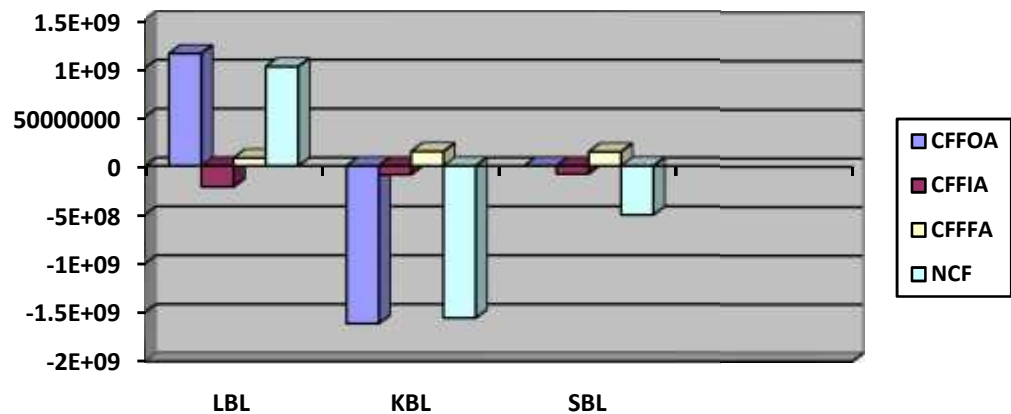
Comparative cash flow analysis of selected commercial banks for fiscal year 2067/68

Banks Cash Flows	LBL	KBL	SBL
CFOA	1149022542	(1612872550)	562670036)
CFIA	(215134463)	(89753783)	(81185253)
CFFA	80676025	147322369	142930063
NCF	1014564104	(1555304964)	(500925226)

Source: Appendix B

Figure No: - 4.21

Comparative cash flow analysis of selected commercial banks for fiscal year 2067/68



The given table and figure it clear itself LBL was in the highest position from the view point of CFOA, CFFA, CFIA and net cash flow. Most of the banks have negative net cash flow for this fiscal year except LBL .So we can say that in the fiscal year 2067/68 total cash out flow is higher than total cash inflow of the KBL and SBL.

4.10 Major Findings

Machhapuchhre Bank Limited

1. Total cash flow from operating activities (CFOA) is positive except 2066/67 due to net cash inflow is higher than net cash outflow over the whole period of study. CFOA is found in increasing trend except up to 2065/66 but the year 2066/67 it is negative.
2. Interest income and cash inflows from different operating current liabilities play most important role to generate high positive cash flow from operating activities.
3. CFIA is negative during the whole period of study, amount in negative cash flow represents net cash outflow, so net cash outflow from investing activities is in increasing trend in the year 2064/65 and decreasing trend in the year 2065/66 and 2066/67 as comparison to base year 2063/64.
4. CIFA is neither negative nor positive in the year 2063/64 and 2066/67 but the year 2064/65 and 2065/66 has positive cash flows.
5. Net cash flow is positive in during the whole period of study except 2066/67 due to the highest cash inflow from operating activities.

Laxmi Bank Limited

1. Total cash flow from operating activities (CFOA) is negative in the year 2066/67 due to net cash outflow is higher than net cash inflow. But in the other years it is positive. CFOA is found in increasing trend up to the fiscal year 2065/66, and then it is found in negative and positive with huge amount.
2. Interest income, commission and discount income and cash inflows from different current liabilities play significant role to generate high positive cash flow from operating activities.
3. CIFA is positive in the year 2063/64 due to sale of fixed assets but in the year the bank does not flow of cash in long term investment then in other years it is negative, amount in negative cash flow represent net cash outflow, it is found in increasing trend during the period of study in comparison to base year 2063/64 but the year 2067/68 has huge amount of investment.

4. CFFA is positive during the whole period of study, and then the trend of cash flow from financing activities found in increasing trend except in the fiscal year 2067/68 in comparison to base year 2063/64.
5. Net cash flow is positive during the whole period of study year due to the highest cash inflow from operating and financing activities in spite of outflows of investment.

Kumari Bank Limited

1. CFOA is negative in the year 2064/65 and 2067/68 due to net cash out flow from operating activities is highest then net cash outflow. But in the other fiscal year, it is positive. Then CFOA is found in increasing trend except in the year 2064/65 and 2067/68 in comparison to base year 2063/64.
2. Income commission and discount income plays most important role to generate high positive cash inflow from operating activities.
3. CFIA to negative during the whole period of study amount in negative cash flow represents net cash out flows, net cash outflow from investing activities is found in increasing trend except in the fiscal year 2066/67 in comparison to base year 2063/64.
4. CFFA is positive during the whole period of study due to the non returned the long term capital.
5. Net cash flow is negative during the year 2067/68 due to the highest cash outflow from investing activities. But in the other year cash flow is positive. The amount of net cash flow is founding increasing trend during the whole period of study except the year 2067/68 in comparison to 2063/64.

Siddhartha Bank Limited

1. Total cash flow from operating activities is volatile in nature because in the year 2064/65 and 2067/8 cash flow is negative, then other years cash flow is positive but in highly increasing and decreasing trend in comparison to base year 2063/64.
2. Interest income is highest in the year 2066/67 which contributes to generate highest positive cash flow operating activities.

3. CFIA is negative during the whole period of study, amount in negative cash flow represents net cash outflow, and then trend of cash flow from investing activities is found volatile in nature i.e. increasing and decreasing trend in comparison to base year 2063/64
4. CFFA is positive during the whole period of study, and then CFFA is found in increasing and decreasing trend in comparison in the base year 2063/64.
5. Cash flow is volatile in nature because in the year 2064/65 and 2067/68, it is negative, but in the year 2063/64, 2065/66 and 2066/67, it is positive. Overall cash flow in the year 2066/67 is found in highly increasing rate.

Fiscal Year 2063/64

-) All sample commercial banks have positive cash flow from operating activities during the F.Y. 2063/64. MBL is in top position due to highest net cash inflows from operating activities in comparison to other banks.
-) In the fiscal year 2063/64 MBL, KBL and SBL have net cash outflow from investing activities and LBL has net cash inflow from investing activities. LBL is in lowest position because it has inflow of cash and KBL is in top position due to highest net cash outflow from investing activities.
-) All sample commercial banks have positive cash flow from financing activities except MBL. KBL is in top position because of highest net cash inflow from financing activities but MBL is in lowest position with Zero cash flow from financing activities during the year 2063/64.
-) All sample commercial banks have positive net cash flow from overall activities during the FY 2063/64. From the overall activities of cash inflow and outflow, it is found that MBL is in top position and SBL is in 2nd position.

Fiscal Year 2064/65

-) In the fiscal year 2064/65 MBL and LBL have positive cash flow and KBL and SBL have negative cash flow from operating activities. LBL is in top position due to highest net cash inflow from operating activities.
-) All sample banks have negative cash flow from investing activities during the fiscal year 2064/65. SBL is in lowest position due to lowest net cash out flow from investing activities and MBL is in top position due to highest net cash outflow from investing activities in comparison to other banks.

-) All sample commercial banks have positive cash flow from financing activities during the fiscal year 2064/65. KBL is in highest position due to highest net cash inflows from financing activities in comparison to other banks.
-) In the fiscal year 2064/65 MBL, LBL and KBL have positive cash flow and SBL has negative cash flows from overall activities. LBL is in the top position due to highest net cash inflows from overall activities during the.

