CHAPTER-ONE

INTRODUCTION

1.1 Background of the Study

A Statement, which is prepared to take information about the financial position of organization at the end of the accounting period, is called financial statement. It includes Profit & Loss account (Income Statement) and Balance Sheet. Profit & Loss account gives a position of profit or loss as well as income & expenses of the certain period and Balance Sheet provides the information of assets, liabilities & sources of capital. It provides the information about financial sources & uses. It also provides necessary data to analyze capital structure, profitability and liquidity. It gives ideas to stakeholders like owners, manager, creditors, potential investor as well as government office.

The analysis of financial statement is done to obtain a better insight into a firm's position and performance. Analysis of financial statement is a process of evaluating the relationship between the component parts of the financial statements to obtained better understanding of a firm's position and performance. In order to make financial statement more meaningful, analysis of financial statement is prepared. Analysis of financial statement means a study of relationship among the various financial factors. It is a process of classifying and arranging mass data of financial statement.

Today's market is separated in international wide. It is very competitive so, different types of financial institutions come today and goes out from the market tomorrow. Financial institution is the organization which are mainly establish with profit motive. So to run an organization for the long run it is necessary to increase their profit in geometric order. So to find out whether the organization is running satisfactory or not it is necessary to evaluate their financial performance which is the main theme of this research.

Financial analysis is not only the basic tools to evaluate the financial performance of any organization also financial statements are the mirrors to evaluate financial performance. It also gives clear view regarding the capital structure of the organization. By applying the tools of financial analyses this report try to identify strength and weakness of the bank of Kathmandu Ltd.

In public view, Bank of Kathmandu is a successful Commercial bank among the Commercial bank of the Nepal. In this research ratio analysis is applied to analyzed financial performance and this research have tried to define as the systematic way of ratio analysis and tried to interpret the financial statements of Bank of Kathmandu Ltd by taking data from FY 2007/08 to 2011/12. This research has tried to analyze the strength and weakness of Bank of Kathmandu as well as its historical performance and current financial situation.

1.2 Statement of the Problem

Examine of the financial performance of the financial institution is not an easy task and also to evaluate about their strengths and weakness. This research try to identify whether the banking sector of Nepal are running successfully or not but due to limited time this report can not take all the banks of Nepal under it so the selection on random basis has selected BOK. Profitability is the crucial factor in making the stay of the bank in the market for the long run because profit is the measuring rod of the bank's long-term sustainability and the survival. Only by being profitable a bank can compete efficiently in the market to generate value and the return to the investors or shareholders. So this research tries to identify financial analysis of the Bank of Kathmandu Ltd. by applying tools of ratio analysis. The problems primarily focused have been presented as follows:

1. What are the situations of the financial performance of BOK?
2. What are the liquidity positions of BOK during the study periods?
3. What are the conditions of profitability and turnover ratio of BOK during the study periods?
4. What are the recent strength and weaknesses for banking institutions?

1.3 Objectives of the study:

The main objective of this study is to analyze the financial statement of BOK. The other specific objectives can be defined as:

1. To examine the financial performance of BOK.
2. To identify the liquidity positions of BOK during the study periods.
3. To find out profitability and turnover ratio of BOK during the study periods.
4. To identify strength and weakness of BOK.

1.4 Significance of the Study

In Nepal many commercial and financial company have opened up within few years of period. Basically, commercial banks have given a new horizon to the financial sector of Nepal. They have achieved tremendous success in terms of market share and profitability due to their prompt service and professionalism. An organization's financial and operating performance depends upon how well its activities have been managed and how well of its resources are utilized. Moreover, the present study will be more helpful to where the shareholders regarding the financial performance of their banks. This comparative analysis identify the productivity of their funds among others banks.

Further, the study has multidimensional significance in the particular area of concerned banks, which have been undertaken that justify for finding out important points and facts to researcher, shareholders, policy makers, traders, financial institutions, stock exchange, depositors, borrower, general public, management of banks, managers, government, academic personnel and other related stakeholders who interested with financial statement.

1.5 Limitation of the study:

The major limitation of this research is directly related with the limitations of the ratio analysis because this research is based upon the tools ratio analysis. The main limitations of this report are pointed as below:

1. Only five year's observation has been covered from fiscal year 2007/08 to 2011/12 in this study.
2. There are many commercial banks in Nepal but among them, this study has been chosen only Bank of Kathmandu Ltd. and not overall aspects of banks.
3. This study is mainly based on secondary data like annual reports, journals, articles and internet.
4. This study concentrates only on those factors, which are related with financial statement of bank. It does not consider other aspects of the bank.
5. The result of this study is depended upon reliability of collected data.

1.6 Organization of the study:

This study has been divided in to five chapters. The fields of these chapters are as follows:

Chapter -I	– Introduction
Chapter -II	– Review of Literature
Chapter -III	– Research Methodology
Chapter -IV	– Data Presentation & Analysis
Chapter -V	– Summary, Conclusion & Recommendation

Chapter – I

Introduction

This chapter covers the general background of the study, statement of problem, objectives of the study, significant of the study, limitations of the study and organization of the research study.

Chapter – II

Review of Literature

This chapter deals with the review of conceptual framework, review of journals and articles, and review of thesis, those are relevant to the study. This chapter focuses all the financial aspect of the study like the review of literature, importance of financial analysis, user of financial statements, limitation of financial analysis, types of ratios and importance of ratio analysis.

Chapter – III

Research Methodology

This chapter focuses the research design, sample and population, sources of data, data analysis tools and their using techniques.

Chapter – IV

Data Presentation and Analysis

This chapter concern with measurement of financial performance using ratio analysis tools and their trend analysis. At the end of the chapter, the major findings of the study have been drawn.

Chapter – V

Summary, Conclusion and Recommendation

This chapter gives the summary conclusion and recommendation of the study. Lastly, this chapter includes Bibliography and Appendixes have also been incorporated at the end of study.

CHAPTER-TWO

REVIEW OF LITERATURE

This chapter, review of literature is the theoretical framework that provides the bases and inputs for this study purpose. This thesis has been based on the field of financial statement analysis. So, related different books, articles, encyclopedia, internet search, as well as previous studies relating to same subject have been consulted to make it more reliable. Besides, books related to accounts and finance too has been analyzed. For the study purpose, literature has been reviewed in terms of two different levels.

i) **Conceptual Review:** This portion includes relation to the subject matter of reviewing the book and internet publication.

ii) **Review of Previous Studies:** In this part, previous thesis, research article and project article and project work are reviewed.

2.1 Conceptual Review:

2.1.1 Concept of Financial Statement Analysis:

Financial analysis is that work which is to be giving right and wrong decision to the management about their performance activities. Financial analysis is not only the basic tools to evaluate the financial performance of any organization also financial statements are the mirrors to evaluate financial performance. It also gives clear view regarding the capital structure of the organization.

Financial statement refers that statement which systematically contains summarized information of the firm's financial affairs. These statements provide reliable financial information of business firm. Financial statement contains summarized information of firms financial affairs organized and systematically. They are meant to represent the firm financial situation to user. The financial statements refers to the two summarized financial reports which the account prepares usually at the end of the fiscal year of firm, they are the balance sheet or statement of financial position and the income statement or profit and loss account.

“Unlike other non bank financial companies, commercial bank does not produce any physical goods. They produce loan and financial innovations to facilitate trade transaction. Because of special role they play in the economy, they are heavily regulated by the concerned authorities. Analysis of banks financial is different from that of other companies due to the special nature of assets and liabilities structure of the banking industries.” (Poudel, 1997)

“Financial analysis is the process of identifying the financial strengths and weakness of the firm by properly establishing relationship between the items of balance sheet and the profit and loss account.” (Pandey I. M.,1994)

"Financial statement analysis is an information processing system designed to provide data for decision making. The process of analysis of financial statement involves the compilation and study financial and operating data the preparation and interpretation with measuring devices such as ratio, trend and percentages." (Agrawal, 1981)

"The focus of Financial Analysis is key figures contained in the financial statements and the significant relationship and exists between them."(Khan & Jain, 2007)

Business organization, firms, enterprises and other parties may have different types of objective of financial statement analysis. So the user of financial statement such as firm's investors, creditors, management and academicians and students use different types of financial statement such as external and internal, short-term and long term analysis for their convenience.

Management, creditors, investors and others use the information in these statements to firm's judgment about operating performance and financial position. From the analysis of financial statement, user can be pointed out better insight about the financial strength and weakness or favorable of the firm when they analysis properly information reported in these statement. In conclusion, financial statements analysis is the starting point for making plans before using any sophisticated forecasting and planning and procedures.

2.1.2 Need of Financial Statement

Every financial statement is prepared according to generally accepted accounting records maintains by experience accounting profession of the institution or business enterprises. Financial management analysis play important role on every management decision in a much-coordinated way. "Financial statement analysis is helpful in assessing the financial position, performance of profitability of a firm." (Shukla, Grewal & Gupta, 1997)

therefore the financial management analysis is needed for the owners, creditors, investor, management, students, academicians and general people with respect the following point of views are as follows:-

1. It helps to forecast of future earnings and dividend.
2. It shows the financial position of the enterprises and firm.
3. It communicates the information for all party who are related to financial transactions.

4. It helps to solve that how much required capital of the firm has been able to internally and externally.
5. It provides needed information about change in economic resources and obligations.
6. It tells about the strength and weakness of the firm with their expected cash flows.
7. It helps to arrange the information in way to highlight significant relationships.

2.1.3 Objectives of Financial Statement Analysis

The following are the important objectives of financial statements analysis:

1. To know about profitability: the financial statement analysis provides information about the profitability of the company in terms of sales and investment. The profitability scenario helps shareholders to decide whether to continue holding its shares and other potential investors to decide whether to invest its shares or not.
2. To judge solvency: an analysis of financial statements is helped for judging the short-term and long-term solvency of the company. The banks with such information will be in a position to decide whether it should extend loan or not.
3. To measure strengths and weaknesses: The analysis of financial statements helps to measure the financial strengths and weakness of the company, which is essential for deciding its future course of action.
4. To assess managerial performance: The financial statement analysis is essential for measuring the company's managerial performance, which is important to decide about rewarding the management or taking action against it.

5. To make future planning: The financial statement analysis provides relevant information about the present position of the company provides guidelines for making future plans of the company by deciding what courses of action should it take to achieve its objectives. (Koirala and at al, 2013)

2.1.4 Methods / techniques of Financial Statement Analysis

Financial statement analysis can be performed by employing a number of methods or techniques. The following are the important methods or techniques of financial statement analysis:

1. Ratio analysis: It is the analysis of the interrelationship between two financial figures.
2. Cash flow analysis: It is the analysis of the change in the cash position during a period.
3. Comparative financial statements: It is the analysis of financial statements of the company for two companies of similar type.
4. Trend analysis: It is the analysis of the trend of the financial ratios of the company over the years.

The methods to be selected for the analysis depend upon the circumstances and the users need. The user or the analyst should use appropriate method to drive required information to fulfill their needs.

2.1.5 Importance of Financial Statement Analysis

The financial statement analysis is important for different reasons:

1. Holding of share: Shareholders are the owners of the company. Time and again, they may have to take decisions whether they have to continue with the holdings of the company's shares or sell them out. The financial statement analysis is important as it provides meaningful information to the shareholders in taking such decisions.

2. Decisions and plans: The management of the company is responsible for taking decision and formulating plans and policies for the future. They, therefore, always need to evaluate its performance and the effectiveness of their actions to realize to the company's goal in the past. For that purpose, financial statement analysis is important to the company's management.
3. Investment decisions: The prospective investors are those who have surplus capital to invest their capital in the company's shares. The financial statement analysis is important to them because they can obtain useful information for their investment decisions making purpose.
4. Extension of credit: The creditors are the providers of loan capital to the company. Therefore, they may have to take decisions as to whether they have to extend their loans to the company and demand for higher interest rates. The financial statement analysis provides important information to them for their purpose.
5. Higher benefits: The employees of the company sometimes may have to decide whether they have to demand for higher benefits such as wages and salaries from management. The financial statement analysis is significant to them because it provides them with meaningful information to raise their voice for their cause.
6. Short-term loans: The banks provide short-term loans to the company for meeting its working capital needs. Therefore, they may have to decide whether to extend or income short-term loans to the company. In such a situation, they may have to resort to financial statement analysis as it provides them relevant information to reach a decision.
7. Anticipating future price: The stock analysts are those who anticipate the future market price per share of the company's stock by looking into its

profitability, solvency, performance, stability and future prospect. Therefore, analysis of the company's financial statements is important to them to forecast the trends of its stock market price.

8. Compliance with law: The financial statement analysis is significant to government, as it has to ensure whether the company's financial statements comply with the prevailing rules and laws. The analysis may also be used to assess corporate taxes. (Koirala and at al, 2013)

2.1.6 Limitations of Financial Statement Analysis

Analysis of financial statements is essential to obtain relevant information for making several decisions and formulating corporate plans and policies. It should be carefully performed as it suffers from a number of the following limitations:

1. Mislead the user: The accuracy of financial information largely depends on how accurately financial statements are prepared. If their preparation is wrong, the information obtained from their analysis will also be wrong which may mislead the user in making their decisions.
2. Not useful for planning: Since financial statements are prepared by using historical financial data, therefore, the information derived from such statements, may not be effective in corporate planning if the previous situation does not prevail.
3. Qualitative aspects: The financial statement analysis provides only quantitative information about the company's financial affairs. However, it fails to provide qualitative information such as management labor relation, customer's satisfaction, management's skill and so on which are also equally important for decisions making.
4. Comparison not possible: The financial statements are based on historical data. Therefore, comparative analysis of financial statements of different

years cannot be done as inflation distorts the view presented by the statements of different years.

5. Wrong judgment: The skills used in the analysis without adequate knowledge of the subject matter may lead to negative direction. Similarly, based attitude of the analyst may also lead to wrong judgment and conclusion. (Koirala and at al, 2013)

2.1.7 Parties interested in financial statement analysis

The analysis of financial figures contained in the company's profit and loss account and balance sheet by employing appropriate techniques is known as financial statement analysis. Financial statement analysis is useful to different parties to obtain the required information about the organization. Following are the parties interested in financial statements of the company.

1. Shareholders: Shareholders are interested in financial statement analysis to know the profitability of the organization and safety of investment of shareholders.
2. Investors and lenders: Investors and lenders are interested to know about the safety of their investment and ability to pay interest and repayment of principal amount on due date.
3. Creditors: Creditors are interested in analyzing the financial statement in order to know the short term liquidity position of an organization. Creditors analyze the financial statement to know either the organization is enables to pay the amount of short term liabilities on due date.
4. Management: Management is interested to analyze the financial statement to know short term and long term solvency position, profitability, liquidity position and return on investment from the business.

5. Government: Government is interested to analyze the financial position in determining the amount of tax liability. It also helps for formulating effective plans and policies for economic growth. (Koirala and at al, 2013)

2.1.8 User of financial analysis:

1. Ratio analysis is performed from the point of view of the firms, creditors, owners, investors, management, consumer, and the government etc.
2. Short term creditor: They are particularly interested in liquidity ratio.
3. Long term creditor: They are interested in debt ratio, interested coverage and profitability ratio.
4. Equity holders: They are mainly concerned with profitability, growth and valuation.
5. Management: Management interested in all ratios.

2.2 Review of Unpublished Thesis

In this topic we review the important and relevant object of banking which have been conducted by some thesis researchers and some of students in this particular topic.

Bajracharya (1978), reveals in thesis "Evaluation financial patterns of Nepalese commercial banks." That through the trend of deposit is increasing; the percentage change in each year is decreasing. Commercial banks are contributing to enlarge the gap between collection and utilization of resources. Commercial banks are too liquid oriented to benefit the national economic development. In proper utilization of resources is creating short false in economic upliftment.

Pradhan (1980), entitled 'a study on source mobilization and utilization of HBL." has found emphasis on resource mobilization, remarkable inverse in saving, current and fixed deposits but faltering profitability as the financial performance of the bank in 1980. It is suggested to extant long term loans and extent branch in rural areas to increase its profitability position.

Nagendra (1990), entitled “An Appraisal of Financial Position of Nepal Bank Ltd”, had found that the liquidity position was fairly maintained and the bank had been found to have adopted conservative financing policy i.e. low portion of equity capital had been resorted to finance total assets. The bank had operated successfully beyond the breakeven point over the study period.

Bohora (1992), “a comparative study of the financial performance of NABIL and NIBL” has concluded that both the banks have been maintaining adequate liquidity to meet their short term obligation and utilization of deposit is satisfactory. He has given the importance and role of JVB’s in the economy. He has attempted to analyze financial performance with the help of Ratio Analysis and he has derived the strength and weakness of two major JVBs’ by determining liquidity, profitability, and turnover and other indication ratios.

Gurung (1993) study entitled “A Financial Study of JVBs in Nepal, A comparative Study of NGBL and NIBL” concludes that both the banks have unsatisfactory liquidity position than normal standard. Both the banks have been maintaining sound capital adequacy ratio directed by NRB and have highly leveraged. The research suggests improvement in capital structure by increasing equity base.

Adhikari (1993) entitled, “Evaluating the financial performance of Nepal bank limited” reveals that the bank had been unable its resources (i.e.

deposits) on highly yielding investment portfolio to maximize return. Operational efficiency of the bank is indicated by the operation loss and this has been found unsatisfactory. Hence the bank has been suggested to manage its investments portfolio efficiently.

Shakya (1995), in his thesis report "Financial Analysis of Joint Venture Banks in Nepal" with special reference to NABIL, and NGBL, had made an attempt to analyze financial health of NABIL and NGBL. The findings he had found were:

1. There existed highly positive correlation between total deposits, loans and advances of both NABIL and NGBL.
2. NGBL's liquidity and profitability position was comparatively better than that of NABIL.
3. The capital structure position of NGBL was more risky than that of NABIL in average.
4. NABIL's capital adequacy position was more satisfactory than that of NGBL in average, but Nail's position was deterioration each year.

Acharya (1997), in his thesis report "A Commercial Study of the Financial Performance of JVBs in Nepal" especially on NABIL and NIBL concluded that capital adequacy ratio of NABIL has recorded a describing trend over the study period. It was able to maintain as per the directives issued by the central bank only during the first three year of the study periods. Similarly, NABIL had recorded an increasing trend over the study periods.

Joshi (1998), in his thesis report "A Study on Financial Performance of Commercial Banks" concluded liquidity positing of commercial banks was sound. Their debt to equity ratio was high, which doubt in solvency. Debt to equity ratio of local commercial banks was higher than JVBS conservative credit policy was followed by commercial banks for asserts utilization that’s why more investment was done of loans of advances. Assets utilization for earning purpose was two third of the total assets. The main source of income for these banks was interest from loan advances and overall profitability position of NABIL was better than others.

Bhesraj Bhurtel (2000), conducted a study on "Financial analysis of manufacturing company or Udaypur cement industry." The study based on secondary sources of data and converted period of six year i.e. from f.y. 2050/051 to 2055/056. As per the objectives to reveal the financial performance of UCIL to evaluate the financial strength and give basic guide lines he concluded his finding as under.

1. The liquidity position of the company was a satisfactory up to the FY 2054/055.
2. The company had higher level of costs than the volume of its sales by the cause of which profitability position of the company was poor.
3. The solvency position of the company treated by the trend analysis is very poor and unfavorable.
4. Changes in working capital of company is unsatisfactory that is indicates the short-term solvency position of the company become worse and worse day by day.

Lamsal (2002), in his thesis entitled “A Comparative Financial Statement Analysis of HBL and NGBL”, he concentrated his study on financial performance and found as follows: Liquidity position of HBL was better than NGBL, utilization of assets of both of the banks were equal, in profitability position of NGBL was better than of HBL when evaluating total interest earned to total outside ratio, return on share holders fund ratio and return on total assets ratio. In long term financial position HBL had higher ratio than NGBL, in capital adequacy position NGBL was higher than HBL since NGBL had been distributing dividend.

Shakya (2002), in her thesis entitled "A Comparative Analysis of Financial Performance of Selected JVBs, A Case Study of NGBL and HBL" has said liquidity ratio (current cash and bank balance to deposit ratios have been higher for HBL than NGBL). In current ratio HBL lead adequate assets than NGBL. She further says comparatively HBL is more efficient in meeting its short term obligations than NGBL in her review period HBL had more cash and bank balance as per her opinion joint venture banks advantages and highly skilled personal and advanced management skill.

Ghimire (2003), in his thesis entitled "A Study on Financial Performance of Finance Companies in the Context of Nepal" has said finance companies have to canalize the funds by gradually shifting priorities from hire purchase to trading for industry to help in the capital formation within the country. He says, now in Nepal finance companies have not maintained their balanced capital structure coming. People have no faith in finance companies. Therefore, they should create a positive impact to public confidence; chance should be given to small deposits along with regional expansion and continuous improvement in quality of service.

Shrestha (2005), in his thesis entitled "Profitability of Joint Venture Banks" has found by examining the ratio of JVBS. He has taken the sample of three banks, HBL, NBBL and NBL. The profitability ratio of Nabil and HBL are more or less same, which is too much satisfactory in the industry environment.

Deoja (2006), has conducted his study entitled "Comparative Study of the Financial Performance between NSBL and NBBL". His main objective of study was to evaluate the trend deposits, loan and advances of NSBL and NBBL to evaluated liquidity, profitability, capital structure, turnover and adequacy position. In his research he found that the cash and bank balance to current assets, saving deposits to total deposits, cash and bank balance to current deposits of NSBL are higher and NBBL has better turn over than NSBL in terms of loan and advances to total deposits ratio and loans and deposits to fixed deposits ratio.

Bohara (2006), in his thesis "A Comparative Study on the Financial Performance of NBL and NIBL" had made endeavor to examine the comparative financial performance of NBL and NIBL in term of their liquidity, activity, profitability along with other parameters. The study concluded that the increasing trend of NBL's earning per share, cash dividend per share, net profit and market value per share are shown improved than that of NIBL, however the total deposit and loan and advance of NIBL is in increasing trend than that of NBL.

Aryal (2008), had conducted a research in the topic "Financial Performance of Everest Bank limited". The time period coursed by this research was five years period from fiscal year 2000/01 to 2005/06. The data and other information's were collected from secondary sources.

Objectives of the study are as follows;

1. To evaluate Financial Performance of EBL with the help of ratio Analysis and other portfolios.
2. To analyze the operating, investing and financing activities of these sample finance companies.

Major Findings

1. Although EBL could not maintain conventional standard 2:1, current ration seems to be satisfactory. In the final years of the study period it was more close to the conventional standard. EBL has made enough investment in Nepal Governments securities like Treasury bond, development bond and shares and debenture in the final years of study period.
2. Cash and Bank balances to the current and saving deposit ration seems to be inconsistent. In the year 2003/04 the ratio was 12.23%. This exhibit that EBL may not be meeting its immediate obligation as the bank balance is much lower than current and saving deposit.
3. Nearly 50% of total deposit is occupied by fixed deposit. In later years 2003/04 to 2006/07 the ratio fixed deposit to total deposit is less than the earlier period.
4. Interest coverage ration of EBL seems to be lower in all period. This indicates that there is excessive use of debt for which interest are to be paid.
5. EBL has been successful in utilizing its deposit on loan and advances which is depicted by loan and advances to total deposit ratio.
6. EBL has efficiently utilized the high interest bearing fixed deposit.

Kandel (2008), in his thesis entitled “Financial Performance of Nepalese Commercial Banks” his study objectives are, to find out the trend analysis of total deposit, loan and advance, total income and expenses, net profit and to evaluate financial performance in terms of statistical and financial tools then examine financial performance of relative commercial banks.

Neupane, (2009) has done a study on “Financial Analysis of Agricultural development Bank Limited.” The objective of the study was to analyze the liquidity, profitability assets utilized and risk of ADBL, to analyze the investment position and collection of principal and interest of ADBL, to analyze the relationship eg. Investment, loan and advances with deposit and profitability and to analyze the growth and trend increase in expenditure of the bank decreases the overall profit of the organization.

Pandey (2010), has conducted a study on “An analysis of key financial ratio of commercial banks in Nepal: A special Reference with HBL and EBL. The main objectives of the study are:

1. To examine the overall financial ratio of the selected commercial banks.
2. To examine the financial performance.
3. To recommend the appropriate suggestion to concerned authorities

Major findings are as follows:

1. Current ratio of both of the banks showed consistent trend. Both the banks could not maintain the conventional standard 2:1.
2. EBL has higher average ratio which implies that EBL is more capable to meet short term obligation in comparison to HBL. Normally, the ratio remained consistent in HBL but the ratio of EBL is fluctuated more which is reflected by higher standard deviation.
3. Both of the selected banks were successful to mobilize their fund as loan and advance with respect to total assets. However , EBL has higher mean

ratio than HBL over the study period which implies that EBL can be taken as better investor than EBL as concerned to consistency both the sample banks able to maintain consistency.

4. The trend analysis of EBL was better than that of HBL in all the cases. The growth rate of total deposit total loan and advance, total investment and total net profit of EBL is higher than that of HBL.

Sapkota, (2012) in her thesis entitled "Financial Performance Evaluation of Nepalese Commercial Banks" and the primary objective of this study is to analyze comparatively position of the financial performance of the commercial banks and other objectives are as follows.

1. To analyze the financial strength and weakness of commercial banks.
2. To examine financial performance of concerned banks.
3. To examine the resource mobilization of commercial banks.
4. To examine the liquidity, profitability and capital structure position of the banks.

The major findings of the study are derived on the basis of analysis of selected banks, which are as follows.

i. All five banks have mean value of current ratio is less than 2:1, although SCBNL has nearly standard current ratio.

ii. Going through the mean value, all banks have sufficient cash and bank balance to meet their current deposit. NBL C.V. is less than others; it shows higher consistency on its cash and bank balance.

iii. NIBL and SCBNL have higher portion of saving deposit where as NBL and HBL has moderate but the NSBL has lower portion of saving deposit in relation with total deposit.

iv. SCBNL has lower portion of fixed deposit to its total deposit, where NSBL has more fixed deposit to its total deposit and rest three banks have moderate rate of fixed deposit to their total deposit.

v. HBL and NBL have higher portion of current deposit to their total deposit, where as NIBL and NSBL have moderate and the SCBNL have lower portion of current deposit in relation with total deposit.

vi. NIBL have more than 70% of total deposit is utilized in lending and NBL and NSBL have utilized their 68% of total deposit as lending. 63% and 42% deposit is lending by HBL and SCBNL respectively.

vii. Performance of commercial banks in terms of loan and advance to fixed deposit has rank SCBNL, NBL, HBL, NIBL and NSBL respectively.

2.3 Research Gap

Previous researcher researched on different headings like: Financial Performance, Lending Policy of different commercial bank and development bank like: NBL, NIBL, ADBL, SCBNL, NGBL etc. However there is little previous research made on only financial statement analysis of Bank of Kathmandu. Researcher tries to analyze and evaluate the financial performance of BOK and all the data are collected from related websites, economic survey, annual reports and necessary books by using latest data.

After studying different research, found various gap on selected topic to make this research different for other research and also analyze numerical from FY 2007/08 to 2011/12 with theoretical concepts. This thesis is difference than other thesis. This research will be equally beneficial to the policy maker, planners, tax administration, researcher, students and the persons interested in financial statement.

CHAPTER-THREE

RESEARCH METHODOLOGY

Research Methodology is composed of two words "Research" and "Methodology". Research methodology is the plan of action that is carried out in systematic manner. Research methodology refers to the various sequential steps to be adopted by researcher in studying with certain objectives in view. Therefore, this chapter deals with the following aspects of methodology.

3.1 Research design:

Research design is the strategy for a study and the plan by which the strategy is to be carried out and it specifies the method and procedure for the collection, measurement and analysis of data. To obtain the objective of the study, descriptive and analytical research design has been used. This study covers the financial statement taking the data and information of BOK Ltd. The research design is a basically focused on analytical study. Ratio Analysis, Correlation Analysis and Trend Analysis of the ratios have been done for analyzing the research.

3.2 Populations and sample:

There are many commercial banks (including government owned, public and joint ventures) are operations in Nepal. The population for the study comprises 30 commercial banks. It is not possible to analyze the performance of all the banks in limited time. So, only Bank of Kathmandu is taken for sample in this study. This report will be based upon the financial report published by the BOK in fiscal years 2007/08 to 2011/12. And the sample covers these five financial reports.

Brief Introduction of Bank of Kathmandu Ltd. (BOK)

Head Office: Kathmandu

Registered Office: Kathmandu

Bank of Kathmandu limited is a culmination of a comprehensive vision of the promoters to take the Nepalese economy to a newer in the global market incorporated in 1993. Bank of Kathmandu came into operation in March 1995 with the following predominant objectives.

1. Identify business prospects and offer new banking products and services.
2. Introduction modern banking technology facilitating bank and business operations and translations.
3. Its activities globe around deposit mobilization, advancement of various creditors. International banking including banking including trade financing inward and outward remittances and funds portfolio management.

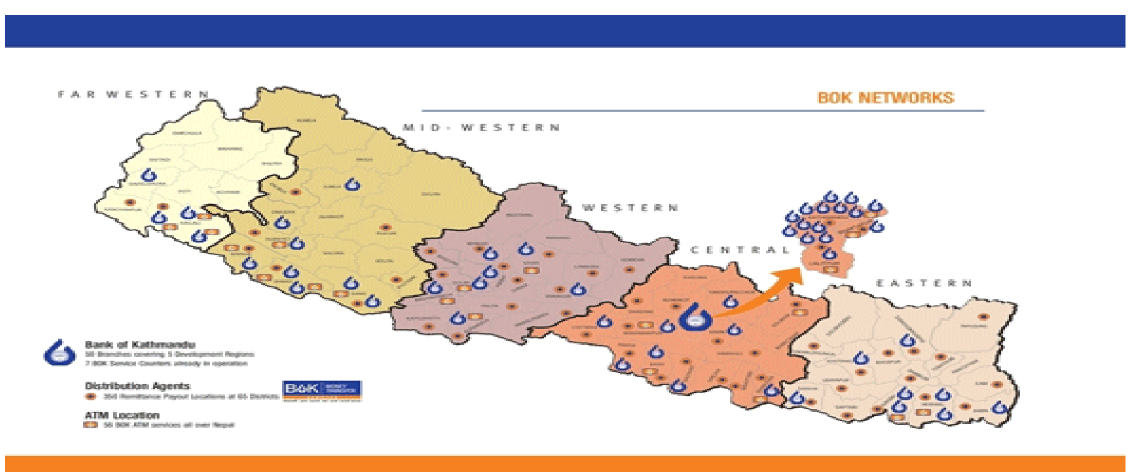
Bank of Kathmandu is committed to providing products and services of the highest standards to its customers by understanding their requirements best suiting the market needs. BOK has 365 days banking services from its head office in Kamaladi as well as from many other branches for services like cash withdrawal/deposit, foreign currency exchange, etc. BOK SMS Banking allows its customers to access their accounts through mobile phones to inquire about balances, know their transaction history and request cheque books and statements. BOK Debit Card allows holders to withdraw cash, inquire balances and make payments through a wide network ATMs and merchant outlets of VISA and SCT Network in Nepal and India. BOK also issues Visa Credit card which is a domestic credit card valid in Nepal and India only. BOK has tied up with foreign money transfer companies setting up a reliable time bound service, enabling in flow of foreign exchange earnings to the country with high level of security. BOK provides safe deposit locker facilities enabling its customers to safeguard their valuables, jewelry and important documents

In pursuit to deliver the products and services of the highest standards bank of Kathmandu has state of art technology for appropriate and effective management information system (MIS) and rendering quality services, VSAT and Radio Modern for networking, SWIFT (The society of worldwide inter bank financial Telecommunication) for international trade and transfer of funds around the world, correspondent banking relationship with over 200 banks worldwide effective and proficient execution of international trade and remittance activities, extend of corporate and retail banking products and services and centralized banking operations for better risk management, consistent service deliveries & lowering operating cost.

The bank at present has 51 branches around kingdom of Nepal.

Figure No. 3.1

Regional Profile of Branches of BOL



Source: www.bok.com.np

3.3 Sources of Data:

For every research there are two types of sources of the data which are primary and secondary. This study is mainly based upon the secondary data, and the sources of data collection are:-

1. Financial Statements, annual reports provided by bank
2. Economic Survey
3. Articles and other related materials published in news paper
4. News letter of the bank
5. Related web sites
6. Textbooks, Handbooks, Magazines and Library findings

3.4 Data analysis tools:

In this study, different types of ratios (analysis tools) will be applied to analysis the financial performance of the bank. Therefore the data have been collected accordingly and managed, analyzed and presented in suitable tables, formats, diagrams, graphs and charts. Such presentations have been interpreted and explained wherever necessary. Financial, mathematical and statistical tools are used to analyze the presented data.

3.4.1 Financial Tools

To evaluate the financial condition and performance of a company, ratio analysis is a most important tool. The analysis of financial ratios involves two types of comparison.

Ratio analysis refers to the numerical or quantitative relationship between two items or variables either from balance sheet or income statement or from both statements. As a tool of financial analysis, ratio can be exported in term of percentage, fraction or a stated comparison between numbers. The primary purpose of ratio is to point out areas further investigation.

Ratio analysis provides guides and clues especially spotting trends towards better or poor performance and in find out significant deviation from any average of relatively applicable standard. In this connection, **J.C. Horrigon** says, “It is inconceivable that according data can be analyzed without transforming into ratios. Hence, a justification of financial ratios would also be in important justification of financial according.”

Classification of Ratio Analysis

There is not same view about classification at ratio analysis. According to Vane Horne, “Different types of ratios are used in day today, generally four types of ratios namely; liquidity, leverage, turnover and profitability ratios are used in analysis in the financial position of a company.’ Financial ratios can group into five types that are liquidity ratio, debt ratio, profitability ratio, coverage ratio and market value ratio.” But there researcher gives brief introduction of useful ratio only for the study which are as follows

1. Liquidity Ratio

Liquidity ratio is employed to measure the company’s ability to meet short term obligations. “The liquidity ratios measure the ability of a firm to meet its short term financial strength/solvency of a firm are net working capital, current ratio, acid test quick ratio, super quick ratio and turnover ratios.’’ (Khan & Jain)

The following ratios are computed to find out the short term solvency.

a. Current Ratio

The calculation of current ratio is based on a sample comparison between current assets and current liabilities. It measured short term solvency, so it is often called liquidity solvency ratio and working capital ratio. It indicates each rupee of current assets for each rupee of current liability. Current ratio is calculated by applying this formula.

$$\text{Current Ratio} = \frac{Current\ Assets}{Current\ Liabilities}$$

Current assets normally comprised with cash and bank balance, investment, money at call, bills for collection, loan and advances, customers acceptance and discount, purchased bills, other receivable and prepaid expenses.