Fiscal Year 2065/66

-) In the fiscal year 2065/66 all sample commercial banks have positive cash flows (i.e. net cash inflows) from operating activities. SBL is in top position due to highest net cash inflows from operating activities in comparison to other banks.
-) All sample banks have negative cash flows (i.e. net cash outflows from investing activities during the year 2065/66. SBL is in top position because it has highest net cash outflows from investing activities.
-) In the fiscal year 2065/66, all sample banks have positive cash flows from financing activities. MBL is in top position due to the highest net cash inflows from financing activities
-) Net cash flow for the year of all selected banks is positive .Out of them MBL is in highest position.

Fiscal year 2066/67

-) All sample commercial banks have positive cash flow (i.e. Net cash inflows) from operating activities except MBL and LBL during the fiscal year 2066/67. Out of them SBL is in top position due to highest cash inflows from operating activities in comparisons to the other banks.
-) The fiscal all sample commercial banks have negative cash flow (i.e. Net cash outflow) from investing activities. SBL is in top position due to highest net cash outflow in investing section in comparison to other banks.
-) MBL has not cash inflows or outflows from financial activities but LBL has a net cash inflow in lower amount from financing activities. But KBL and SBL respectively has highest and second highest capital issued bank.

-) Net cash flow for the year of LBL, KBL and SBL has positive cash flow and MBL has negative cash flow.
-) From the overall activities of cash inflow and outflow, it is found that LBL is in top position and MBL is lowest position.

Fiscal Year 2067/68

-) In the fiscal Year 2067/68 LBL have positive cash flow and KBL and SBL have negative cash flow from operating activities. Due to positive cash flow LBL is in top position but KBL has highest negative cash flow.
-) All sample commercial banks have negative cash flows from investing activities during the F.Y. 2067/68. LBL is in the top position due to highest-cash outflows from investing activities in comparison to other banks.
-) All sample commercial banks have positive cash flow from financing activities during the F.Y. 2067/68. SBL is in top position due to highest net cash inflows from financing activities and LBL is in lowest position in comparison to other banks
-) Net cash flow for the year of KBL and SBL is negative cash flow but LBL has positive cash flow. SBL is in top position from the view point of overall cash flow.
-) The overall fiscal year the overall cash generating performance of LBL has been increasing but MBL has decreasing.

Chapter V

Summary, Conclusion and Recommendations

5.1 Summary

The researcher used different *trend* and descriptive techniques to analyze and compare to study the cash flow of the selected commercial banks. For this purpose it has taken into analysis of the following commercial banks. They are:

- Machhapuchhere Bank Limited (MBL)
- Laxmi Bank Limited (LBL)
- Kumari Bank Limited (KBL)
- Siddhartha Bank Limited (SBL)

Even being almost same investment and transaction of selected commercial banks, the banks has not similar profit and cash flows. Thus the objective is selected to find out why such condition has been occurring. Cash is the critical and crucial assets of any business organization. It is the fuel that keeps the business alive. Without cash no business transaction can even imagined to be done. So, analysis of liquidity position is an important aspect of modern business organizations. As such the decision makers must pay close attention to the firm's cash position, events and transaction that affect the causes of cash position of the company is termed as cash flows. Thus main objective of this study is to analyze the cash flow analysis and its management in Nepalese commercial bank, to evaluate and compare cash flow statements of the selected commercial banks. Cash flow statements provide information that enables users to evaluate the change in net assets of an institution, its financial structure, its ability to affect the amount of timing of cash flow. Due to the crisis of national economy, the investing opportunities are becoming placeless. Therefore it is believe that, this study tries to understand how far these commercial banks are able to sustain in such a quite unfavorable situation. Obviously, saying this study is essential to check the viability of these institutions regarding cash flow management. The study detects in the companies and efficiencies of these institutions and helps to explore the appropriate and effective measures for the remedy of company's cash management troubles.

For studying and preparing this thesis it has used cash flow statement, annual report of all sampled commercial banks and their annex are studied. Basically profit and loss A/C, Balance Sheet and Cash Flow statement presented by the banks are reused for the analysis purpose. Directives of Nepal Rastra Bank, Nepal Accounting Standard, Company Act and NRB Act are studied through out the period of research. Articles and reports related with cash flow written and produced by Nepalese as well as foreign writers are also the major sources to prepare this thesis. Several websites (www.cashflow.com) related with cash flow are visited. The researcher analyzes and compares about five fiscal years cash flow position of all sampled commercial banks with showing the details view of different activities. Five years means started from 2063/64 to 2067/68. Previous thesis and articles related to the subject matter are also studies for the research purpose. Based on the chart and trend analysis, summary of the study are as follows:

Cash Flow from Operating Activities (CFOA)

-) All sampled banks CFOA is found fluctuating trend. of. Most of years, LBL has highest net cash inflow flow from operating activities than other banks.
-) Siddhartha Bank Ltd. has highest cash receipt from operating activities than other banks due to the highest interest income and commission and discount income.
-) MBL and KBL have strong international network to do agency work to earn commission and discount income.
-) Total cash payment of all banks under operating activities is in increasing trend.
-) Staff expenses are in increasing trend for all sampled banks. But it is increasing in very lower rate of SBL.
-) Significant amount of cash receipt from exchange gain for all of these banks. But KBL have higher amount of exchange gain than others banks due to the highest amount of foreign currency transaction and trade finance.
-) Adjustment of change in working capital generates positive cash flow for all banks except some exceptional condition.

In an aggregate analysis cash flow from operating activities is the main source to operate banks open market policy of the bank to charge interest rate is being reason to reduce spread rate. Interest income is the main sources of revenue for financial institutions. But due to the various factors like peace and security are being determinant to reduce interest income so heavy amount of cash receiving from agency work like commission and discount income.

Cash Flow from Investing Activities

-) Cash flow from investing activities is in increasing and decreasing trend for all banks under study.
-) KBL and LBL has huge amount of investment on fixed assets than other banks.

Cash Flow from Financing Activities (CFFA)

-) Total cash flows from financing activities are in fluctuation trend for all commercial banks in review period of study.
-) All the banks taken in our study, they have collected cash by issuing share rather than other activities.

Net Cash Flow for the Years

Trend of net cash flow for the year are in rising and falling trend in review period of study. In other words they are volatile in nature for all banks under the study. From this point of view, LBL is in favorable position from the view point of overall cash flow.

5.2 Conclusion

The banks selected for the study, fully Nepalese promoted banks. They are operating in high amount of operating profit. They are paying tax revenue to the government and facilitating people by providing new and latest banking services. They are playing very important role in the society as well the nation. Profit and loss A/C and Balance Sheet of these banks are strong.

But nowadays cash flow statement is being mandatory to submit for annual report. Cash flow is being the key of financial indicator to analyze the strength and weakness of the institutions. Only profit making on accrual basis does not provide the

real figure of the firm so income should be treated on cash basis according to the NRB directives for financial institution. If profit is negative but cash flow is positive then stakeholder believes well that firms are in good position now days. So cash flow analysis is necessary. By analyzing the five year cash flow statements following points are mentioned as conclusions which are as follows:

Machhapuchhre Bank Ltd.

The overall performance of the bank is in moderate condition. It has been operating at the satisfactory level. The following conclusions are mentioned as follows:

-) CFOA of the bank is positive during the whole period except one fiscal year. Positive cash flow indicated high cash inflow with compare to the cash outflow and interest income, commission and discount income play significance role in total cash receipt in operation.
-) In the year 2066/67 interest income is highest because the bank was granted highest amount of loan.
-) Cash received from interest income gain plays significant role in total operating cash flow. However staff expenses of the bank considered alarming which can be controlled the managerial technique.
-) CFIA of the bank is in the fluctuation trend but its overall performance is not so bad.
-) The bank has not any strong investment scheme and overall situation of the country as well.