Similarly, the current liabilities include those obligations which mature with in one year from the data of their financial statement. They are current payment cash, saving, deposit, inter bank reconciliation account, bills payable, provision for overdrafts, accrued expenses, bills for collection and customers acceptance outstanding expenses etc.

b. **Cash and bank Balance to Total Deposit Ratio** (Excluding Fixed Deposit)

This ratio is employed to measure whether bank and cash balance is sufficient to cover its current calls margin including deposits. It is calculated by dividing cash and balances in bank by saving and current deposits. This ratio is calculated as:

$$\text{Cash \& Bank Balance to Total Deposit Ratio} = \frac{Cash\ \&\ Bank\ Balance}{Deposit\ except\ fixed\ deposit}$$

c. Cash and Bank Balance to Current Assets Ratio

This ratio is calculated to find the ability of banks to pay total calls made on current deposit. It is computed dividing cash and bank balance by current assets as

$$\text{Cash and Bank Balance to Current Assets Ratio} = \frac{Cash\ and\ Bank\ Balance}{Current\ Assets}$$

It is hidden fact that the depositors would not withdraw the total deposit, incase at a time as a certain margin of cash is kept by the bank. This ratio indicates that, if the ratio is higher, there is higher margin and if lower the bank is less liquid. These ratios not only analyze the use of total resources of the firm but also the use of various components of total assets.

2. Activity/ Turnover/Efficiency Ratio

Activity ratio measures how effectively the company employs the resources at its command. To analyze the activities ratio, loans and advances to fixed deposits and loans and advances to saving deposit are selected. "An activity ratio may be defined as ties of the relationship between loans and advances and the total deposit." (Khan & Jain) Activity ratio is related to the employed fund which has been used in business activities or not. Activity ratios are calculated as following formula.

a. Loan and Advance to Total Deposit Ratio

This ratio indicates which banks are successful to mobilize the outsider's funds. It is calculated to see percentage of total deposit invested in loan and advancers. The ratio is calculated by using the following formula;

$$\textit{Loan and Advances to Total Deposit Ratio} = \frac{Loan\ and\ advancce}{Total\ Deposit}$$

Greater the ratio implies the better utilization of outsider's fund (Total Deposit). A high ratio of loan and advances is considered to be the sign of efficient bank and better mobilization of collected funds and vice-versa.

b. Loan and Advances to Fixed Deposit Ratio

Fixed deposits are the long-term interest bearing obligations and loan and advances are the major sources or investment to generate the income by the commercial banks. This ratio measures how many times the amount is used in credits and advances in comparison to fixed deposit for the income generating purpose. The ratio is slightly differ with the former one, because it only includes the fixed deposits, where as the former on includes all the deposits. The following formula is used to obtain this ratio:

$$Loan\ and\ Advances\ to\ Fixed\ Deposit\ Ratio = \frac{Loan\ and\ advance}{Fixed\ Deposits}$$

Here, the denominator includes all assets of balance sheets items. In other words, this includes current assets, net fixed assets, other investment in share, debenture, bond etc. A high ratio indicates a better mobilization of fund as loan and advances and vice-versa.

c. Total Investment to Total Deposit Ratio

This ratio is calculated to see how efficiently the banks have mobilized the deposits on investment. This ratio is calculated by using the formula;

$$Total\ Investment\ to\ Total\ Deposit\ Ratio = \frac{Total\ Investment}{Total\ Deposits}$$

The numerator consists of investment on government securities, investment on debenture and bonds, shares of others. A high ratio indicates that the bank's efficiency is more investing on its deposits and low ratio indicates in ability to put its deposit for the lending activities.

3. Leverage Ratio

The use of finance is refers by financial leverage. When a firm borrows money, it promises to make series of fixed payments, which creates financial leverage (Brealy, R. and Myers, S.) These ratios are also called solvency ratios or capital structure ratio. These ratios indicate mix of funds provided by owners and lenders. As a general rule, there should be an appropriate mix of debt and owner's equity in financing the firm's assets. To judge the long-term financial position of the firm leverage ratios are calculated. This ratio highlights the long-term financial position of the firm leverage ratios are calculated. This ratio highlights the long term financial health, debt servicing capacity and strength and weaknesses of the firm. Following ratios are included under leverage ratios:

a. Total Debt to Net-worth ratio

This ratio is calculated to find out the proportion of the outsider's fund and owner's fund to finance for the total assets. It is also called proportion of outsider's claim and insider's claim on total assets of the bank. Generally, very high ratio is unfavorable to the business because the debt gives third parties legal claims on the company, these claims are for interest payment at regular intervals, plus repayment of the principal by the agreed time. On the other hand, very low ratio is also unfavorable from the shareholder's point of view. It is calculated as follows:

$$\text{Total Debt to Net-worth Ratio} = \frac{Total\ Debt}{Net\ Worth}$$

b. Total Debt to Total Assets Ratio

It examines the relationship between borrowed funds (i.e. total debt) and total assets. It shows the relative extent to which the firm is using borrowed money. A lower ratio is preferable since it reduces the distress of the creditors by using more amount of equity on total assets. It is computed as:

$$\text{Total Debt to Total Assets Ratio} = \frac{Total\ Debt}{Total\ Assets}$$

c. Total Assets to Net worth Ratio

It shows the portion of total assets occupied by the net worth. In other word, total contribution of the shareholder's equity to total assets. It is computed as:

$$\text{Total Assets to Net worth Ratio} = \frac{Total\ Assets}{Net\ worth}$$

4. Profitability Ratio

Profitability ratios indicate the degree of success in achieving desired profit. This ratio measures how efficiently the company manages its fund to earn profit. This ratio is regarded as the most essential element for the banks growth and survival. The different between total revenues and total expenses over a period is known as profit. In fact, sufficient profit must be earned to maintain the operation of the company to be able to acquire funds from investors for expansion and to contribute towards the goals of the nation. Higher the profitability ratio betters the financial performance of the bank and vice-versa. Profitability position can be evaluated through following different way. For the study purpose, the following profitability ratios have been calculated.

a) Net Profit to Total Assets Ratio

This ratio measures the profitability with respect to the total assets. It reflects the efficiency of the banks ion utilizing its overall resources. This is found by using the following formula:

$$\textit{Net Profit to Total Assets} = \frac{Net\ Profit}{Total\ Assets} \times 100$$

The numerator indicates the position of income left to the interval equities after all coasts, charges, expenses have been deducted. Total assets comprise those assets, which appear on the assets side of the balance sheet. The high return on total assets ratio usually indicates that high profit margin and high turnover assets and vice-versa.

b) Net Profit to Total Deposits (Return on Total Deposits)

This ratio enables to evaluate what extent the management has been successful to mobilize the deposits in generating profit. Higher ratio represents better utilization of deposit. It is calculated by the formula;

$$\textit{Net Profit to Total Deposit Ratio} = \frac{Net\ Profit}{Total\ Deposits} \times 100$$

Here net profit means profit after interest and taxes and total deposits means those total amount deposited in various accounts i.e. current, saving, fixed, call and short term deposits and others. Generally, higher indicates better utilization of total deposits and vice-versa.

c) Return on Net worth Ratio

This ratio shows the capacity of the bank to utilize its owner's fund. It helps to judge whether the company has earned satisfactory return for its shareholder or not. Higher ratio represents the sound management and efficient mobilization of owner equity. It is calculated by the formula;

$$\textit{Return on Net Worth} = \frac{Net\ Profit}{Net\ Worth} \times 100$$

Here, net worth focuses not only the paid up capital but also include general reserves, capital reserves, ordinary share, preference share, premium on share and other surplus and reserve which may distribute among shareholders as dividend.

d) Return on Investment Ratio

This ratio measures the percentage of return on total investment. It is calculated by following formula;

$$\textit{Return on Investment} = \frac{Net\ Profit}{Total\ Investment} \times 100$$

The numerator consists of investment on government securities, investment on debenture and bonds, share in other companies and other investment. A high ratio indicates bank's efficiency is more beneficial on its investment.

3.4.2 Statistical Tools

The relationship between different variables related to study topic would be drawn out using statistical tools. The tools to be used are as follows,

1. Arithmetic Mean (Average)

"Average is a statistical constant which enables us to comprehend in a single effort the significance of the whole (Bowley, A. I. 2000). It gives the single value which represents the entire data. It provides the gist and gives the bird's eye view of the huge mass of unwieldy numerical data. It is calculated as:

$$\textbf{Arithmetic Mean (Average)} = \frac{(x_1 + x_2 \text{ .... } + x_n)}{n}$$

2. Standard Deviation

The standard deviation is the most important and widely used measure of studying dispersion. It is known as root mean square deviation for the reason that the square root of the mean of the square deviation from the arithmetic mean. The lower standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series; a large standard deviation means just the opposite. Hence standard deviation is extremely useful in judging the representatives of the mean.

$$\textbf{Standard Deviation} = \sqrt{\frac{\Sigma x^2}{n} - \left[\frac{\Sigma x}{n}\right]^2}$$

3. Co-efficient of Variation

The coefficient of variation (C.V.) is the relative measure based on the standard deviation and is defined as the ratio of the standard deviation to the mean expressed in percent (Shrestha, K. N. 2048 B.S.). It is independent of units. Hence it is a suitable measure for comparing variability of two series with same or different units. A series with smaller C.V. is said to be less variable or more consistent or more homogeneous or more uniform or more stable than the others and vice versa. It is calculated as:

$$\textbf{Co-efficient of Variation} = \frac{S.D.}{Mean\ (Average)}\ x100$$

4. Co-efficient of correlation

Correlation may be defined as the degree of linear relationship existing between two or more variables. These variables are said to be correlated when the change in the value of one results change in another variable. Here we study simple correlation only. "In simple correlation the effect of others is not excluded rather these are taken as constant considering them to have no serious effect on the dependent variable" (Shrestha, K.N. 2051). It is calculated as:

$$r = \frac{N\Sigma XY - (\Sigma X)(\Sigma Y)}{\sqrt{N\sum X^2 - \left(\sum X\right)^2}\sqrt{N\sum Y^2 - \left(\sum Y\right)^2}}$$

Co-efficient of Determination

The co-efficient of determination is a measure of the degree if linear association of which happens to be independent and other being dependent variables. In other words, co-efficient of determination measures the percentage of total variation in dependent variable explained by independent variable.

$r^2 = r \times r$

CHAPTER–FOUR

DATA PRESENTATION AND ANALYSIS

Presentation and analysis of data is an important stage of the research study. In this chapter, analysis and interpretation of Bank of Kathmandu Ltd. has been done by using the research methodology. To fulfill the objectives of the study, the relevant tables were prepared from the financial statement of BOK and on the basis of these tables various ratios were computed and analyzed.

4.1 Financial Statement Analysis

To evaluate financial performance, various financial analyses are made on the base of financial statements. The relationship with two meaningful accounting figures drawn from financial statements (income statement or profit and loss account and balance sheet) are called financial or accounting ratio. Different kinds of financial ratio analysis are described accordingly in this study.

4.2 Ratio Analysis

Ratio analysis is an important tool for financial performance of commercial banks. It is the process of determining and interpreting numerical relationship based on financial statements. If the ratio has been used appropriately and continuously, these could have access on the financial, managerial and economic condition of the banks. Therefore, ratio analysis is one of the modern devices used for judging the condition disclosed by financial statement.

It is analyzed and interpreted the financial ratio over a period of five year from FY 2007/08 to 2011/12. It helps in making decision as it helps establishing relationship between various items and interpret thereon. It helps analysts to make quantitative judgment about the financial position and performance of the bank. In this chapter some important ratios have been attempted to find out the real financial position of BOK. For this purpose, we can classify ratios into important categories. They are important tools to know the liquidity, leverage, activity and profitability position of the BOK.

4.2.1 Liquidity Ratio

For analyzing the financial performance of the firm, liquidity ratio is one of the powerful tools. Whether the company is able to meet its current obligation is judged by liquidity ratio. Liquidity ratio provides quick measure of liquidity by establishing a relationship between cash and other current assets to current liabilities. Current and quick ratio are included to measure the liquidity position of the company are used as follows.

A. Current Ratio

Current ratio shows the relationship between current assets and current liabilities and also explains that how much current assets is there as against each rupee of liabilities. It is calculated by current assets by current liabilities. Current assets include cash and bank balance, money at call, Government securities, loan and advance etc. Current liabilities include deposit, bills payable and other liabilities in this study. So this ratio measures the short-term financial position of business unit. The Current Ratio of BOK is calculated following table.

Table-4.1

Current Ratios of BOK

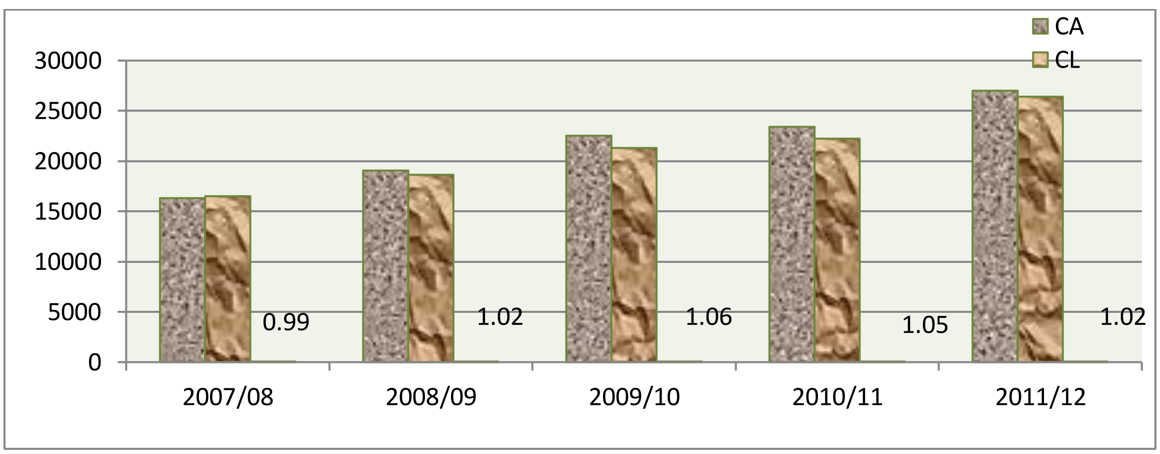
In Rs. Millions

FY	CA	CL	Current Ratio (Times)
2007/08	16319.2	16509.5	0.99
2008/09	19061.2	18641.4	1.02
2009/10	22526.4	21307.6	1.06
2010/11	23408.8	22234.4	1.05
2011/12	27003.0	26406.9	1.02
		Mean	1.03
		S.D.	0.03
		C.V.	0.027

Source: Annual Report of BOK

Figure-4.1

Current Ratio



The current ratio containing five years from 2007/08 to 2011/12 of BOK is presented in table and ratios are 0.99, 1.02, 1.06, 1.05 and 1.02 respectively. The mean current ratio and C.V. of bank have 1.03 and 0.027. The usual standard of current ratio is 2:1, but the liquidity position of the BOK is not better because the current ratio is below than normal standard point. It means BOK has not been facing successfully in the payment of current liabilities and day to day operations.

B. Cash and Bank Balance to Total Deposit Ratio

Cash and bank balance to total deposit indicates the bank ability to meet their daily requirements of depositor. It is calculated by dividing cash and balances in bank by saving and current deposits.

Table-4.2

Cash and Bank Balance to Total Deposit Ratio

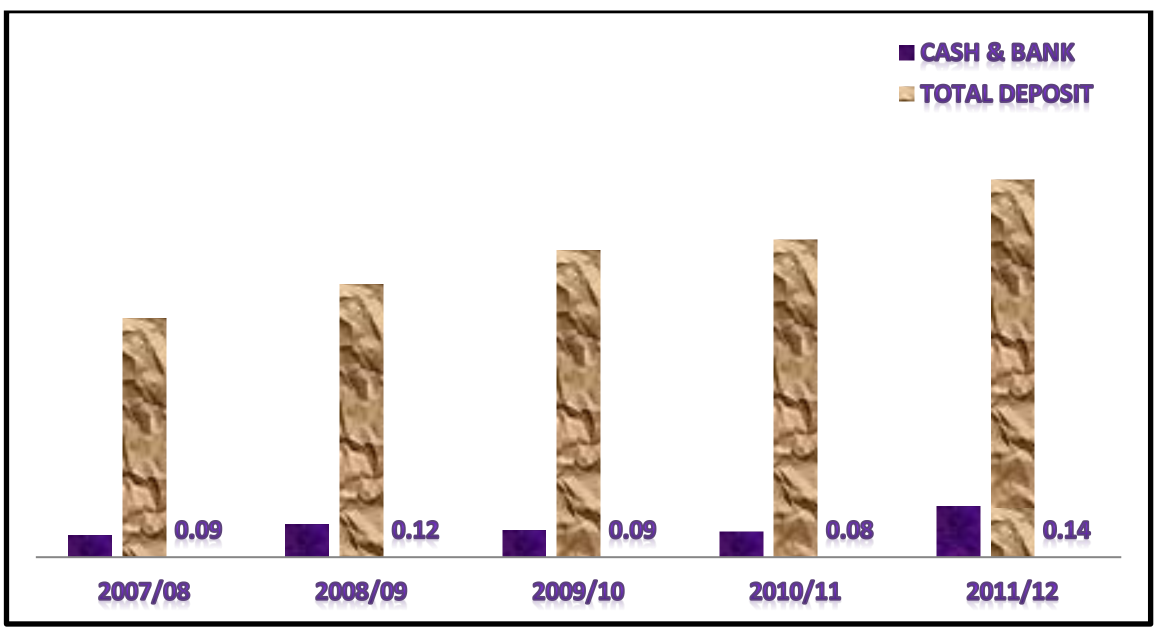
In Rs. Millions

FY	Cash & Bank	Total Deposit	Ratio
2007/08	1440.4	15832.7	0.09
2008/09	2169.0	18083.9	0.12
2009/10	1792.4	20315.8	0.09
2010/11	1679.0	21018.4	0.08
2011/12	3382.7	24991.4	0.14
		Mean	0.10
		S.D.	0.03
		C.V.	0.241

Source: Annual Report of BOK

Figure-4.2

Cash and Bank Balance to Total Deposit Ratio



This Table and figure shows that cash and bank balance to total deposit is in fluctuating ratio. The mean value of cash and bank balance to total deposit of BOK is 0.10. According to the directive Nepal Rastra Bank, every commercial bank must maintain 5.5% of total deposit in terms of cash or in account of central bank/other banks.

Following this direction, BOK is not successes to meet the minimum requirement of NRB. BOK has C.V. of 24.10%; it shows that the bank has more fluctuation in cash and bank balance.

C. Cash and Bank Balance to Current Assets Ratio

This ratio shows the ability of banks immediate funds to cover their current assets. Cash and bank balance to current assets ratio is presented below during the study periods.

Table-4.3

Cash and Bank Balance to Current Assets Ratio

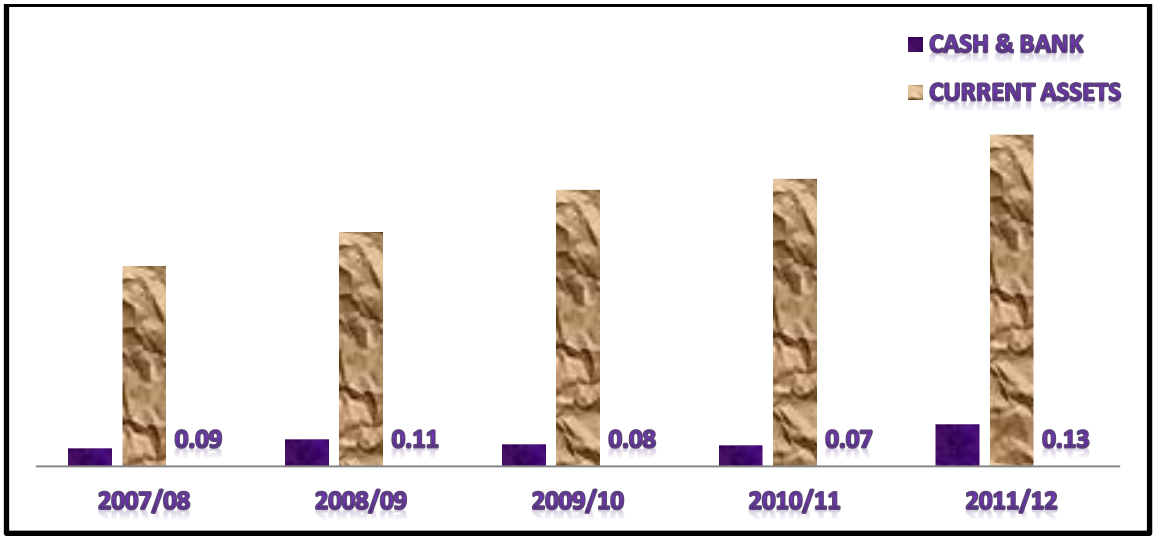
In Rs. Millions

FY	Cash & Bank	Current Assets	Ratio
2007/08	1440.4	16319.2	0.09
2008/09	2169.0	19061.2	0.11
2009/10	1792.4	22526.4	0.08
2010/11	1679.0	23408.8	0.07
2011/12	3382.7	27003.0	0.13
		Mean	0.10
		S.D.	0.02
		C.V.	0.251

Source: Annual Report of BOK

Figure-4.3

Cash and Bank Balance to Current Assets Ratio



Above table and figure represents cash and bank balance to current assets of the bank in fluctuating trend. The mean value of cash and bank balance to current assets of BOK is 0.10. BOK has C. V. of 25.10; it means the bank has more fluctuation in terms of cash and bank balance.

4.2.2 Activity or Turnover Ratios

This ratio is also known as turnover ratio and efficiency ratio. These ratios are concerned with measuring the efficiency in assets management. In short this ratio reflects how efficiently the bank is managing its resources. Thus, these ratios measure the degree of effectiveness in use of resources or funds by bank. The common turnover ratios of BOK are as follows.

A. Loan and Advance to Total Deposit Ratio

This ratio indicates which banks are successful to mobilize the outsider's funds. It is calculated to see percentage of total deposit invested in loan and advance. Loan and advance to total deposit ratio is presented below during the study periods.

Table-4.4

Loan and Advance to Total Deposit Ratio

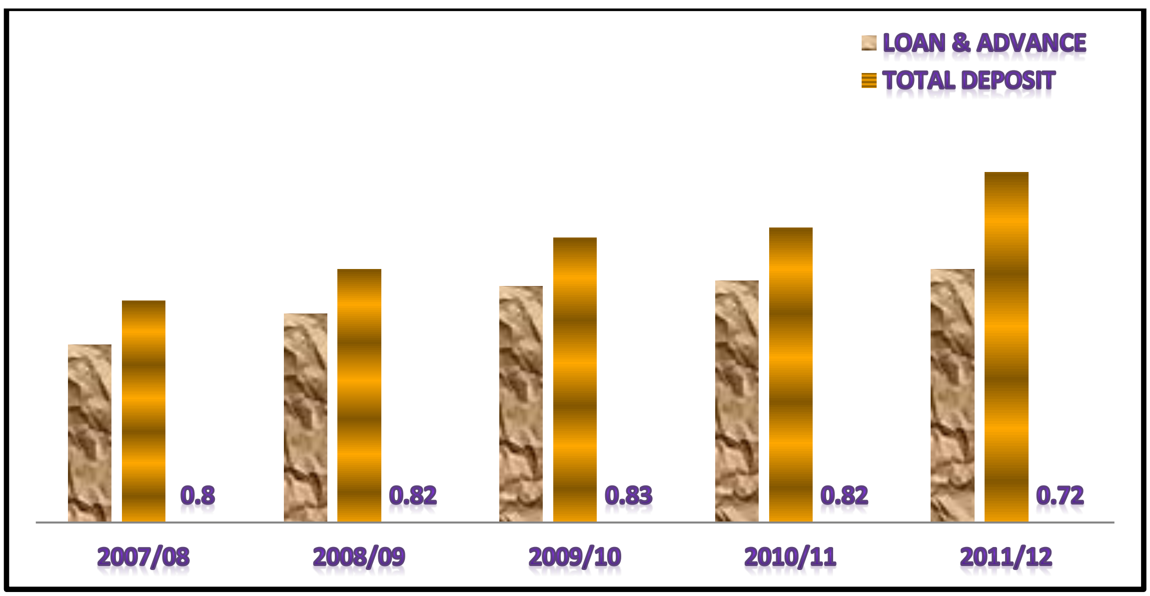
In Rs. Millions

FY	Loan & Advance	Total Deposit	Ratio
2007/08	12692.9	15832.7	0.80
2008/09	14894.7	18083.9	0.82
2009/10	16847.1	20315.8	0.83
2010/11	17247.8	21018.4	0.82
2011/12	18064.1	24991.4	0.72
		Mean	0.80
		S.D.	0.04
		C.V.	0.056

Source: Annual Report of BOK

Figure-4.4

Loan and Advance to Total Deposit Ratio



The above table and figure shows that the loan and advances to total deposit ratio of BOK is increasing trend till first three FY from 2007/08 to 2009/10 and decreasing there after. The mean of BOK is 0.80. So, S.D. and C.V. is 0.04 and 0.56 respectively.

B) Loan and advance Fixed Deposit Ratio

This ratio measures how many times the amount is used in credits and advances in comparison to fixed deposit for the income generating purpose. The following table shows the loan and advance to fixed deposit of BOK during the five study period.

Table-4.5

Loan and Advance to Fixed Deposit Ratio

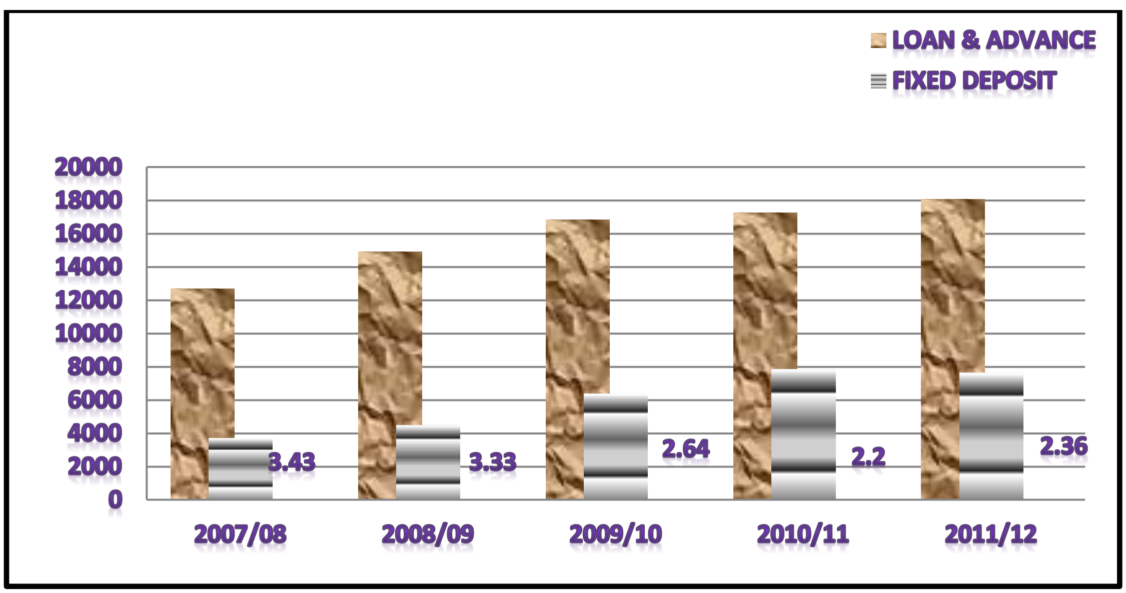
In Rs. Millions

FY	Loan & Advance	Fixed Deposit	Ratio
2007/08	12692.9	3703.1	3.43
2008/09	14894.7	4474.6	3.33
2009/10	16847.1	6383.6	2.64
2010/11	17247.8	7850.3	2.20
2011/12	18064.1	7646.3	2.36
		Mean	2.79
		S.D.	0.56
		C.V.	0.201

Source: Annual Report of BOK

Figure-4.5

Loan and Advance to Fixed Deposit Ratio



The above table shows the loan and advance to fixed deposit ratio of BOK is decreasing trends from the FY 2007/08 to 2010/11 and slightly increased in FY 2011/12. Higher the ratio shows the better performance of banks to utilize the deposit. Mean value and C. V. of loan and advance to fixed deposit of BOK is 2.79 and 0.201 respectively.

C) Total Investment to Total Deposit Ratio

Commercial banks and financial companies invest their collected funds in various government securities and other financial or non financial companies. This ratio measure how successful and efficiently the banks are mobilizing their funds on investment in various securities. The following table shows total investment to total deposit ratio of BOK during the five year study period.

Table-4.6

Total Investment to Total Deposit Ratio

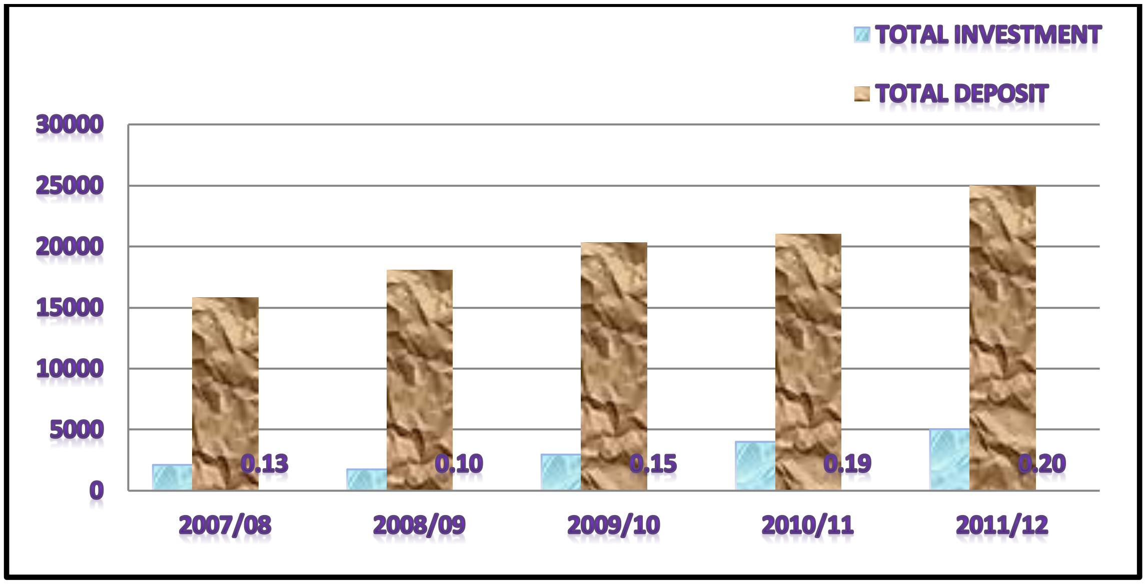
In Rs. Millions

FY	Total Investment	Total Deposit	Ratio
2007/08	2113.2	15832.7	0.13
2008/09	1745.0	18083.9	0.10
2009/10	2954.9	20315.8	0.15
2010/11	4002.1	21018.4	0.19
2011/12	5037.6	24991.4	0.20
		Mean	0.15
		S.D.	0.04
		C.V.	0.27

Source: Annual Report of BOK

Figure-4.6

Loan and Advance to Fixed Deposit Ratio



The above table shows that total investment to total depots ratio of BOK. Trend total investment to total deposit higher ratio is 20% in FY 2011/12 and lowest ratio is 10% in FY 2008/09. The mean of the ratio of BOK is 15%. It signifies BOK has successfully allocated its deposit in investment portfolio to get higher investment return in FY 2011/12. The S.D. and C.V. of BOK is 0.04 and 0.27 respectively.

4.2.3 Leverage Ratio

Leverage ratios are used to measure the contribution of financial by owners compared with financing provided by creditors. The ratios are also called solvency ratios or capital structure ratio. To judge the long-term financial position of BOK, the leverage ratio is calculated. This ratio indicates funds provided by owners and lenders. As the general rule there should be an appropriate mix of debt and owner's equity in financing the firm's assets. This ratio highlights the long term financial health, debt servicing capacity and strength and weaknesses of the firm.

A) Total Debt (Liabilities) to Net worth Ratio

This ratio is also known as debt equity ratio. The relationship between lender's contributions for each rupee of owner's contribution is shown by debt-equity ratio and it reflects the relative claim of creditors and shareholders against the asset of the firm. It is also called proportion of outsider's claim and insider's claim on total assets of the bank. This ratio is calculated by dividing the total debts by net worth figure.

Table-4.7

Total Debts to Net worth Ratio

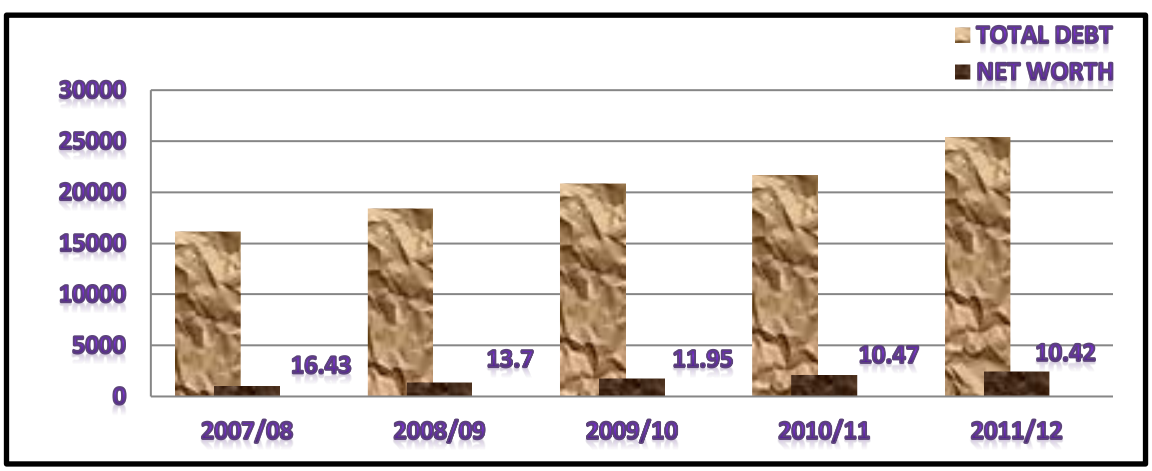
In Rs. Millions

FY	Total Debt	Net Worth	Ratio
2007/08	16132.7	982.0	16.43
2008/09	18383.9	1342.1	13.70
2009/10	20815.8	1741.6	11.95
2010/11	21683.3	2071.4	10.47
2011/12	25374.3	2435.2	10.42
		Mean	12.59
		S.D.	2.53
		C.V.	0.20

Source: Annual Report of BOK

Figure-4.7

Total Debts to Net worth Ratio



Total debt to net worth ratio of BOK for the study periods are calculated and presented in above table. The total debts to net worth ratio of the BOK from 2007/08 to 2011/12 are 16.43, 13.70, 11.95, 10.47 and 10.42 respectively. Excess amount of debt capital structure results heavy burden in payment of interest. Here, the total debt to net worth ratio is decreasing trend. So, it is analyzed that bank has taken the policy of maximizing shareholders wealth.