Laxmi Bank Ltd.

The overall performance of the bank is good. It has not negative cash flow for the period. The following conclusions are mentioned as follows:

-) CFOA of the bank is positive during the whole period except in the year 2062/63. Positive cash flow indicated high cash inflow with compare to the cash outflow.
-) Cash received from interest income plays significant role in total operating cash flow.

-) CFIA of the bank is in fluctuation trend and it is positive in the year 2063/64. Positive cash flow from investing activities is not good sign for the bank.
-) The bank has not any strong investment scheme.
-) The bank has collected huge amount by financing activities except 2065/66, 2066/67 and 2067/68 in this year it has able to collect cash by cash flow from financing activities.

Kumari Bank Limited

The performance of Kumari Bank is satisfactory. Some of the points are mentioned as the conclusion, which are as follows:

-) CFOA of the bank is found positive during the whole period except in the year 2064/65 and 2067/68. It is increasing trend up to 2066/67 and negative in the year 2064/65 and 2065/66, and then highly increased in 2065/66.
-) Cash received from interest plays significant role in the total operating cash flow.
-) CFIA of the bank is in a volatile in nature (i.e. increasing and decreasing) but it is satisfactory is considered justifiable subject to the present country situation.
-) The bank has collected fund from financing activities that can be found as issue of share mostly.

Siddhartha Bank Limited

Siddhartha Bank Limited is operated by Nepalese investors. With in very short period of the time the bank has able generate positive cash flow and has been able to win trust of the public. Though bank run for very short time, it has able to present more attractive cash flow to their stakeholders. Hence it can be considered good financial situation of the bank. The following conclusions are mentioned as follows.

-) CFOA of the bank is positive during the whole period except in the fiscal year 2064/65 and 2067/68. Positive cash flow indicates high cash inflow with compare to the cash outflow. CFOA of the bank is highest in the year 2065/66 in comparison other fiscal year.

-) Cash received from interest income and exchange gain plays significant role in total operating cash flow.
-) In the year 2067/68 interest expenses is highest because the bank was accepted highest amount of deposit offering higher interest rate, hence it plays vital role to cash payment in operating section.
-) CFIA of the bank is increasing trend but its overall performance is not so bad but is assumed to be increased constantly.
-) The bank has not any strong investment scheme.
-) The bank has collected fund from financing activities that can be found as issue of equity share only.

5.3 Recommendations

Machhapuchhre Bank Ltd.

1. All yeas operating cash flow is positive except 2066/67 and the trend is increasing except one fiscal year but lunching new sector should enhance this source.
2. Source of investment should be found out to earned significant amount of interest.
3. Commission and discount income should be increased by managing remittance money.
4. Operating expenses are increasing, so it should be reduced.
5. Main source of interest income is loan and advance but they are in decreasing trend, so new area of investment should be found out to increase the cash flow.
6. This bank has satisfactory cash flow .It is good for both bank & investors.

Laxmi Bank Limited

1. Banks operating cash flow is increasing trend except one fiscal year. Hence for the coming day, it should be lunching new sector should enhance the source for increasing positive cash flow.

2. Interest income in significant level but not sufficient. So it should be increased by lending loan and advance.
3. Staff expenses of the bank are in increasing trend, so it should be reduced as far as possible in order to get more positive cash flow from operation. For it management can use the cost reduction and cost control policy.
4. Commission and discount income should be increased rapidly as far as possible for this agency work should be done properly to sustain the growth.
5. Bank's investing cash flow is volatile i.e. increasing and decreasing trend which is might serious problem and in the review period it is considered as unstable political situation of the country. Hence for the coming day consumer and retail banking should be enhancing to reach to satisfactory cash flow.
6. For capital adequacy, the bank has issued right and bonus share to the shareholder but it cannot be considered permanent solution. It should be merge to other banks to make its capital sufficient in competitions and further development of bank.

Kumari Bank Limited

1. Cash flow from operation is increasing trend except two particular years. This can be considered in satisfactory level but not sufficient level based on banks reputation and network .So the bank should try to make it higher positive by reducing cash payment as well as other operating expenses.
2. The bank should concentrate on increasing the deposit collecting /mobilization activity because this is the main item which contributes mainly to the total cash inflow from operating activities.
3. Interest income is in significant level but not sufficient, so it should be increased by lending loan and advance.
4. Staff expenses of the bank are increasing rapidly, so it can be said the bank is suffering from overstaffing problem therefore it should be minimized as possible. For this management of the bank can apply the cost reduction and cost control policy.
5. Commission and discount should be increased as far as possible, for this agency work should be done.

6. Change in investment cash out flow ratio is increasing and decreasing s which seems serious problem for the bank, so consumer and retail banking should be enhancing.
7. The bank is also facing capital adequacy problem, hence to be competitive in the market it might be merged with other banks.

Siddhartha Bank Limited

1. Cash flow from operating activities is in increasing trend even from negative cash flow that can be considered satisfactory level considering the short time of bank operation. But the bank should try to make it higher positive by reducing cash payment as well as other operating expenses.
2. The bank should concentrate on increasing the deposit collecting /mobilization activity because this is the main item which contributes mainly to the total cash inflow from operating activities.
3. Interest income is in significant level but not sufficient, so it should be increased by lending loan and advance.
4. Staff expenses of the bank are increasing .It is increased due to increase no. of branches, but it should be minimized as possible.
5. Commission and discount income should be increased as far as possible, for this agency work should be done properly.
6. Bank's investing cash flow is almost in increasing trend which is good condition of the bank ,for maintain the same level consumer and retail banking should be enhancing to reach to satisfactory cash flow .
7. For capital adequacy, the bank has issued right and bonus share to the shareholder but it may not be considered permanent solution. It should be merged to other banks to make its capital sufficient for competition and further development of bank.

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APPENDICES

Appendix -A Machhapuchhre Bank Ltd

Cash Flow Statement for the Year 2063/64 to 2067/68

Particular	2063/64	2064/65	2065/66	2066/67
(A) cash flow from Operating activities	718744647	464532279	1011471586	(193846237)
1. cash Receipt	806862683	898182023	1178605877	1800492723
1.1 Interest Income	694482220	796645682	1033886554	1638965300
1.2 Comission &Discount	34305033	35616247	38017284	48796165
1.3 Exchange Gain	2936308	35809967	50066596	42127186
1.4 Recoveries on Loans previously written of		38000	138000	9670320
1.5 Other Income	49039122	30072127	56497444	60933751
2. Cash Payment	605866256	641087036	842207058	1491072241
2.1 Interest Expenses	397721715	407919238	545951792	1113982588
2.2 Employee Expenses	71192365	67000189	87593647	152133212
2.3 Office Operating Expenses	79602916	94913678	139934457	163236504
2.4 Exchange Loss				
2.5 Pension & Staff Bonus Expenses		70680985	40445173	
2.6 Income Tax Paid	43030189	572946	28281989	44113144
2.7 Other Expenses	14319071			17626794
Cash Flows before the adjustment of Working capital	20996427	257094987	336398819	309420481
Increase/(Decrease) in Operating Current Assets	(1154471811)	(1332230378)	(3838064155)	(3609111633)
1 Change in Money at Call & short notice	24474521	624000000	70000000	(661564400)
2. Change in Short term Investment		(165082002)	197391908	850633641)
3. Change in Loans Advance& Bills Purchase	(1173366308)	(1644131028)	(4021889065)	(9888075008)
4. Change in other Assets	(5580024)	(147017347)	(83566998)	(108838583)
Increase/(Decrease) in Operating Current Liabilities	1672220031	1539667670	4513136922	3105844914
1. Change in Deposits	1582153837	1626790753	4494548582	2939126156
2 Change in Borrowing	133107946	(184244527)		150000000
3. Change in Bills payable				
4. Change in other Liab	(43041752)	79121444	18588339	16718758
(B) Cash flow from Investing Activities	(246695197)	(293874704)	(159579983)	(113653607)
1.Change in Long term investment	(87102156)			
2.Change in fixed assets	(159593041)	(293874704)	(159579983)	(113653607)
3. Interest Income in Long term Investment				
(C) Cash flow from Financing Activities		35428384	404951079	
1. Change in long term Loan, Bond & Debt				
2. Change in Share Capital		79688000	413600040	
3. Payment of dividend				
4. Concessions& rebates received from NRB		(44259616)	(8648961)	