B) Total Debt to Total Assets Ratio

Total debt to total assets ratio is calculated by dividing total debt by total assets. It examines the relationship between borrowed funds (i.e. total debt) and total assets. The following table shows total investment to total deposit ratio of BOK during the study period.

Table-4.8

Total Debt to Total Assets Ratio

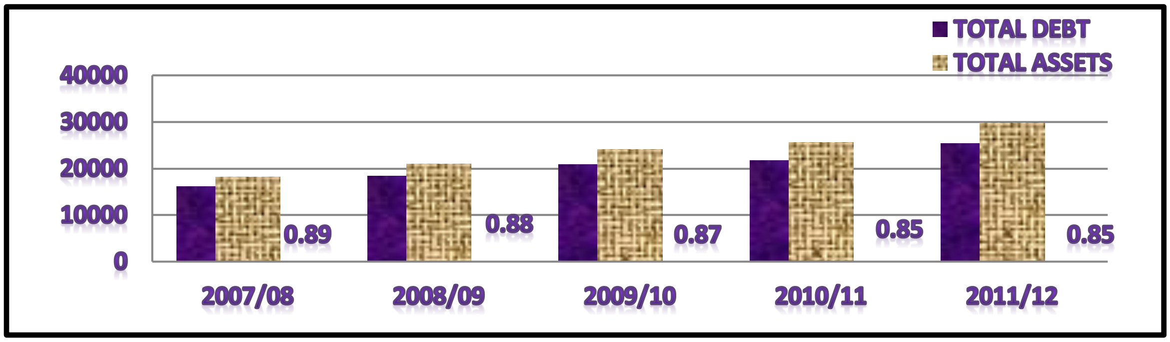
In Rs. Millions

FY	Total Debt	Total Assets	Ratio
2007/08	16132.7	18159.1	0.89
2008/09	18383.9	21009.3	0.88
2009/10	20815.8	24058.8	0.87
2010/11	21683.3	25582.1	0.85
2011/12	25374.3	29834.1	0.85
		Mean	0.87
		S.D.	0.02
		C.V.	0.021

Source: Annual Report of BOK

Figure-4.8

Total Debt to Total Assets Ratio



The above table shows the total debt to total assets ratios of BOK is slightly decreasing trend during the study periods. The ratios are 0.89, 0.88, 0.87, 0.85 and 0.85 from FY 2007/08 to 2011/12 respectively. The usual standard of this ratio is 0.50, so that the total debt to total assets ratios of BOK is good because the ratios are less than standard. The mean ratio of debt to total assets is 0.87. It means almost 87% of total assets are financed by debt.

C) Total Assets to Net-Worth Ratio

It shows the portion of total assets occupied by the net worth. Total assets to net worth ratio are presented below.

Table-4.9

Total Assets to Net-Worth Ratio

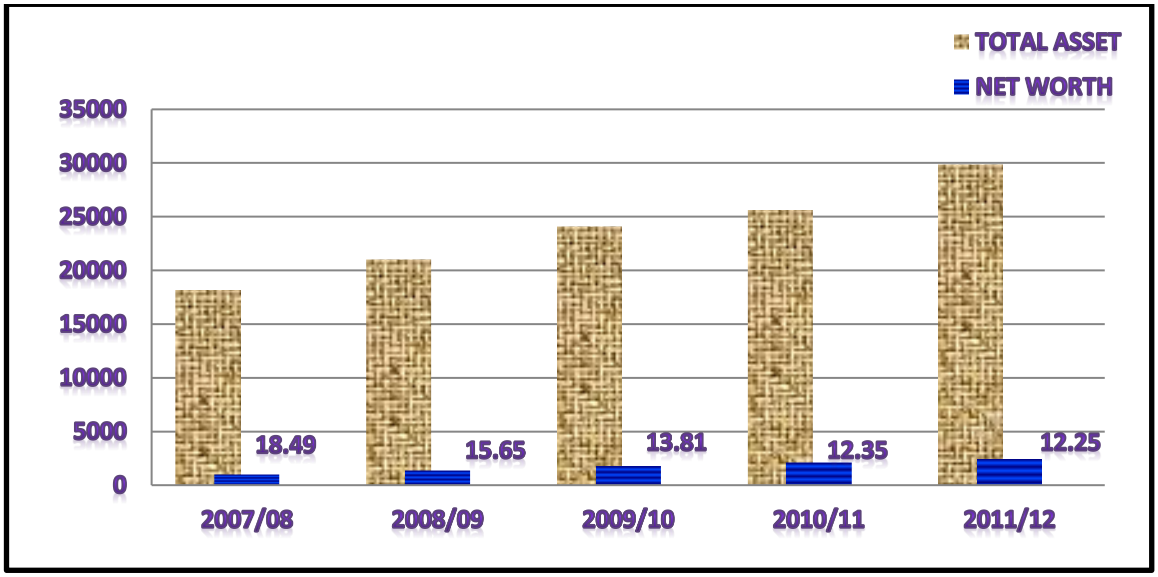
In Rs. Millions

FY	Total Asset	Net Worth	Ratio
2007/08	18159.1	982.0	18.49
2008/09	21009.3	1342.1	15.65
2009/10	24058.8	1741.6	13.81
2010/11	25582.1	2071.4	12.35
2011/12	29834.1	2435.2	12.25
		Mean	14.51
		S.D.	2.62
		C.V.	0.180

Source: Annual Report of BOK

Figure-4.9

Total Assets to Net-Worth Ratio



The above table shows the total assets to net worth ratios of BOK is decreasing trend during the study periods. The ratios are 18.49, 15.65, 13.81, 12.35 and 12.25 from FY 2007/08 to 2011/12 respectively. The mean ratio of net worth is 14.51.

4.2.4 Profitability Ratio

Profitability is the key factor that measures how effectively the firm is being operated and managed. It is used to analyze the financial strength and weakness of any bank, financial institution and business enterprise.

A) Net profit to Total Assets Ratio

This ratio is also known as Return to Total Assets ratio. This ratio is mostly used to measure the profitability performance of any commercial banks. Generally high ratio indicates the better performance of banks and vice-versa. The following table shows the profitability position of BOK in terms of Net profit to Total Assets.

Table-4.10

Net Profit to Total Assets Ratio

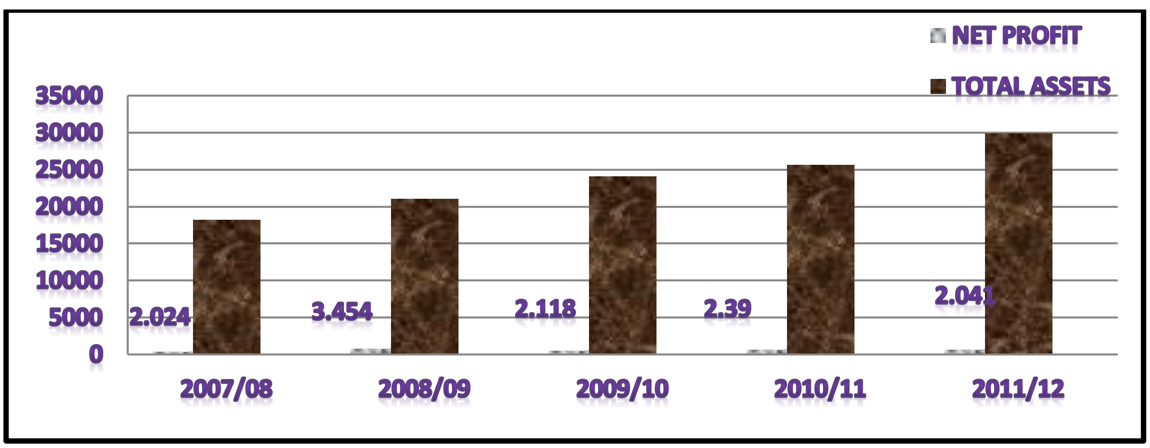
In Rs. Millions

FY	Net Profit	Total Assets	Ratio (%)
2007/08	367.6	18159.1	2.024
2008/09	725.8	21009.3	3.454
2009/10	509.6	24058.8	2.118
2010/11	611.4	25582.1	2.390
2011/12	609.0	29834.1	2.041
		Mean	2.41
		S.D.	0.60
		C.V.	0.25

Source: Annual Report of BOK

Figure-4.10

Net Profit to Total Assets Ratio



The above table and graph shows the net profit to total asset of BOK during the FY 2007/08 to 2011/12. From the above figures it is clear that profit percentage ratio is fluctuated trend over different FY. Utilization of total assets to earn profit can be evaluated from above analysis. Above data shows BOK has highest percentage in utilizing total assets in FY 2008/09.

B) Net Profit to Total Deposits (Return on Total Deposits)

This ratio enables to evaluate what extent the management has been successful to mobilize the deposits in generating profit. This ratio is presented below.

Table-4.11

Net Profit to Total Deposit Ratio

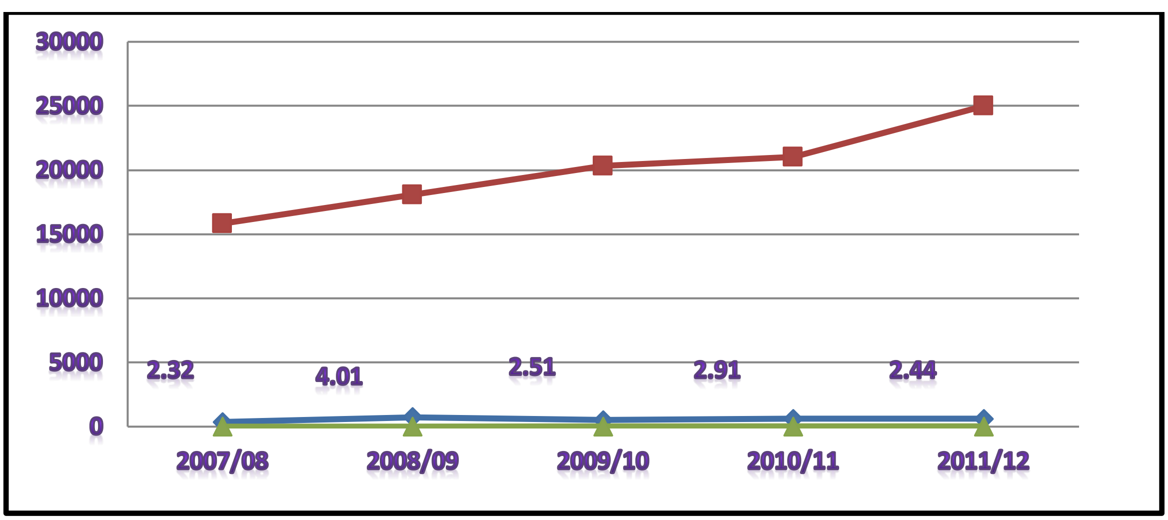
In Rs. Millions

FY	Net Profit	Total Deposit	Ratio (%)
2007/08	367.6	15832.7	2.32
2008/09	725.8	18083.9	4.01
2009/10	509.6	20315.8	2.51
2010/11	611.4	21018.4	2.91
2011/12	609	24991.4	2.44
		Mean	2.84
		S.D.	0.69
		C.V.	0.244

Source: Annual Report of BOK

Figure-4.11

Net Profit to Total Deposits Ratio



Profit earned by bank in relation to its total deposit is presented in above table. The mean percentage ratio of BOK is 2.84. Among five years BOK has highest profit margin in 2008/09. The ratios are 2.32, 4.01, 2.51, 2.91 and 2.44 from FY 2007/08 to 2011/12 respectively. The mean ratio of net worth is 2.84.

C) Return on Net worth Ratio

This ratio shows the capacity of the bank to utilize its owner's fund. Return on Net worth Ratio is presented below;

Table-4.12

Return on Net worth Ratio

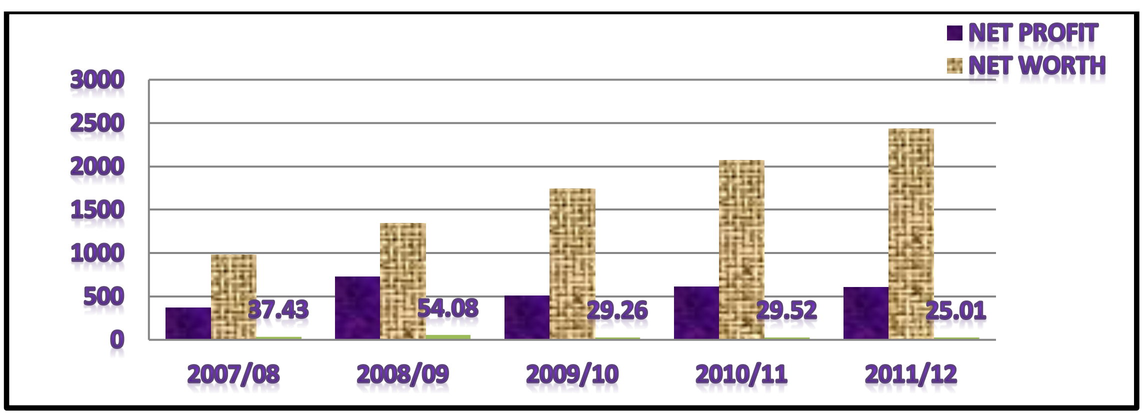
In Rs. Millions

FY	Net Profit	Net Worth	Ratio (%)
2007/08	367.6	982.0	37.43
2008/09	725.8	1342.1	54.08
2009/10	509.6	1741.6	29.26
2010/11	611.4	2071.4	29.52
2011/12	609.0	2435.2	25.01
		Mean	35.06
		S.D.	11.54
		C.V.	0.329

Source: Annual Report of BOK

Figure-4.12

Return on Net worth Ratio



From the above table and figure shows that mean value of return to net worth ratio of BOK is 35.06 percent and it is clear that profit percentage ratio is fluctuated trend over different years. BOK has maximum return on earning in FY 2008/09.

D) Interest Earned to total Assets Ratio

Total interest earned to loan and advance ratio is calculated to know the extent to which the bank is successful to earn interest income on loan and advance. This Ratio is presented below;

Table-4.13

Interest Earned to Loan and Advance Ratio

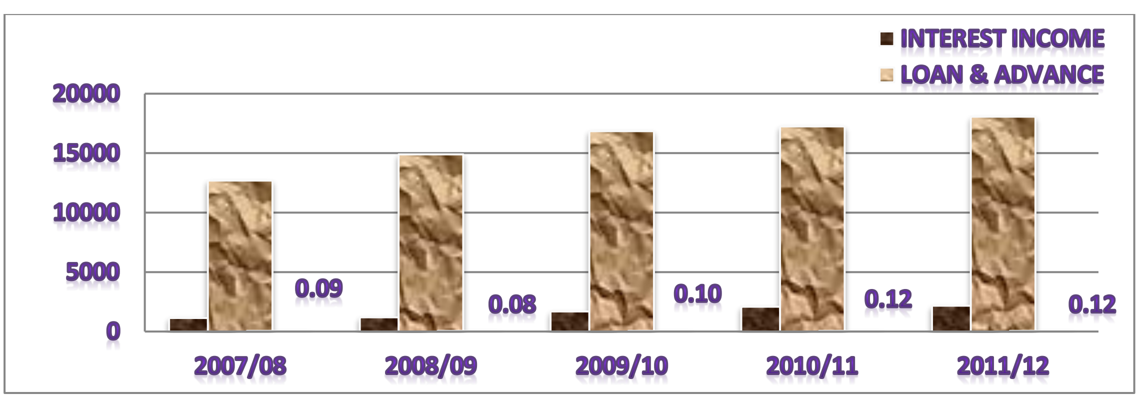
In Rs. Millions

FY	Interest income	Loan & Advance	Ratio
2007/08	1136.51	12692.9	0.09
2008/09	1194.55	14894.7	0.08
2009/10	1688.08	16847.1	0.10
2010/11	2083.53	17247.8	0.12
2011/12	2169.49	18064.1	0.12
		Mean	0.10
		S.D.	0.02
		C.V.	0.175

Source: Annual Report of BOK

Figure-4.13

Interest Earned to Loan and Advance Ratio



In above table and figure, BOK has its total interest earned in relation to its loan and advance 9%, 8%, 10%, 12% and 12% respectively. However BOK has mean value 10% which indicates bank maintains nearly equal level of earning and stability in all five years comparing.