5. Change in Reserve Funds				
(D) Income/ loss from change in exchange rate in cash & cash at bank	(1893202)	9889354	9750938	568144
(E) Cash flow for the year(A+B+C+D)	470156250	215975312	1266593619	(306931700)
(F) Opening balance at cash in hand & bank	813923935	1284080185	1500055497	2766649117
(G) Closing balance at cash in hand & bank	1284080185	1500055497	2766649116	2459717416

Siddartha Bank Ltd.

Cash Flow Statement for the Year 2063/64 to2067/68

Particular	2063/64	2064/65	2065/66	2066/67	2067/68
(A) cash flow from Operating activities	536588190	(186453300)	1195235762	963699358	(562670036)
1. cash Receipt	534387080	7572574678	1388421388	2123912220	2849610786
1.1 Interest Income	481268995	7298742484	1265582131	2018291813	2680619718
1.2 Comission &Discount	20177802	214544424	32547830	42758283	68059045
1.3 Exchange Gain	14245653	27487389	38682163	12167702	38689741
1.4 Tax income	-	-	5255052	-	-
1.5 Other Income	18694630	31800381	46354212	50694422	62252282
2. Cash Payment	383830704	67857153	1829563831	1769003531	2418793252
2.1 Interest Expenses	271710950	408188955	813619042	1386818348	1910297401
2.2 Employee Expenses	33620506	50335042	793619042	134180467	190671004
2.3 Office Operating Expenses	38466054	71480863	114816885	142769756	189789561
2.4 Exchange Loss	-	-	-	-	-
2.5 Pension & Staff Bonus Expenses	-	-	-	-	-
2.6 Income Tax Paid	40033194	65769319	98651396	103688012	129959990
2.7 Other Expenses			8857466	1546947	1924703
Cash Flows before the adjustment of Working capital	150556376	214840499	273091813	354908689	430817534
Increrase/(Decrease) in Operating Current Assets	(2606214343)	(3810899190)	(4827910250)	(3836519916)	(2109519839)
1 Change in Money at Call & short notice	(129446305)	(355289579)	99895884	(214202011)	(183739373)
2. Change in Short term Investment		(284027237)	(819881997)	(174010133)	(86251213)
3. Change in Loans Advance& Bills Purchase	(2450457205)	(3161059745)	(4024008758)	(3390552628)	(1751847215)
4. Change in other Assets	(26310833)	(24727224)	(83915379)	(57755144)	(87682039)
5.Change in non banking assets	-	14204595	-	-	-
Increase/(Decrease) in Operating Current Liabilities	2992246157	3409605391	5750054197	4445310585	1116032269
1. Change in Deposits	2707002289	3566362464	5663357433	4342230999	1378624580
2 Change in Borrowing	248850000	(224867123)	122467123	17400000	300000000)
3. Change in Bills payable	-	1644437	1992889	-	-
4. Change in other Liab	36393868	66465613	(37763248)	67852775	37407690
(B) Cash flow from Investing Activities	(235308142)	(26610942)	(306210088)	(312662330)	(81185253)
1.Change in Long term investment	(213954579)	(880000)	(206450000)	(102287732)	817449
2.Change in fixed assets	(21353563)	(25730942)	(99760088)	(221233175)	(83435435)

3. Interest and dividend and other Income from Long term Investment	-	-	-	10858577	1432733
(C) Cash flow from Financing Activities	100000000	133263158	221233158	207889077	142930063
1. Change in long term Loan, Bond & Debt	-	-	221233158	-	-
2. Change in Share Capital	-	138000000	-	215406445	274386695
3. Payment of dividend		(4736842)	(6536842)	(7517368)	(131456632)
4. Concessions& rebates received from NRB	-	-	-	-	-
(D) Income/ loss from change in exchange rate in cash &cash at bank	-	-	-	-	-
(E) Cash flow for the year(A+B+C+D)	401280048	(79801084)	110258832	858926104	(500925226)
(F) Opening balance at cash in hand &bank	115946304	517226354	437425270	1547684101	2406610104
(G) Closing balance at cash in hand & bank	517226354	437425270	154768410	2406610205	1905684978

KUMARI BANK LTD
Cash Flow Statement for the year 2063/64
to 2067/68

Particular	2063/64	2064/65	2065/66	2066/67	2067/68
(A) cash flow from Operating activities	567636906	(373116233)	914637801	566414376	(1612873550)
1. cash Receipt	868293617	1080550334	1533633183	2049698755	2364030115
1.1 Interest Income	791284209	956854479	1370968716	1869123840	2172440798
1.2 Comission &Discount	40764126	48494633	79243277	100336992	100608275
1.3 Exchange Gain	20294440	41807623	59001781	36719340	37924853
1.4 Non-operating Expenses	-	-	-	-	-
1.5 Other Income	15950842	33393599	24419409	42313069	54261703
2. Cash Payment	657509245	809005678	1191574514	1864969767	1999601261
2.1 Interest Expenses	404509533	493513029	803428742	1178550104	1525812231
2.2 Employee Expenses	99099527	115314064	152688468	143277770	168351843
2.3 Office Operating Expenses	74787221	113141483	136686240	402198987	182936244
2.4 Exchange Loss	-	-	-	-	-
2.5 Income Tax Paid	78296082	82506034	98771064	140942907	122500944
2.6 Other Expenses	816882	-	-	-	-
Cash Flows before the adjustment of Working capital	210784372	271544656	342058669	381685388	1977302404
Increase/(Decrease) in Operating Current Assets	(2263376215)	(2851731892)	(2649937224)	(854133780)	(1543309624)
1 Change in Money at Call & short notice	(227215000)	316855000	25360000	(90000000)	(331520000)
2. Change in Short term Investment		(442511675)	634769108	(782469431)	(1213911647)
3. Change in Loans Advance& Bills Purchase	(2054645968)	(2459947172)	(3273756619)	(172565650)	39846984
4. Change in other Assets	18484753	(266128045)	(36309713)	190901302	(37724962)
Increase/(Decrease) in Operating Current Liabilities	2620228749	2207071003	3222516356	1235819168	(433992780)
1. Change in Deposits	2788459185	2217189816	2930771819	1721857189	(445973576)
2 Change in Borrowing	38430000	(112970000)	193420000	(283780464)	267285464
3. Change in Bills payable	-	-	-	-	-
4. Change in other Liab	(129800436)	102851187	98324537	202257556	(255304668)
(B) Cash flow from Investing Activities	(410153700)	(85155041)	(80452678)	(40063878)	(89753783)
1.Change in Long term investment	(283470661)	(17867500)	(6800000)	(3575000)	21365489
2.Change in fixed assets	(126683039)	(67678786)	(74969016)	(37805215)	86823710
3. Interest Income in Long term Investment	-	391245	1316338	1316338	18435425
(C) Cash flow from Financing Activities	125000000	720000000	8272000	421180000	147322369
1. Change in long term Loan, Bond & Debt	-	400000000	-	-	-
2. Change in Share Capital	125000000	320000000	8272000	1080000	183422369
3. Payment of dividend	-	-	-	-	-
4. Concessions& rebates received from NRB	-	-	-	420100000	(36100000)
5. Change in Reserve Funds	-	-	-	-	-
(D) Income/ loss from change in exchange rate in cash &cash at bank	-	-	-	-	-
(E) Cash flow for the year(A+B+C+D)	282483206	261728726	842457123	947530498	(1555304964)
(F) Opening balance at cash in hand &bank	389629745	672112951	933841677	1776298800	2723829298
(G) Closing balance at cash in hand & bank		672112951	933841677	1776298800	2723829298

Laxmi Bank Ltd.
Cash Flow Statement for
the year 2063/64 to 2067/68

Particular	2063/64	2064/6 5	2065/6 6	2066/6 7	2067/ 68
(A) cash flow from Operating activities	124378471	66846 0835	31408 0096	(37497 0993)	11490 22542
1. cash Receipt	523099585	79514 9653	12398 2234	18880 43224	25016 69219
1.1 Interest Income	47049833	70217 3302	10848 64744	17288 15089	22881 42953
1.2 Comission & Discount	15989954	20272 187	30610 926	48310 617	79635 246
1.3 Non-operating Expenses	-	-	-	-	-
1.4 Exchange Gain	20904775	46637 081	51004 554	47563 308	63127 874
1.5 Recoveries of loans previously written off		58500 0	24248 31	32586 95	80700 0
1.6 Other Income	15710023	25452 083	70917 293	60095 515	69956 145
2. Cash Payment	354752431	57692 4221	96216 3547	14561 12191	19978 70773
2.1 Interest Expenses	2415841451	39130 2173	70538 8290	10597 88935	15138 32927
2.2 Employee Expenses	441584151	39130 2173	10405 4810	14900 1140	20437 1951
2.3 Office Operating Expenses	38574914	56569 074	76944 797	10368 1098	12005 9922
2.4 Exchange Loss	-	-	-	-	-
2.5 Pension & Staff Bonus Expenses	-	-	-	-	-
2.6 Income Tax Paid	30221301	55495 019	75775 651	14364 1018	15960 5937
2.7 Other Expenses	-	-	-	-	-
Cash Flows before the adjustment of Working capital	168374154	21822 5432	27765 8800	43193 1033	50379 8445
Increase/(Decrease) in Operating Current Assets	(3148243420)	(33195 98035)	(50971 97063)	(24988 82455)	42396 6941
1 Change in Money at Call & short notice	56972000	23870 9774	(15396 2226)	(49867 7086)	85437 7086
2. Change in Short term Investment	(937548534)	19612 9027	(12421 09429)	(70375 4733)	24698 4127
3. Change in Loans Advance & Bills Purchase	(2253442513)	(32734 20710)	(36722 77812)	(12807 54083)	(6530 66943)
4. Change in other Assets	(14224373)	(35965 78)	(28847 597)	(15696 553)	(2432 7329)
Increase/(Decrease) in Operating Current Liabilities	3104274737	37698 33439	51336 18359	16919 80430	22125 7156
1. Change in Deposits	3167301854	33055 79061	51340 70730	20316 54892	21666 9632
2 Change in	(29760000)	45000		(35000)	(1000)

Borrowing		0000		0000)	00000)
3. Change in Bills payable	-	-	-	-	-
4. Change in other Liab	(33267117)	14254 378	(45237 1)	10325 538	10458 7524
(B) Cash flow from Investing Activities	439982	(83521 416)	(71353 026)	(68742 446)	(2151 34463)
1. Change in Long term investment	-	-	-	-	(1015 00000)
2. Change in fixed assets	439982	(83521 416)	(71361 468)	(68974 244)	(1136 34463)
3. Dividend income	-	-	-	23179 9	-
(C) Cash flow from Financing Activities	119779700	18349 9300	35188 9800	45163 9954	80676 025
1. Change in long term Loan, Bond & Debt	-	-	35000 0000	-	-
2. Change in Share Capital	119779700	18399 300	18898 00	45163 9954	80676 025
3. Payment of dividend	-	-	-	-	-
4. Concessions & rebates received from NRB	-	-	-	-	-
5. Change in Reserve Funds	-	-	-	-	-
(D) Income/ loss from change in exchange rate in cash & cash at bank	-	-	-	-	-
(E) Cash flow for the year(A+B+C+D)	244598153	76843 8720	59461 6870	79265 16	10145 64104
(F) Opening balance at cash in hand & bank	225123980	46972 2133	12381 60853	18327 77723	18407 04239
(G) Closing balance at cash in hand & bank	469722133	12381 60853	18327 77723	18407 04239	28552 68343

**Appendix-
B**

**Comparative Cash Flow Analysis of selected banks
For the Fiscal year 2064/65**

Particular	MBL	LBL	KBL	SBL
(A) cash flow from Operating activities	46453227 9	66846083 5	(3731162 33)	(1864533 00)
1. cash Receipt	89818202 3	79514965 3	10805503 34	75725746 78
1.1 Interest Income	796645682	702173302	956854479	729874248 4
1.2 Comission &Discount	35616247	20272187	48494633	214544424
1.3 Exchange Gain	35809967	46637081	41807623	27487389
Non operating income	-	-	-	-
1.4 Recoveries on Loans previously written off	38000	585000	-	-
1.5 Other Income	30072127	25452083	33393599	31800381
2. Cash Payment	64108703 6	57692422 1	80900567 8	67857153
2.1 Interest Expenses	407919238	391302173	493513029	408188955
2.2 Employee Expenses	67000189	391302173	115314064	50335042
2.3 Office Operating Expenses	94913678	56569074	113141483	71480863
2.4 Exchange Loss	-	-	-	-
2.5 Pension & Staff Bonus Expenses	70680985	-	-	-
2.6 Income Tax Paid	572946	55495019	82506034	65769319
2.7 Other Expenses				
Cash Flows before the adjustment of Working capital	25709498 7	21822543 2	27154465 6	21484049 9
Incrase/(Decrease) in Operating Current Assets	(1332230 378)	(3319598 035)	(2851731 892)	(3810899 190)
1 Change in Money at Call & short notice	624000000	238709774	316855000	(35528957 9)
2. Change in Short term Investment	(16508200 2)	196129027	(44251167 5)	(28402723 7)
3. Change in Loans Advance & Bills Purchase	(16441310 28)	(32734207 10)	(24599471 72)	(31610597 45)
Change in non-banking assets	-	-	-	14204595
4. Change in other Assets	(14701734 7)	(3596578)	(26612804 5)	(24727224)
Increase/(Decrease) in Operating Current Liabilities	15396676 70	37698334 39	22070710 03	34096053 91
1. Change in Deposits	162679075 3	330557906 1	221718981 6	356636246 4
2 Change in Borrowing	(18424452 7)	450000000	(11297000 0)	(22486712 3)