E) Return on Investment Ratio

Every financial institution tries to mobilize their investment properly; so this ratio helps to measure the earning capacity of banks. Returns on investment ratio of BOK are presented as follows.

Table-4.14

Return on Investment Ratio

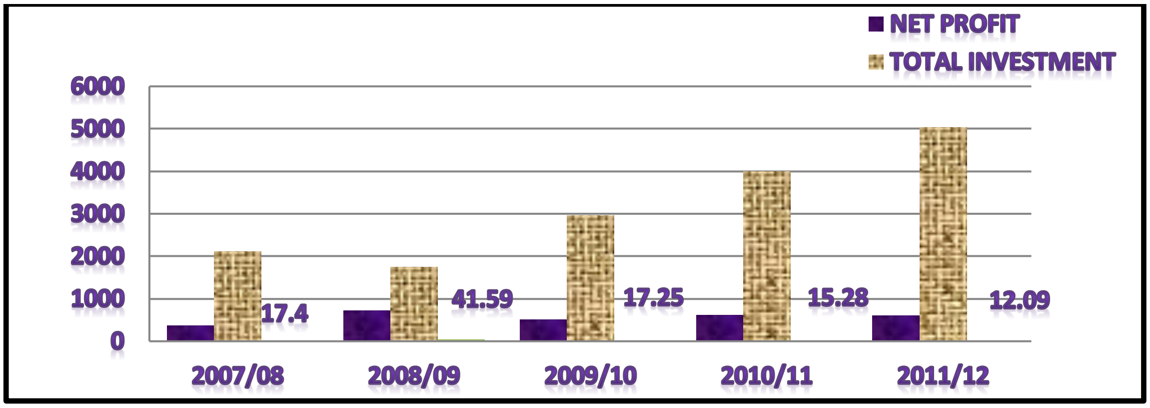
In Rs. Millions

FY	Net Profit	Total Investment	Ratio (%)
2007/08	367.6	2113.2	17.40
2008/09	725.8	1745.0	41.59
2009/10	509.6	2954.9	17.25
2010/11	611.4	4002.1	15.28
2011/12	609.0	5037.6	12.09
		Mean	20.72
		S.D.	11.86
		C.V.	0.572

Source: Annual Report of BOK

Figure-4.14

Return on Investment Ratio



Utilization of excess fund available after lending in terms of credit, in secured sector is referred to as investment; hence income earned from such type of investment is known as investment's return. It also contributes to increase total return of the bank. According above table and figure it is cleared that ratio is fluctuated trend and BOK has mean value 20.72 which means it is earning return from investment comparing to different years. And BOK has highest ROI in FY 2008/09.

4.2.5 Other Ratios

Except above mentioned several ratios, there are other ratios to evaluate financial performance of the bank. They are calculated as follows;

A) Earning Per Share (EPS)

Earning per share calculation made over years indicates whether the bank's earning power on per share basic has changed over that period or not but it doesn't reflect how much is paid as dividend and how much is retained in the business. Following table shows the EPS of BOK during the study period.

Table-4.15

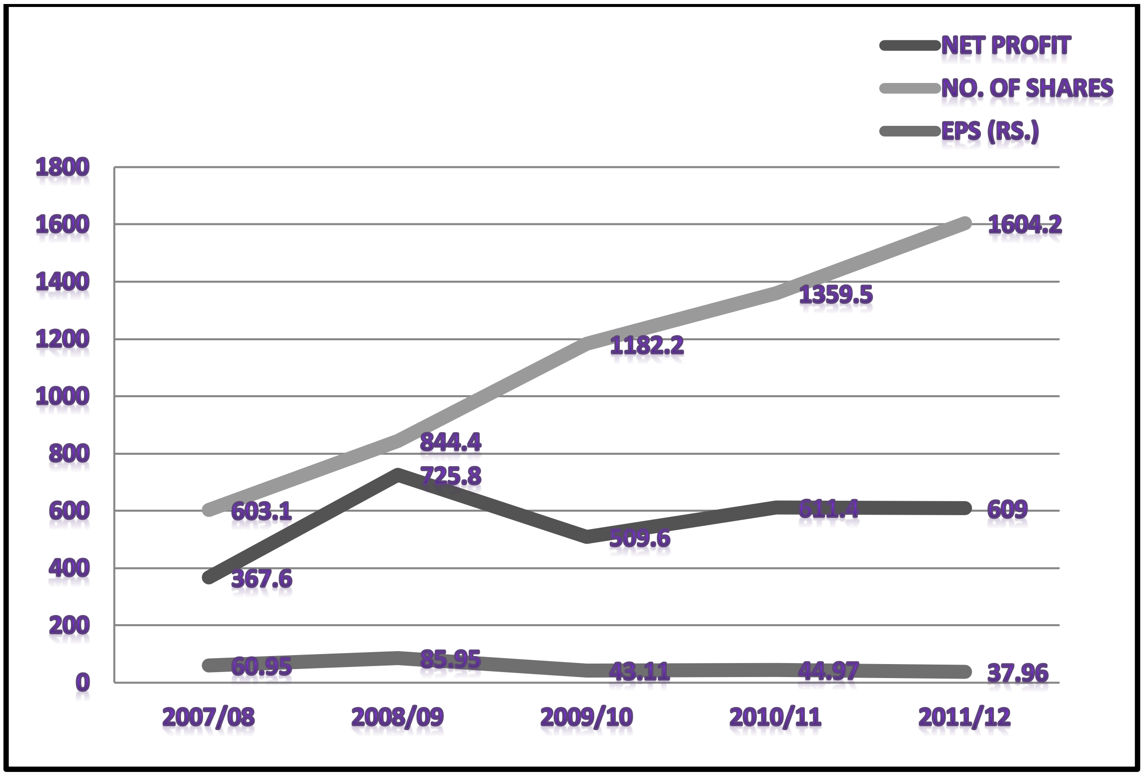
Earning Per Share

FY	Net Profit	No. of Shares	EPS (Rs.)
2007/08	367.6	6.031	60.95
2008/09	725.8	8.444	85.95
2009/10	509.6	11.822	43.11
2010/11	611.4	13.595	44.97
2011/12	609.0	16.042	37.96
Mean			**54.59**

Source: Annual Report of BOK

Figure-4.15

Earning Per Share



Earning per share during the years is fluctuated trend. Going through the above table and figure BOK has lower EPS during FY 2011/12. Mean value of EPS is 54.59. It represents the average EPS of bank during five fiscal years and it is cleared that bank has able to give more benefit to its stockholders.

B) Dividend per Share (DPS)

Shareholders want to receive dividend from their investment. They may have interest to know about the firm's activities, earnings and dividend so; each firm must announce the total dividend and dividend per share, which shows the position of the firm. The cash dividend distributed by BOK is given below during the study periods.

Table-4.16

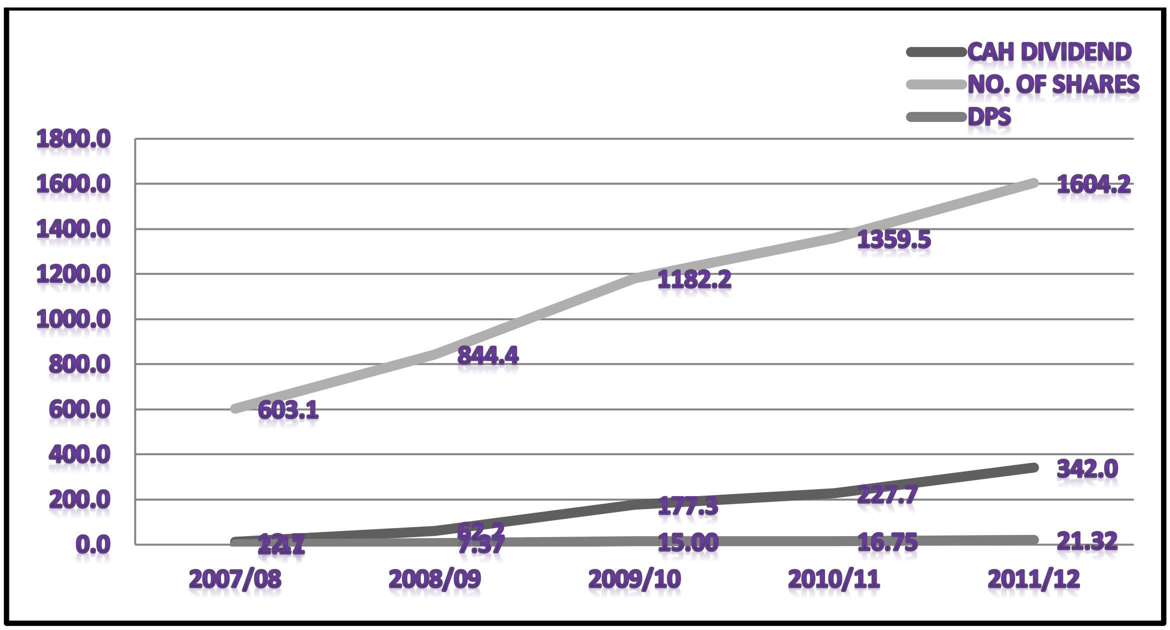
Dividend per Share

FY	Cash Dividend	No. of Shares	DPS (Rs.)
2007/08	12.7	6.031	2.11
2008/09	62.2	8.444	7.37
2009/10	177.3	11.822	15.00
2010/11	227.7	13.595	16.75
2011/12	342.0	16.042	21.32
Average			12.51

Source: Annual Report of BOK

Figure-4.16

Dividend per Share



Cash dividend per share is presented in above table and trend of DPS is increasing in different years. Average dividend of BOK is 12.51. Bank has greater DPS of 21.32 which shows highest return to stockholder in FY 2011/12.

C) Market Price per Share (MPS)

Market price per share is the price at which shares are traded in the stock market. The secondary markets provide liquidity for securities purchased in primary market. Generally MPS is determined through supply and demand factors.

Table-4.17

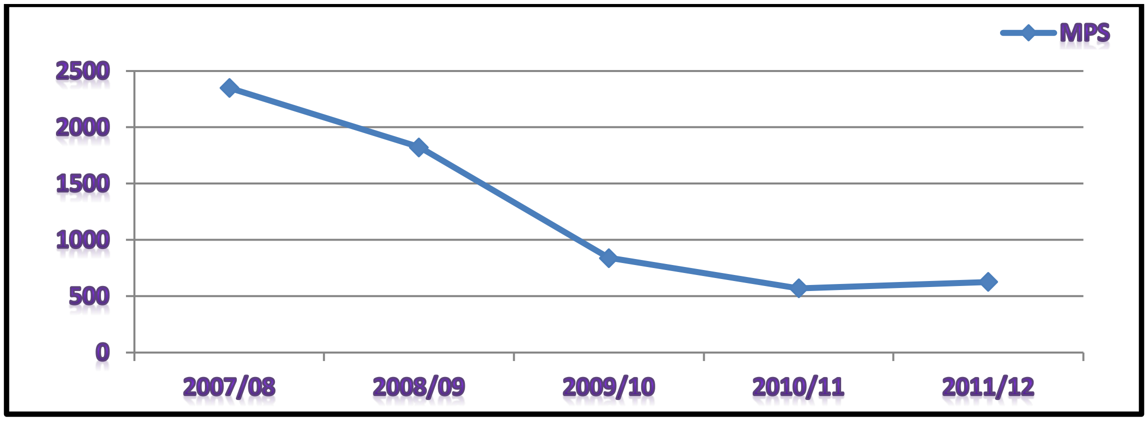
Market Price per Share

FY	MPS in Rs.
2007/08	2350
2008/09	1825
2009/10	840
2010/11	570
2011/12	628
Average	1242.6

Source: Annual Report of BOK

Figure-4.17

Market Price per Share



Above table and figure shows market price of the share of BOK from FY 2007/08 to 2011/12. Bank has decreasing trend of Market price but slightly increased in 2011/12. Average mean price of BOK is 1242.6. It indicates that shareholder of BOK were getting higher price starting periods.

D. Price Earning Ratio

It is calculated by dividing the market value per share by EPS. This ratio widely used by the security analysis to value the firm's performance. Price Earning Ratio of BOK is presented below;

Table-4.18

Price Earning Ratio

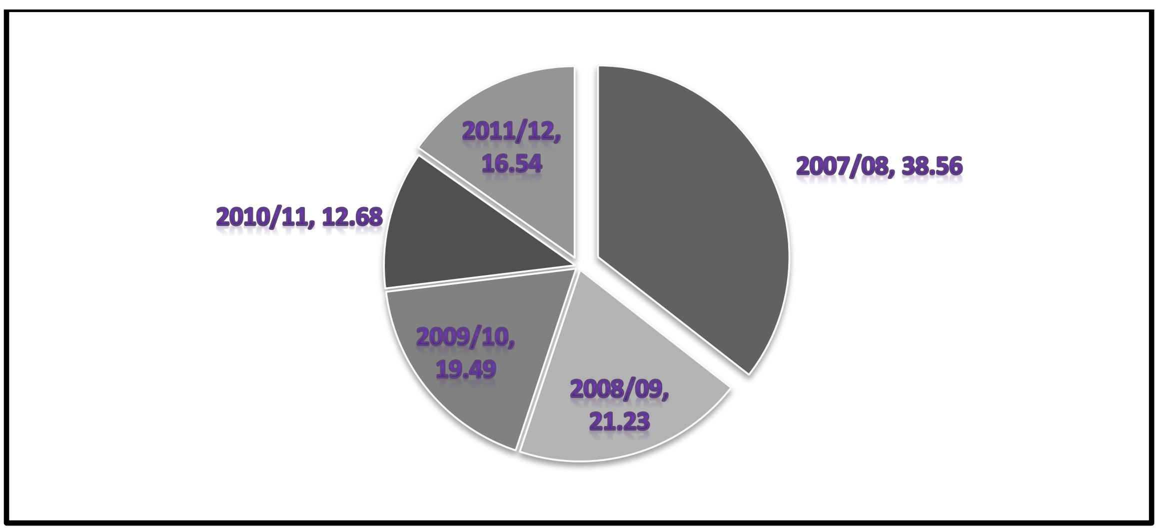
(In Times)

FY	MPS	EPS	PE Ratio
2007/08	2350	60.95	38.56
2008/09	1825	85.95	21.23
2009/10	840	43.11	19.49
2010/11	570	44.97	12.68
2011/12	628	37.96	16.54
Average			21.70

Source: Annual Report of BOK

Figure-4.18

Price Earning Ratio



Above table and figure shows the Price Earning Ratios of BOK from FY 2007/08 to 2011/12. It shows the market value of share in respect of EPS. Higher the P/E ratios will higher the market value. The mean value of P/E ratio of BOK is 21.70. BOK has greater P/E ratio of 38.56 in 2007/08 and in indicates that it has higher market value in respect of EPS. Lowest value of 12.68 in 2010/11; it indicates that it has lower market value in respect of its EPS.

E. Net Profit to Total Income Ratio

Table-4.19

Net Profit to Total Income Ratio

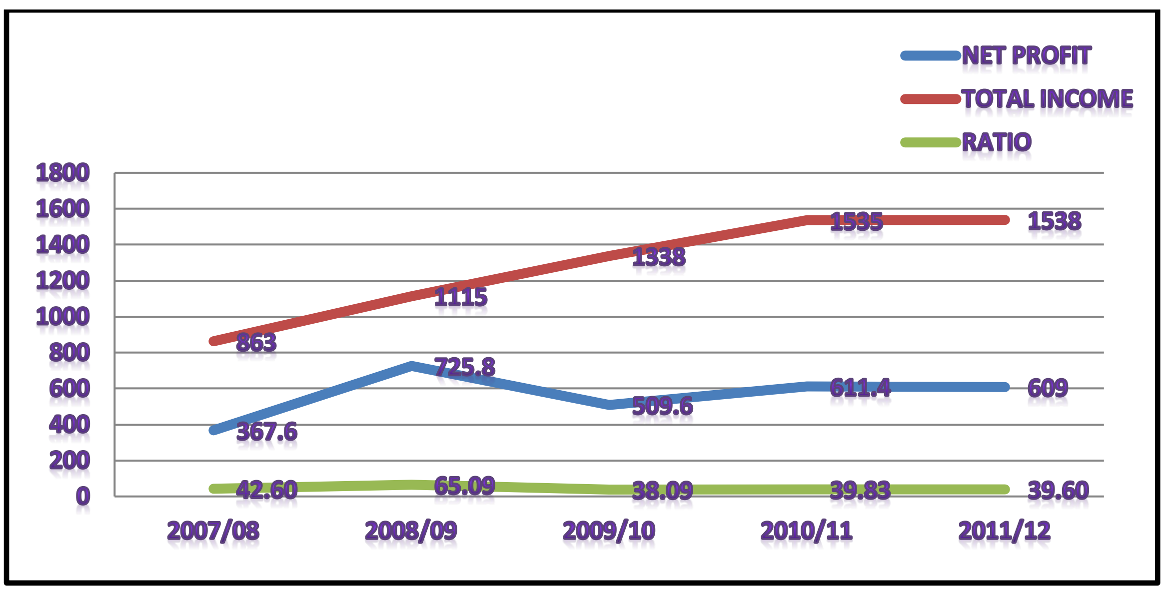
(*In Percentage)*

FY	Net Profit	Total Income	Ratio
2007/08	367.6	863	42.60
2008/09	725.8	1115	65.09
2009/10	509.6	1338	38.09
2010/11	611.4	1535	39.83
2011/12	609	1538	39.60
Average			45.04

Source: Annual Report of BOK

Figure-4.19

Net Profit to Total Income Ratio



The Table and figure shows the Net Profit to Total Income Ratio in different study periods. Net profit is calculating after subtracting the operating cost, Staff cost, Provisions and tax from the total income. Net Profit to Total Income Ratio of BOK is 42.60, 65.09, 38.09, 39.83 and 39.60 percentages respectively. Higher the percentage of ratio indicates the lower the expenses made by the bank. BOK has greater ratio of 65.09 percentages in 2008/09. It is cleared that above ratio of BOK is fluctuated trend during the study periods.