3. Change in Bills payable	-	-	-	1644437
4. Change in other Liab	79121444	14254378	102851187	66465613
(B) Cash flow from Investing Activities	(293874704)	(83521416)	(85155041)	(26610942)
1. Change in Long term investment	-	-	(17867500)	(880000)
2. Change in fixed assets	(293874704)	(83521416)	(67678786)	(25730942)
3. Interest Income in Long term Investment	-	-	391245	-
(C) Cash flow from Financing Activities	35428384	183499300	72000000	133263158
1. Change in long term Loan, Bond & Debt			400000000	
2. Change in Share Capital	79688000	18399300	320000000	138000000
3. Payment of dividend		-	-	-4736842
4. Concessions& rebates received from NRB	(44259616)	-	-	-
5. Change in Reserve Funds	-	-	-	-
(D) Income/ loss from change in exchange rate in cash & cash at bank	9889354	-	-	-
(E) Cash flow for the year(A+B+C+D)	215975312	768438720	261728726	(79801084)
(F) Opening balance at cash in hand & bank	1284080185	469722133	672112951	517226354
(G) Closing balance at cash in hand & bank	1500055497	1238160853	933841677	437425270

Comparative Cash Flow Analysis of selected banks
For the Fiscal year 2065/66

Particular	MBL	LBL	KBL	SBL
(A) cash flow from Operating activities	1011471586	314080096	914637801	1195235762
1. cash Receipt	1178605877	123982234	1533633183	1388421388
1.1 Interest Income	1033886554	1084864744	1370968716	1265582131
1.2 Comission &Discount	38017284	30610926	79243277	32547830
1.3 Exchange Gain	50066596	51004554	59001781	38682163
Tax income	-	-	-	5255052
1.4 Recoveries on Loans previously written off	138000	2424831	-	-
1.5 Other Income	56497444	70917293	24419409	46354212
2. Cash Payment	842207058	962163547	1191574514	1829563831
2.1 Interest Expenses	545951792	705388290	803428742	813619042
2.2 Employee Expenses	87593647	104054810	152688468	793619042
2.3 Office Operating Expenses	139934457	76944797	136686240	114816885
2.4 Exchange Loss	-	-	-	-
2.5 Pension & Staff Bonus Expenses	40445173	-	-	-
2.6 Income Tax Paid	28281989	75775651	98771064	98651396
2.7 Other Expenses	-	-	-	8857466
Cash Flows before the adjustment of Working capital	336398819	277658800	342058669	273091813
Increase/(Decrease) in Operating Current Assets	(3838064155)	(5097197063)	(2649937224)	(4827910250)
1 Change in Money at Call & short notice	70000000	(153962226)	25360000	99895884
2. Change in Short term Investment	197391908	(1242109429)	634769108	(819881997)
3. Change in Loans Advance& Bills Purchase	(4021889065)	(3672277812)	(3273756619)	(4024008758)
Change in non-banking assets	-	-	-	-
4. Change in other Assets	(83566998)	(28847597)	(36309713)	(83915379)
Increase/(Decrease) in Operating Current Liabilities	4513136922	5133618359	3222516356	5750054197
1. Change in Deposits	4494548582	5134070730	2930771819	5663357433
2 Change in Borrowing	-	-	193420000	122467123
3. Change in Bills payable	-	-	-	1992889
4. Change in other Liab	18588339	(452371)	98324537	(37763248)
(B) Cash flow from Investing Activities	(159579983)	(71353026)	(80452678)	(306210088)
1.Change in Long term investment	-	-	(6800000)	(206450000)
2.Change in fixed assets	(159579983)	(71361468)	(74969016)	(99760088)
Interest received from long term Investment	-	-	1316338	-
3. Dividend income	-	8442	-	-
(C) Cash flow from Financing Activities	404951079	351889800	8272000	221233158
1. Change in long term Loan, Bond & Debt	-	350000000	-	221233158
2. Change in Share Capital	413600040	1889800	8272000	-
3. Payment of dividend	-	-	-	(6536842)

4. Concessions& rebates received from NRB	(8648961)	-	-	-
5. Change in Reserve Funds	-	-	-	-
(D) Income/ loss from change in exchange rate in cash &cash at bank	9750938	-	-	-
(E) Cash flow for the year(A+B+C+D)	126693619	594616870	842457123	110258832
(F) Opening balance at cash in hand &bank	1500055497	1238160853	933841677	437425270
(G) Closing balance at cash in hand & bank	2766649116	1832777723	1776298800	154768410

Comparative Cash Flow Analysis of selected banks
For fiscal years 2066/067

Particular	LBL	KBL	SBL
(A) cash flow from Operating activities	1149022542	(1612873550)	(562670036)
1. cash Receipt	2501669219	2364030115	2849610786
1.1 Interest Income	2288142953	2172440798	2680619718
1.2 Comission &Discount	79635246	100608275	68059045
1.3 Exchange Gain	-	37924853	38689741
Non operating income	63127874	-	-
1.4 Recoveries on Loans previously written off	807000	-	-
1.5 Other Income	69956145	54261703	62252282
2. Cash Payment	1997870773	1999601261	2418793252
2.1 Interest Expenses	1513832927	1525812231	1910297401
2.2 Employee Expenses	204371951	168351843	190671004
2.3 Office Operating Expenses	120059922	182936244	189789561
2.4 Exchange Loss	-	-	-
2.5 Pension & Staff Bonus Expenses	-	-	-
2.6 Income Tax Paid	159605937	122500944	129959990
2.7 Other Expenses	-	-	1924703
Cash Flows before the adjustment of Working capital	503798445	1977302404)	430817534
Increrase/(Decrease) in Operating Current Assets	423966941	(1543309624)	(2109519839)
1 Change in Money at Call & short notice	854377086	(331520000)	(183739373)
2. Change in Short term Investment	246984127	(1213911647)	(86251213)
3. Change in Loans Advance& Bills Purchase	(653066943)	39846984	(1751847215)
4. Change in other Assets	(24327329)	(37724962)	(87682039)
Increase/(Decrease) in Operating Current Liabilities	221257156	(433992780)	1116032269
1. Change in Deposits		(445973576)	1378624580
2 Change in Borrowing	(100000000)	267285464	300000000)
3. Change in Bills payable	-	-	-
4. Change in other Liab	104587524	(255304668)	37407690
(B) Cash flow from Investing Activities	(215134463)	(89753783)	(81185253)
1.Change in Long term investment	(101500000)	21365489)	817449
2.Change in fixed assets	(113634463)	86823710)	(83435435)
3. Interest Income in Long term Investment	-	18435425	1432733
(C) Cash flow from Financing Activities	80676025	147322369	142930063
1. Change in long term Loan, Bond & Debt	-	-	-
2. Change in Share Capital	80676025	183422369	-
3. Payment of dividend	-	-	274386695
4. Concessions& rebates received from NRB	-	(36100000)	(131456632)
5. Change in Reserve Funds	-	-	-
(D) Income/ loss from change in exchange rate in cash &cash at bank	-	-	-
(E) Cash flow for the year(A+B+C+D)	1014564104	(1555304964)	(500925226)
(F) Opening balance at cash in hand &bank	1840704239	2723829298	2406610104
(G) Closing balance at cash in hand & bank	2855268343	1168524334	1905684978