4.3 Statistical Tools

Various statistical tools are used in this study for analysis which are calculated and presented as follows.

4.3.1 Karl Pearson's Coefficient of Correlation (r)

It is the most widely used statistical tool which measures the significance of the relationship between two variables during the study period. The value of coefficient of correlation shall always be between + 1. Where r = 1, it means prefect positive correlation between variables and where r = -1, it means prefect negative correlation between variables. When r = 0, there is no relationship between two variables.

A. Coefficient of Correlation between Net Profit and Total Deposit

In this analysis, net profits are independent variable (x) and total deposits are dependent variable (Y). The main objectives of computing 'r' between these two variables is to justify whether net profits are significantly used as total deposits in proper way or not. Karl Person's Coefficient of Correlation (r) and Coefficient of Determination (r2) between net profit and total deposit are presented below;

Table-4.20

Coefficient of Correlation between Net Profit and Total Deposit

FY	Net Profit	Total Deposit
2007/08	367.6	15832.7
2008/09	725.8	18083.9
2009/10	509.6	20315.8
2010/11	611.4	21018.4
2011/12	609	24991.4
r	0.415	
r^2	0.172	

Source: (By computing Microsoft Office Excel-97)

Here, net profit is taken as a dependent variable where total deposit is considered as an independent variable. Through above table, BOK's net profit has moderate relationship with its deposit. The coefficient of correlation between net profit and total deposit of BOK is 0.415. It shows the positive correlation of determination BOK is 0.172. It means only 17.2% of total deposit is explained by net profit. It refers that there is significant relationship between net profit and total deposit of BOK.

B. Coefficient of Correlation between Net Profit and Loan & Advance

In this analysis, net profits are independent variable (x) and loan and advances are dependent variable (Y). Karl Person's Coefficient of Correlation (r) and Coefficient of Determination (r2) between net profit and loan and advance are presented as follows;

Table-4.21

Coefficient of Correlation between Net Profit and Loan & Advance

FY	Net Profit	Loan and Advance
2007/08	367.6	12692.9
2008/09	725.8	14894.7
2009/10	509.6	16847.1
2010/11	611.4	17247.8
2011/12	609.0	18064.1
r	**0.497**	
r^2	**0.247**	

Source: (By computing Microsoft Office Excel-97)

Here, net profit is taken as a dependent variable where loan and advance is considered as an independent variable. The coefficient of correlation between net profit and loan and advance of BOK is 0.497. It also shows the positive correlation of determination BOK is 0.247. It means only 24.7% of loan and advance is explained by net profit. It refers that there is significant relationship between net profit and loan and advance.

4.3.2 Trend Analysis (Time Series)

Trend analysis is a statistical tool, which will highlight the previous trend of financial performance and help in forecasting the future financial results. In this study, trend analysis is used to forecast various financial data such as deposit, loan and advance, net profit etc.

Trend Analysis of Total Deposit, Loan and Advance and Net Profit

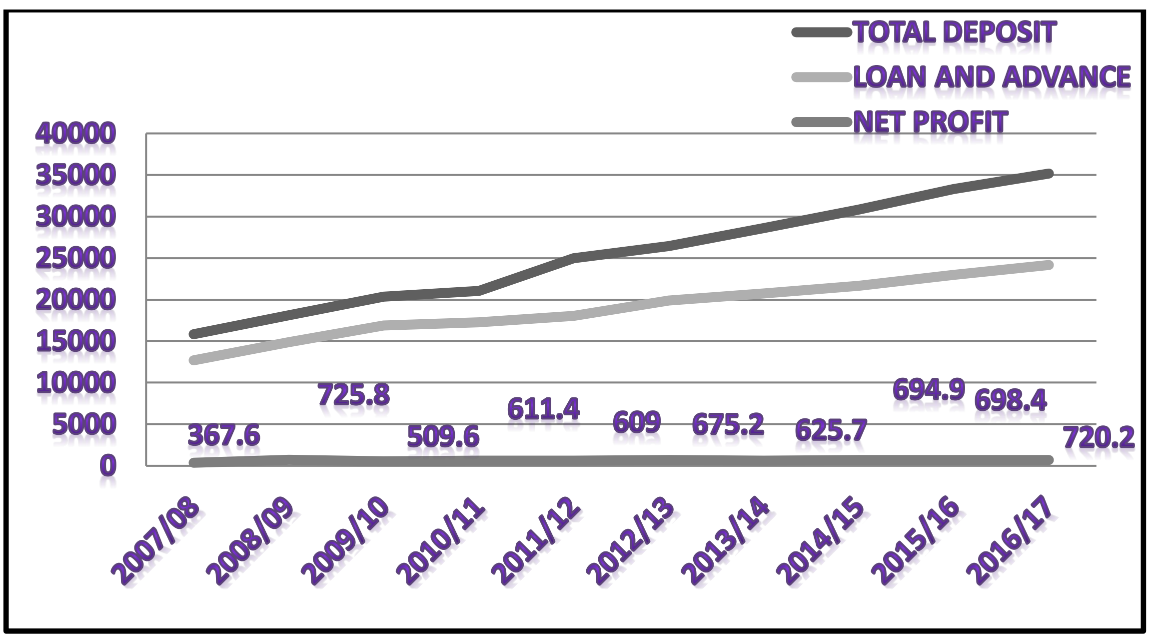
Table-4.22

FY	Total Deposit	Loan and Advance	Net Profit
2007/08	15832.7	12692.9	367.6
2008/09	18083.9	14894.7	725.8
2009/10	20315.8	16847.1	509.6
2010/11	21018.4	17247.8	611.4
2011/12	24991.4	18064.1	609.0
2012/13	26424.0	19878.0	675.2
2013/14	28573.4	20741.4	625.7
2014/15	30840.9	21681.3	694.9
2015/16	33337.7	22985.8	698.4
2016/17	35166.4	24164.1	720.2

Source: (By computing Microsoft Office Excel-97)

Figure No. 4.3

Line Chart of Trend Projection



From the above table and figure it is clear that BOK has increasing trend of total deposit and loan and advance but fluctuating trend of net profit from FY 2008/09 to 2016/17. It indicates bank will have succeeded to collect deposits 26424, 28573.4, 30840.9, 33337.7 and 35166.4 millions on projected year from FY 2012/13 to 2016/17 respectively.

Again, it indicates bank will have succeeded to invest the collected loan and advance 19878, 20741.4, 21681.3, 22985.8 and 24164.1 millions on projected years from FY 2012/13 to 2016/17 respectively.

Similarly, it also indicates bank will have succeeded to earn the net profit 675.2, 625.7, 694.9, 698.4 and 720.2 millions on projected years from FY 2012/13 to 2016/17 respectively.

4.4 Major Findings of the Study

The major findings of the study are derived on the basis of analysis of BOK, which are as follows.

1. Current ratios of BOK are 0.99, 1.02, 1.06, 1.05 and 1.02 during the study periods. The mean current ratio and C.V. of bank have 1.03 and 2.7%. The usual standard of current ratio is 2:1, but the liquidity position of the BOK is not better because the current ratio is below than normal standard point.
2. Cash and bank balance to total deposit is in fluctuating ratio. The mean value of cash and bank balance to total deposit of BOK is 0.10. BOK is not successes to meet the minimum requirement of NRB. BOK has C.V. of 24.10%.
3. Cash and bank balance to current assets of the bank in fluctuating trend during the study periods. The mean value and C. V. of cash and bank balance to current assets of BOK is 0.10 and 25.10% respectively.

4. BOK has loan and advance to total deposit in slightly increased to 2009/10 then decreased up to 2011/12. The mean percentage of BOK has 0.80. It is found that BOK has success to increase their loan and advance to total deposit from the beginning study year to 2009/10 and then after it is decreased.
5. The loan and advances to total deposit ratio of BOK is increasing trend till first three FY and decreasing there after. The mean of BOK is 0.80. So, S.D. and C.V. is 0.04 and 0.56 respectively.
6. Loan and advance to fixed deposit ratio of BOK is decreasing trends from the FY 2007/08 to 2010/11 and slightly increased in FY 2011/12. Mean value and C. V. of loan and advance to fixed deposit of BOK is 2.79 and 0.201 respectively.
7. Trend total investment to total deposit higher ratio is 20% in FY 2011/12 and lowest ratio is 10% in FY 2008/09. The mean of the ratio of BOK is 15%. It signifies BOK has successfully allocated its deposit in investment portfolio to get higher investment return in FY 2011/12. The S.D. and C.V. of BOK is 0.04 and 0.27 respectively.
8. The total debts to net worth ratio of the BOK from 2007/08 to 2011/12 are 16.43, 13.70, 11.95, 10.47 and 10.42 respectively. It is in decreasing trend during the study period.
9. Total debt to total assets ratios of BOK is slightly decreasing trend during the study periods. The ratios are 0.89, 0.88, 0.87, 0.85 and 0.85 from FY 2007/08 to 2011/12 respectively. The mean ratio of debt to total assets is 0.87. It means almost 87% of total assets are financed by debt.
10. The total assets to net worth ratios of BOK is decreasing trend during the study periods. The ratios are 18.49, 15.65, 13.81, 12.35 and 12.25 from

FY 2007/08 to 2011/12 respectively. The mean ratio of net worth is 14.51.

11. Net profit to total asset ratio of BOK is fluctuated trend over different FY. It is found that BOK has highest percentage in utilizing total assets in FY 2008/09.
12. The average percentage ratio on profit to total deposit of BOK is 2.84. Among five years BOK has highest profit margin in 2008/09.
13. Percentage of return on net worth is fluctuated trend over different years. BOK has maximum return on earning in FY 2008/09.
14. BOK has its total interest earned in relation to its loan and advance 9%, 8%, 10%, 12% and 12% respectively. However BOK has mean value 10% which indicates bank maintains nearly equal level of earning and stability in all five years comparing.
15. It is found that return on investment ratio is fluctuated trend and BOK has mean value 20.72 which means it is earning return from investment comparing to different years and BOK has highest ROI in FY 2008/09.
16. Earning per share (EPS) is fluctuated trend. BOK has lower EPS during FY 2011/12. Mean value of EPS is 54.59. It represents the average EPS of bank during five fiscal years and it is cleared that bank has able to give more benefit to its stockholders.
17. Trend of DPS is increasing in different years. Average dividend of BOK is 12.51. Bank has greater DPS of 21.32 which shows highest return to stockholder in FY 2011/12.
18. Bank has decreasing trend of Market price but slightly increased in 2011/12. Average mean price of BOK is 1242.6. It is found that shareholder of BOK were getting higher price starting periods.

19. BOK has greater P/E ratio of 38.56 in 2007/08 and in indicates that it has higher market value in respect of EPS.
20. Net Profit to Total Income Ratio of BOK is 42.60, 65.09, 38.09, 39.83 and 39.60 percentages respectively. Higher the percentage of ratio indicates the lower the expenses made by the bank. BOK has greater ratio of 65.09 percentages in 2008/09. It is cleared that above ratio of BOK is fluctuated trend during the study periods.
21. The coefficient of correlation between net profit and total deposit of BOK is 0.415. It shows the positive correlation of determination BOK is 0.172. It means only 17.2% of total deposit is explained by net profit.
22. The coefficient of correlation between net profit and loan and advance of BOK is 0.497. It also shows the positive correlation of determination BOK is 0.247. It means only 24.7% of loan and advance is explained by net profit.
23. BOK has been succeeded to collect deposits 26424, 28573.4, 30840.9, 33337.7 and 35166.4 millions on projected year from FY 2012/13 to 2016/17 respectively.
24. BOK has been succeeded to invest the collected loan and advance 19878, 20741.4, 21681.3, 22985.8 and 24164.1 millions on projected years from FY 2012/13 to 2016/17 respectively.
25. BOK has been succeeded to earn the net profit 675.2, 625.7, 694.9, 698.4 and 720.2 millions on projected years from FY 2012/13 to 2016/17 respectively.
26. Finally it is found that BOK has increasing trend of total deposit and loan and advance but fluctuating trend of net profit from FY 2008/09 to 2016/17.

CHAPTER-FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Present study seems very successful to meet the stated objective of the study. The study was aimed to explore the analysis for the financial statement of Bank of Kathmandu. The present chapter is attempted to make general conclusion based on the findings presented in previous chapter and to recommend and suggest some gridlines for further improvement of the study.

5.1 Summary

The present study is designed in five chapters. The first chapter of the study highlighted the introduction and background of the study. Besides, it also described the problem of study, objective of study, limitation of study and organization of the study.

Similarly, the second chapter of the study established that the study as a link in a chain of research that emerged and developed knowledge about the concerned field. This chapter also tried to review he various findings of earlier scholars on related area. This chapter covered conceptual review of financial statement, review of empirical work.

In though same way, the third chapter of the study focused the various research methods, tools and techniques, used for analysis of data to meet the state objective of the study. This chapter covered research design, source of data, population and sample of survey design, data collection instrument, data collection procedure, tools and techniques employed etc.

The fourth chapter of the study described the systematic presentation o data and its analysis as per requirements. Many researches related with financial statement ratios have been systematically conceptualized and analyzed during the study periods. Similarly, the correlation coefficient Various statistical tools such as arithmetic mean, standard deviation, coefficient of correlation and trend analysis have been applied to fulfill the objective of this study. The analysis has been done mainly through secondary. The major findings of the study are also included in the final section of the presentation and analysis chapter.

The last chapter concluded the result of the study based on the findings of the study. Besides, it also suggested or recommended for further improvement. This chapter includes summary, conclusion and recommendation of the study.

5.2 Conclusion

On the basis of entire research study, some conclusion has been presented. This study mainly focused on the analysis of financial statement. This study is based on the five-year financial data of BOK out of 30 commercial banks in Nepal.

The liquidity position of the BOK is not better because the current ratio is below than normal standard point. It means BOK has not been facing successfully in the payment of current liabilities and day to day operations. It is also concluded that the bank has more fluctuation in cash and bank balance as well as cash and bank balance to current assets of the bank in fluctuating trend during the study periods.

Activity ratios are concerned with measuring the efficiency in assets management. It is concluded that BOK has success to increase their loan and advance to total deposit from the beginning study year to third year then after it is decreased. Higher the ratio shows the better performance of banks to utilize the deposit. It signifies BOK has successfully allocated its deposit in investment portfolio to get higher investment return in last fiscal year.

Leverage ratios are used to measure the contribution of financial by owners compared with financing provided by creditors and lenders. Excess amount of debt capital structure results heavy burden in payment of interest. The total debt to total assets ratios of BOK is good because the ratios are less than standard.

Profitability is the key factor that measures how effectively the firm is being operated and managed. It is used to analyze the financial strength and weakness of any bank, financial institution and business enterprises. It is concluded that profit percentage ratio on assets of BOK is fluctuated trend over different FY and it seems successful in managing and utilizing the available assets in order to generate revenue. However more profit margins represent more return on assets and deposits, therefore all banks should focus on increasing these values.

BOK has similar its total interest earned in relation to its loan and advance which indicates bank maintains nearly equal level of earning and stability in all five years comparing. Trend of EPS of BOK has in fluctuating but DPS is in increasing and it indicates that Bank of Kathmandu is committed to generating good return to shareholders. Finally, it ifs concluded that BOK has increasing trend of total deposit and loan and advance but fluctuating trend of net profit during the forecasted years.

5.3 Recommendation

The present study will be a value piece of research works for academicians, practitioners as well as management body of any concerned organizations. From above finding and conclusion we know that BOK has some area of improvement. Some suggestions and recommendations have been presented relating to the BOK for betterment of financial performance, which are enumerated as follows;

i. Cash & bank balance as well as current ratio of BOK is lower than normal standard point as compare so it is recommended to increase liquidity.

ii. Net profit to total assets is comparatively lower, so it is recommended to utilize its total assets to increase the return. Banks loan is decreasing and bank should create new investing sector to mobilize their deposits. Such as home loan, education loan, foreign employment loans, hydropower projects, hotel, tourism, manufacturing and trading sectors.

iii. BOK has decreasing trend of net profit as well as EPS and DPS, it is recommended to create new policy and strategy to increase net profit with EPS and DPS. Price earning ratio is also decreasing among the study period, it is recommended to improve the earning per share.

iv. Interest earned to total assets ratio is increasing slightly during the study periods, so it is also recommended to take corrective action to increase interest earning power highly.

v. Net profit to total income is comparatively decreasing last three years; So BOK should minimize the operating and administrative cost to increase the net profit to total income.

vi. Most of the commercial banks were established in Kathmandu and their branches extended to only city and urban area. The banks' strategy should be modifying for expanding their services to the rural areas to collect the scattered resources and their mobilization. The concentration to only large scale producer is not good in economy so, banks should cover the small entrepreneurs to develop their business in formal productive sector. This is more necessary for sustainable economic development.

vii. EPS and DPS is the key tool for measuring the market price of share and financial performance of the banks. Higher the EPS and DPS indicate the better performance of the banks. The average trend of EPS and DPS is decreasing during the last FY of study period. So, it is recommended to diagnosis the causes of decreasing EPS and DPS.