**Comparative Cash Flow Analysis of Selected Banks
For fiscal years 2067/068**

Particular	LBL	KBL	SBL
(A) cash flow from Operating activities	1149022542	(1612873550)	(562670036)
1. cash Receipt	2501669219	2364030115	2849610786
1.1 Interest Income	2288142953	2172440798	2680619718
1.2 Comission &Discount	79635246	100608275	68059045
1.3 Exchange Gain	-	37924853	38689741
Non operating income	63127874	-	-
1.4 Recoveries on Loans previously written off	807000	-	-
1.5 Other Income	69956145	54261703	62252282
2. Cash Payment	1997870773	1999601261	2418793252
2.1 Interest Expenses	1513832927	1525812231	1910297401
2.2 Employee Expenses	204371951	168351843	190671004
2.3 Office Operating Expenses	120059922	182936244	189789561
2.4 Exchange Loss	-	-	-
2.5 Pension & Staff Bonus Expenses	-	-	-
2.6 Income Tax Paid	159605937	122500944	129959990
2.7 Other Expenses	-	-	1924703
Cash Flows before the adjustment of Working capital	503798445	1977302404)	430817534
Increrase/(Decrease) in Operating Current Assets	423966941	(1543309624)	(2109519839)
1 Change in Money at Call & short notice	854377086	(331520000)	(183739373)
2. Change in Short term Investment	246984127	(1213911647)	(86251213)
3. Change in Loans Advance& Bills Purchase	(653066943)	39846984	(1751847215)
4. Change in other Assets	(24327329)	(37724962)	(87682039)
Increase/(Decrease) in Operating Current Liabilities	221257156	(433992780)	-
1. Change in Deposits	216669632	(445973576)	1116032269
2 Change in Borrowing	(100000000)	267285464	1378624580
3. Change in Bills payable	-	-	300000000)
4. Change in other Liab	104587524	(255304668)	-
(B) Cash flow from Investing Activities	(215134463)	(89753783)	37407690
1.Change in Long term investment	(101500000)	21365489)	(81185253)
2.Change in fixed assets	(113634463)	86823710)	817449
3. Interest Income in Long term Investment	-	18435425	(83435435)
(C) Cash flow from Financing Activities	80676025	147322369	1432733
1. Change in long term Loan, Bond & Debt	-	-	142930063
2. Change in Share Capital	80676025	183422369	-
3. Payment of dividend	-	-	274386695
4. Concessions& rebates received from NRB	-	(36100000)	(131456632)
5. Change in Reserve Funds	-	-	-
(D) Income/ loss from change in exchange rate in cash &cash at bank	-	-	-
(E) Cash flow for the year(A+B+C+D)	1014564104	(1555304964)	(500925226)
(F) Opening balance at cash in hand &bank	1840704239	2723829298	2406610104
(G) Closing balance at cash in hand & bank	2855268343	1168524334	1905684978

Kumari Bank limited
Profit and Loss Account
from the Year 2063/64 to 2067/68

Particulars	2063/64	2064/65	2065/66	2066/067	2067/068
Expenditure					
Interest expenses	397053120	498734222	816202890	1188918173	1566551598
Empyoyee expenses	74243628	89570438	115984819	143277770	168351843
Office operating expenses	104079476	148143138	186502160	202078830	212938673
Currency exchange loss	-	-	-		
Non-operating expenses	669885	-	-	699180	632371
Bad loan & advance written off	6264578	-	-	14824913	13787709
provision for loss loan	24950199	56782826	10381858	113779647	13078046
provision for non-banking assets	816882	-	-		
provision for staff bonus	24855899	25743626	36703549	45748525	35846391
provision for income tax	78296082	82506034	105592905	140942907	107226938
Abnormal gain		4531068	876031		
Net profit(carried down)	170262909	174930227	261442589	316542342	251236970
Income					
Interest income	791284209	957245724	134722467	1871066357	2251791724
Commission and discount income	40764126	48494633	79104247	97652505	99707633
Currency exchange gain	20294440	41807623	59001781	37924853	36719340
Non-operating income	15280956	15588389	1111653	699180	632371
other income	-	17805210	19746723	28770784	53635577
Net Loss(carried down)	-	-	-		

Balance sheet
Balance sheet as on 2063/64 to 2067/068

Particulars	2063/64	2064/65	2065/66	2066/067	2067/68
Capital and liabilities					
Share capital	750000000	1070000000	1186099200	1306015920	1603800000
Reserve and funds	275630159	294885269	438853508	479743128	610036668
Loans and borrowing	212970000	400000000	400000000	400000000	400000000
Deposite account	10557416461	1.278E+10	15710925263	17432253032	16986279457
Bills payable	16554384	65296714	70087025	42312957	8118121
provisin for dividend	-	-	6583752	156816002	6581717
provisin for income tax	11006805	-	234986		
Other liabilities	94733620	325914001	432361375	238698167	216044346
Total	11918311429	1.4936E+10	18245145109	20485578742	20491785309
Assets					
Cash balance	190748210	565641118	549108504	574056903	524780914
Balance with banks	481364741	368200559	1227190296	2449763696	643743420
Non Banking Assets	2394684	3140669	-		
Money at call and short notice	372215000	55360000	30000000	120000000	451520000
Investment	1678418415	2138797590	1510828482	2298345764	3533622908
Loan advance and Bills purchase	8929013115	1.1335E+10	14593346830	14765912480	14626073558
Fixed assets	189323741	222000872	247832774	285637988	306276829
other assets	74833523	348020571	380258223	291853211	405767680
Total	11918311429	1.5036E+10	18538565109	20485578742	20491785309

Laxmi Bank limited
Profit and loss Account
from the year 2063/64 to2067/68

Particulars	2063/64	2064/65	2065/66	2066/067	2067/068
Expenditure					
Interest expenses	280277851	421871791	712348311	1135609890	1503851025
Empyoyee expenses	47944202	63994813	86407247	122405630	157662248
Office operating expenses	64388556	83848664	112972785	142169232	169294370
Currency exchange loss	-	-	-		
Non-operating expenses	-	7995173	7594833	142169232	169294370
Bad loan & advance written off	-				
provision for loss loan	11787156	24598743	34255012	28766525	13634832
provision for non-banking assets	-	-	-		
provision for staff bonus	9563142	17647563	26595510	46709703	53940854
provision for income tax	30051929	56444284	76956467	141441317	161482469
Abnormal Loss	-	7636567	4413129	4366416	
Net profit(carried down)	65579489	120031347	188998637	327037041	375145095
Income					
Interest income	470494833	711006319	1098985452	1787692540	2233332791
Commission and discount income	15156901	20943463	29634632	46866912	67795886
Currency exchange gain	20904775	46637081	51004554	47563308	63127874
Non-operating income	12673807	-	-		
other income	15710023	25482082	70917293	60031631	69514877
Net Loss(carried down)	-	-	-		

Balance sheet
from the year 2063/64
to2067/68

Particulars	2063/64	2064/65	2065/66	2066/67	2067/68
Capital and liabilities					
Share capital	729697000	913196300	1098086100	1613520500	1694196525
Reserve and funds	134695563	243179508	245132972	298809990	419180198
Loans and borrowing	-	450000000	350000000	450000000	350000000
Deposite account	7611653306	1.0917E+10	16051303096	18082957988	18299627620
Bills payeable	3091419	5850753	16158286	5262902	302100039
provisin for dividand and payble	-	9758870	4171800	209757665	174098862
provisin for income tax and payble	-	-	5001279	2801578	4678074
Other liabilities	103551264	155803719	166559448	289138935	316010075
Total	8582688552	1.2695E+10	18386412981	20952249558	21559891393
Assets					
Cash balance	119437325	267933363	211721472	244205091	356669236
Balance with banks	350284808	970228491	1621056251	1596499148	2417923080
Money at call and short notice	13028000	251737774	405700000	904377086	50000000
Investment	1437170759	1241041732	2483151161	3186905894	3041421767
Loan advance and Bills purchase	6437449247	9680948652	13315604304	14560109588	15199847906
Fixed assets	140021540	204397323	247733210	282349126	352338243
other assets	85296873	78735181	101446583	177803625	141691161
Total	8582688552	1.2695E+10	18386412981	20952249558	21559891393

Appendix-C
Machhapuchhre Bank limited
Profit and loss
Account
from the year 2063/64 to2067/68

Particulars	2063/64	2064/65	2065/66	2066/067	2067/068
Expenditure					
Interest expenses	397721715	407919238	580036192	1144808132	-
Empyoyee expenses	71192365	71421059	90995685	152113212	-
Office operating expenses	79602916	124408422	182841039	223469557	-
Currency exchange loss	-	-	-		-
Non-operating expenses/loss	9271	48160	-		-
Bad loan & advance written off	-	-	-		-
provision for loss loan	157606056	129081696	148200324	335040855	-
provision for non-banking assets	-	-	-		-
provision for staff bonus	-	15922209	17626794	1038535	-
provision for income tax	39940461	74206090	53016840	32348414	-
Abnormal Loss/Exp	-	-	500188		-
Other expenses	14319071	-	-		-
Net profit(carried down)	69409950	85016003	123251098	73312799	-
Income					-
Interest income	694482220	796597182	1041473434	1688617996	-
Commission and discount income	34305033	35616247	38017284	49903878	-
Currency exchange gain	2936308	45699321	59817534	42695330	-
Non-operating income	49039122	-	24276		-
other income	49039122	30072127	57135632	60633751	-
Abnormal gain /profit	-	38000	-		-
Net Loss(carried down)	-	-	-		-

Balance sheet
from the year 2063/64 to2067/68

Particulars	2063/64	2064/65	2065/66	2067/068	-
Capital and liabilities					-
Share capital	821651300	90133900	1479269600	1627196560	-
Reserve and funds	178613335	262007658	220928496	146314335	-
Short term loans and borrowing	228504143	-	-	150000000	-
Deposite account	9475451509	1.1102E+10	15596790845	18535917002	-
Bills payeble	21482435	10311152	24444914	15402039	-
provisin for dividend	4313669	8760961	112000		-
provisin for income tax	7372338	3037499	11764730		-
Other liabilities	70228177	122341259	157471516	203960891	-
Total	10807616906	1.1599E+10	17490782101	20678790827	-
Assets					-
Cash balance	385940398	560317358	743198824	1049326707	-

Balance with banks	898139787	939738139	2023450292	1410390710	-
Non- banking assets	-	-	4500000		-
Money at call and short notice	694000000	70000000	-	661564400	-
Investment	1278468559	1443550561	1246518653	2096792294	-
Loan advance and Bills purchase	7129891542	8642323375	12516012116	14289792667	-
Fixed assets	259532932	535886143	664158227	732291377	-
other assets	161643688	218224516	293303989	438632672	-
Total	10807616906	1.1599E+10	17490782101	20678790827	-

Siddartha Bank limited
Profit and loss Account
from the year 2063/64 to3067/68

Particulars	2063/64	2064/65	2065/66	2066/67	2067/68
Expenditure					
Interest expenses	271710950	408188955	813619042	1406489572	1925243099
Empyoyee expenses	33620506	482447208	79384785	103680178	155803411
Office operating expenses	55721156	71480866	114816885	50694422	265477126
Currency exchange loss	-	-	-		
Non-operating expenses	-	-	-	17573500	1432733
Bad loan & advance written off	-	-	-		
provision for loss loan	20544230	44017574	30984981	65322221	42628156
provision for non-banking assets	-	-	-		
provision for staff bonus	13913186	21698189	30500289	34876593	44767054
provision for income tax	43826537	71721066	92342131	136139826	107828164
Net profit(carried down)	95302326	143172989	217915808	240847768	311415291
Income					
Interest income	481523807	729872484	1265582131	2018291813	2690294141
Commission and discount income	20177802	21454424	32547830	42758283	68049045
Currency exchange gain	14245653	27487389	38682163	12167702	38689741
Non-operating income	35535	506222	-	10857577	1432733
other income	18659095	31294159	55211678	50694422	62252282
Net Loss(carried down)	-	-	-		

Balance sheet
form the year 2063/64
to2067/68

Particulars	2063/64	2064/65	2065/66	2066/67	2067/68
Capital and liabilities					
Share capital	60000000	828000000	952200000	1310436445	1618263900
Reserve and funds	-	240346086	326544526	293205663	370140936
Long-termLoans and borrowing	430000000	-	227770000	227770000	227770000
Deposite account	7358785445	1.0191E+10	15854798403	20197029402	21575653982
Bills payeble	-	15884195	17877084	35703895	2685783
provisin for dividend	4736842	6536842	7517368	131456632	200939258
provisin for income tax	-	11155193	4845928	4845228	15659099
Other liabilities	101139188	169859787	162596828	254488130	349759091
Short term -borrowing	-	205132877	327600000	345000000	45000000
Total	7954661475	1.1668E+10	17881750138	22802429300	24405872049
Assets					
Cash balance	130442580	149006950	270945787	326868203	591249342
Balance with NRB amd othr Bank	386783774	288418319	1276738314	2079742002	1414435636
Money at call and short notice	229446305	584735884	484840000	699042011	882781384
Investment	931379968	1150095800	2176427797	2452475662	3537909246
Loan advance and Bills purchase	6222586813	9335597738	13328611515	16653851922	18384033093
Fixed assets	46667101	72398043	172158131	360425762	368173624
other assets	7354934	88103216	172018594	230023738	328289533
Total	7954661475	1.1668E+10	17881750138	22802429300	24405872049

Appendix-D
Machhapuchhre Bank Limited
Cash Inflow and Outflow form Operation

	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Receipt from opration	806862683	898182023	1178605877	1800492723	-
Cash inflow from change in current Liabilities	1672220031	1539667670	4513136922	3105844914	-
Toal Cash inflow	2479082714	2437849693	5691742799	4906337637	-
Cash Payment in operating section	605866256	641087036	842207058	141072241	-
Cash outflow from change in current assets	1154471811	1332230378	3838064155	3609111633	-
Total Cash out flow	1760338067	1973317414	4680271213	510083874	-

Laxmi Bank Limited
Cash Inflow and Outflow form Operation

	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Receipt from opration	523099585	795149653	1239822348	1888043224	2501669219
Cash inflow from change in current Liabilities	3104274737	3769833439	5133618359	1691980430	221257156
Toal Cash inflow	3627374322	4564983092	6373440707	3580023654	2722926375
Cash Payment in operating section	354752431	576924221	962163547	1456112191	1997870773
Cash outflow from change in current assets	3148243420	3319598035	5097197063	2498882455	423966941
Total Cash out flow	3502995851	3896522256	6059360610	395499464	2421837714

Kumari Bank Limited
Cash Inflow and Outflow form Operation

	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Receipt from opration	868293617	1080550334	1533633183	2049698755	2364030115
Cash inflow from change in current Liabilities	2620228749	2207071003	3222516356	1235819168	(433992780)
Toal Cash inflow	3627374322	3287621337	4756149539	3285517923	1930037335
Cash Payment in operating section	657509245	809005678	1191574514	1864969767	1999601261
Cash outflow from change in current assets	2263376215	2851731892	2649937224	854133780	1543309624
Total Cash out flow	2920885460	3660737570	3841511738	2119103547	3542910885

Siddhartha Bank Limited
Cash Inflow and Outflow form Operation

	2063/64	2064/65	2065/66	2066/67	2067/68
Cash Receipt from opration	534387080	757257468	1388421388	2123912220	2849610786
Cash inflow from change in current Liabilities	2992246157	3409605391	5750054197	444531058	1116032269
Toal Cash inflow	3526633237	4166862859	7138475585	6559222805	3965643055
Cash Payment in operating section	383830704	678571523	1829563831	1769003531	2418793252
Cash outflow from change in current assets	2606214343	3810899190	4827910250	3836519916	2109519839
Total Cash out flow	3627374322	4489470713	6657474081	5605523447	4525313091