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Appendix-1

Statement of Assets & Liabilities of BANK OF KATHMANDU LTD.

(Rs. In Million)

		Mid-July											
	Liabilities	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
1	**CAPITAL FUND**	**259.8**	**510.7**	**520.2**	**734.6**	**650.8**	**720.7**	**840.2**	**982.0**	**1342.1**	**1741.6**	**2071.4**	**2435.2**
	a. Paid-up Capital	233.6	463.6	463.6	463.6	463.6	463.6	603.1	603.1	844.4	1182.2	1359.5	1604.2
	b. Calls in Advance										0.0	0.0	0.0
	c. Statutory Reserves	20.1	33.1	35.0	51.4	76.9	104.8	145.3	197.8	270.1	362.4	464.3	585.3
	d. Share Premium					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	e. Retained Earning		5.5	12.9	51.9	6.5	1.0	8.3	6.7	22.2	34.7	50.6	13.4
	f. Others Reserves	6.1	8.5	8.7	167.7	92.9	139.2	68.9	174.4	205.4	136.4	165.0	195.3
	g. Exchange Fluctuation Fund					10.9	12.1	14.6	0.0	0.0	25.9	32.0	37.0
2	**BORROWINGS**	**100.0**	**0.0**	**498.2**	**912.2**	**6.0**	**753.2**	**930.0**	**300.0**	**300.0**	**500.0**	**664.9**	**382.9**
	a. NRB	0.0	0.0	107.0	8.0	6.0	0.0	360.0	0.0	0.0	0.0	464.9	5.0
	b. "A"Class Licensed Institution	100.0	0.0	391.2	904.2	0.0	553.2	370.0	100.0	100.0	300.0	0.0	177.9
	c. Foreign Banks and Fin. Ins.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	d. Other Financial Ins.		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	e. Bonds and Securities						200.0	200.0	200.0	200.0	200.0	200.0	200.0
3	**DEPOSITS**	**5724.1**	**5735.9**	**6169.6**	**7741.6**	**8942.8**	**10429.3**	**12358.6**	**15832.7**	**18083.9**	**20315.8**	**21018.4**	**24991.4**
	a. Current	681.5	789.6	935.7	997.9	1302.6	1409.2	1661.8	2092.3	2294.4	2747.3	2428.2	2789.0
	Domestic					1135.7	1218.8	1490.7	1908.9	2097.9	2217.2	2023.4	2637.0
	Foreign					166.9	190.4	171.1	183.4	196.5	530.1	404.9	152.1
	b. Savings	1848.9	1862.6	2267.3	2873.8	3447.5	4582.0	5526.8	6595.2	7260.3	6723.2	6607.6	8116.5
	Domestic					3244.5	4297.3	5298.3	6330.3	7032.4	6493.8	6421.0	7950.8
	Foreign					203.0	284.7	228.5	264.9	227.9	229.4	186.5	165.7
	c. Fixed	1948.5	1958.8	1991.1	2279.7	2878.9	2709.8	3037.2	3703.1	4474.6	6383.6	7850.3	7646.3
	Domestic					2194.2	1940.1	2216.5	3025.2	3587.7	5890.2	6953.6	6295.5
	Foreign					684.7	769.7	820.7	677.9	886.9	493.4	896.6	1350.8
	d. Call Deposits	1050.1	995.1	854.7	1450.7	1162.1	1618.6	1966.5	3198.1	3823.4	4093.9	3907.3	6060.9
	e. Others	195.1	129.8	120.8	139.5	151.7	109.7	166.3	244.0	231.2	367.8	225.0	378.7
4	**Bills Payable**					**19.2**	**11.0**	**9.3**	**34.2**	**34.6**	**37.9**	**21.6**	**29.1**
5	**Other Liabilities**	**444.9**	**567.7**	**777.6**	**574.6**	**398.4**	**415.9**	**580.9**	**642.6**	**522.9**	**953.9**	**1194.4**	**1386.4**
	1. Sundry Creditors					(12.8)	69.1	46.4	43.5	63.9	45.3	72.2	108.3
	2. Loan Loss Provision					269.7	236.2	286.5	279.0	297.5	387.1	488.8	505.2
	3. Interest Suspense a/c					27.8	24.0	14.7	14.8	11.9	12.0	0.5	45.0
	4. Others	444.9	567.7	777.6	574.6	113.7	86.6	233.3	305.3	149.6	509.5	632.9	727.9
6	**Reconcillation A/c**					**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
7	**Profit & Loss A/c**					**228.8**	**330.7**	**278.5**	**367.6**	**725.8**	**509.6**	**611.4**	**609.0**
	Total	**6528.8**	**6814.3**	**7965.6**	**9963.0**	**10246.0**	**12660.8**	**14997.5**	**18159.1**	**21009.3**	**24058.8**	**25582.1**	**29834.1**
	Assets												
1	**LIQUID FUNDS**	**1529.9**	**810.7**	**692.7**	**1150.0**	**1428.3**	**1945.6**	**1560.9**	**1513.1**	**2421.5**	**2724.4**	**2158.9**	**3901.3**
	a. Cash Balance	171.2	193.1	157.4	139.2	161.5	184.0	219.0	536.7	565.1	455.2	542.4	750.9
	Nepalese Notes & Coins	157.1	178.0	133.0	111.1	150.6	171.2	198.0	524.3	541.4	449.9	533.0	741.4
	Foreign Currency	14.1	15.1	24.4	28.1	10.9	12.8	21.0	12.4	23.7	5.3	9.4	9.5
	b. Bank Balance	972.3	490.2	527.8	655.7	579.0	544.7	1082.6	903.7	1603.9	1337.2	1136.6	2631.8
	1. In Nepal Rastra Bank	399.9	298.2	362.4	447.4	417.9	349.3	883.5	606.1	1323.8	687.6	641.7	1970.8
	Domestic Currency					386.7	336.7	877.1	592.5	1240.6	663.9	604.6	1939.6
	Foreign Currency					31.2	12.6	6.4	13.6	83.2	23.7	37.1	31.2
	2. "A"Class Licensed Institution	11.3	59.3	19.9	26.1	29.3	21.3	42.3	85.6	136.0	395.7	98.0	203.1
	Domestic Currency					24.3	20.7	41.2	85.1	135.3	394.9	94.9	201.6
	Foreign Currency					5.0	0.6	1.1	0.5	0.7	0.8	3.1	1.5
	3. Other Financial Ins.					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	4. In Foreign banks	561.1	132.7	145.5	182.2	131.8	174.1	156.8	212.0	144.1	253.9	396.9	457.9
	c.Money at Call	386.4	127.4	7.5	355.1	687.8	1216.9	259.3	72.7	252.5	932.0	479.9	518.6
	Domestic Currency					0.0	0.0		6.9	0.0	0.0	0.0	0.0
	Foreign Currency					687.8	1216.9	259.3	65.8	252.5	932.0	479.9	518.6
2	**INVESTMENTS**	**300.8**	**542.7**	**1510.8**	**2371.8**	**2216.5**	**2654.8**	**2332.0**	**2113.2**	**1745.0**	**2954.9**	**4002.1**	**5037.6**
	a. Govt.Securities	300.8	542.7	1510.8	2371.8	2146.6	2654.8	2332.0	2113.2	1745.0	2954.9	4002.1	5037.6
	b. NRB Bond								0.0	0.0	0.0	0.0	0.0
	c. Govt.Non-Fin. Ins.								0.0	0.0	0.0	0.0	0.0
	d. Other Non-Fin Ins.								0.0	0.0	0.0	0.0	0.0
	e Non Residents					69.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	**SHARE & OTHER INVESTMENT**	**24.6**	**88.0**	**108.0**	**22.8**	**19.2**	**93.6**	**663.2**	**1090.8**	**1029.4**	**314.3**	**284.5**	**209.1**
	a. Interbank Lending												**0.0**
	b. Non Residents								0.0	0.0	226.2	244.3	0.0
	c. Others					19.2	93.6	663.2	1090.8	1029.4	88.1	40.1	209.1
4	**LOANS & ADVANCES**	**4275.3**	**4840.1**	**4913.3**	**6049.7**	**6166.9**	**7525.2**	**9663.6**	**12692.9**	**14894.7**	**16847.1**	**17247.8**	**18064.1**
	a. Private Sector	4275.3	4751.7	4913.3	6049.7	6166.9	7443.3	9370.9	12692.9	14894.7	16350.3	16653.8	17471.7
	b. Financial Institutions								0.0	0.0	346.9	444.1	592.4
	c. Government Organizations	0.0	88.4	0.0	0.0	0.0	81.9	292.7	0.0	0.0	149.9	149.9	0.0
5	**BILL PURCHED**	**51.8**	**137.5**	**27.7**	**25.0**	**82.3**	**17.6**	**31.1**	**46.4**	**35.0**	**197.2**	**706.5**	**1255.0**
	a. Domestic Bills Purchased					19.5	9.7	21.3	14.0	16.1	15.6	2.8	10.4
	b. Foreign Bills Purchased	51.8	137.5	27.7	25.0	15.0	6.0		28.7	13.0	20.9	17.0	28.9
	c. Import Bills & Imports					47.8	1.9	9.8	3.7	5.9	160.7	686.8	1215.7
6	**LOANS AGAINST COLLECTED BILLS**	**0.0**	**0.0**	**15.2**	**30.2**	**29.3**	**43.4**	**27.4**	**8.5**	**15.9**	**0.0**	**2.6**	**0.0**
	a. Against Domestic Bills								8.5	15.9	0.0	2.6	0.0
	b. Against Foreign Bills	0.0	0.0	15.2	30.2	29.3	43.4	27.4	0.0	0.0	0.0	0.0	0.0
7	**FIXED ASSETS**					**225.8**	**269.0**	**489.3**	**553.0**	**697.4**	**820.8**	**876.6**	**971.4**
8	**OTHER ASSETS**	**346.4**	**395.3**	**697.9**	**313.5**	**53.7**	**104.3**	**226.4**	**116.3**	**170.4**	**200.1**	**303.1**	**391.6**
	a. Accrued Interests	(5.5)	12.4	41.1	31.4	23.6	58.0	56.6	38.3	35.5	41.2	64.4	100.5
	Financial institution											44.6	0.0
	Govt. Entp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.4
	Private Sector	(5.5)	12.4	41.1	31.4	23.6	58.0	56.6	38.3	35.5	41.2	19.7	45.0
	b. Staff Loans / Adv.						0.0	29.9	32.3	44.2	56.0	64.4	80.8
	c. Sundry Debtors					17.4	26.0	126.7	7.9	48.3	44.2	47.4	52.1
	d. Cash In Transit					0.0	0.0	0.0	20.5	0.0	3.6	4.9	0.0
	e. Others	351.9	382.9	656.8	282.1	12.7	20.3	13.2	17.3	42.4	55.1	122.0	158.2
9	**Expenses not Written off**					**0.0**	**0.0**	**0.0**	**24.4**	**0.0**	**0.0**	**0.0**	**0.0**
10	**Non Banking Assets**					**24.0**	**7.3**	**3.6**	**0.5**	**0.0**	**0.0**	**0.0**	**3.9**
11	**Reconcillation Account**					**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
12	**Profit & Loss A/c**					**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	Total	**6528.8**	**6814.3**	**7965.6**	**9963.0**	**10246.0**	**12660.8**	**14997.5**	**18159.1**	**21009.3**	**24058.8**	**25582.1**	**29834.1**

Appendix-2

Components of Current Assets in Million

FY	Cash & Bank Balance	Money at Call	Govt. Securities	Loan & Advance	Total CA
2007/08	1440.4	72.7	2113.2	12692.9	16319.2
2008/09	2169.0	252.5	1745.0	14894.7	19061.2
2009/10	1792.4	932.0	2954.9	16847.1	22526.4
2010/11	1679.0	479.9	4002.1	17247.8	23408.8
2011/12	3382.7	518.6	5037.6	18064.1	27003.0

Components of Current Assets in Million

FY	Deposit	Bills Payable	Other Liabilities	Total CL
2007/08	15832.7	34.2	642.6	16509.5
2008/09	18083.9	34.6	522.9	18641.4
2009/10	20315.8	37.9	953.9	21307.6
2010/11	21018.4	21.6	1194.4	22234.4
2011/12	24991.4	29.1	1386.4	26406.9

Current Ratio

FY	CA	CL	Current Ratio
2007/08	16319.2	16509.5	0.99
2008/09	19061.2	18641.4	1.02
2009/10	22526.4	21307.6	1.06
2010/11	23408.8	22234.4	1.05
2011/12	27003	26406.9	1.02

Cash & Bank Balance to Total Deposit Ratio

FY	Cash & Bank	Total Deposit	Ratio
2007/08	1440.4	15832.7	0.09
2008/09	2169.0	18083.9	0.12
2009/10	1792.4	20315.8	0.09
2010/11	1679.0	21018.4	0.08
2011/12	3382.7	24991.4	0.14

Cash & Bank Balance to Current Assets Ratio

FY	Cash & Bank	Current Assets	Ratio
2007/08	1440.4	16319.2	0.09
2008/09	2169.0	19061.2	0.11
2009/10	1792.4	22526.4	0.08
2010/11	1679.0	23408.8	0.07
2011/12	3382.7	27003	0.13

Loan & Advance to Total Deposit Ratio

FY	Loan & Advance	Total Deposit	Ratio
2007/08	12692.9	15832.7	0.80
2008/09	14894.7	18083.9	0.82
2009/10	16847.1	20315.8	0.83
2010/11	17247.8	21018.4	0.82
2011/12	18064.1	24991.4	0.72

Loan & Advance to Fixed Deposit Ratio

FY	Loan & Advance	Fixed Deposit	Ratio
2007/08	12692.9	3703.1	3.43
2008/09	14894.7	4474.6	3.33
2009/10	16847.1	6383.6	2.64
2010/11	17247.8	7850.3	2.20
2011/12	18064.1	7646.3	2.36

Total Investment to Total Deposit Ratio

FY	Total Investment	Total Deposit	Ratio
2007/08	2113.2	15832.7	0.13
2008/09	1745.0	18083.9	0.10
2009/10	2954.9	20315.8	0.15
2010/11	4002.1	21018.4	0.19
2011/12	5037.6	24991.4	0.20

Total Debt to Net-Worth Ratio

FY	Total Debt	Net Worth	Ratio
2007/08	16132.7	982.0	16.43
2008/09	18383.9	1342.1	13.70
2009/10	20815.8	1741.6	11.95
2010/11	21683.3	2071.4	10.47
2011/12	25374.3	2435.2	10.42

Total Debt to Total Assets Ratio

FY	Total Debt	Total Assets	Ratio
2007/08	16132.7	18159.1	0.89
2008/09	18383.9	21009.3	0.88
2009/10	20815.8	24058.8	0.87
2010/11	21683.3	25582.1	0.85
2011/12	25374.3	29834.1	0.85

Total Assets to Net-Worth Ratio

FY	Total Asset	Net Worth	Ratio
2007/08	18159.1	982.0	18.49
2008/09	21009.3	1342.1	15.65
2009/10	24058.8	1741.6	13.81
2010/11	25582.1	2071.4	12.35
2011/12	29834.1	2435.2	12.25

Net Profit to Total Assets Ratio

FY	Net Profit	Total Assets	Ratio (%)
2007/08	367.6	18159.1	2.0243
2008/09	725.8	21009.3	3.4547
2009/10	509.6	24058.8	2.1181
2010/11	611.4	25582.1	2.3900
2011/12	609.0	29834.1	2.0413

Net Profit to Total Deposit Ratio

FY	Net Profit	Total Deposit	Ratio (%)
2007/08	367.6	15832.7	2.3218
2008/09	725.8	18083.9	4.0135
2009/10	509.6	20315.8	2.5084
2010/11	611.4	21018.4	2.9089
2011/12	609.0	24991.4	2.4368

Net Profit to Net-Worth (Shareholders Equity) Ratio

FY	Net Profit	Net Worth	Ratio (%)
2007/08	367.6	982.0	37.43
2008/09	725.8	1342.1	54.08
2009/10	509.6	1741.6	29.26
2010/11	611.4	2071.4	29.52
2011/12	609.0	2435.2	25.01

Interest Income to Loan and Advance Ratio

FY	Interest income	Loan & Advance	Ratio
2007/08	1136.51	12692.9	0.09
2008/09	1194.55	14894.7	0.08
2009/10	1688.08	16847.1	0.10
2010/11	2083.53	17247.8	0.12
2011/12	2169.49	18064.1	0.12

Return on Investment

FY	Net Profit	Total Investment	Ratio (%)
2007/08	367.6	2113.2	17.40
2008/09	725.8	1745.0	41.59
2009/10	509.6	2954.9	17.25
2010/11	611.4	4002.1	15.28
2011/12	609.0	5037.6	12.09

Earning Per Share

FY	Net Profit	No. of Shares	EPS (Rs.)
2007/08	367.6	6.031	60.95
2008/09	725.8	8.444	85.95
2009/10	509.6	11.822	43.11
2010/11	611.4	13.595	44.97
2011/12	609.0	16.042	37.96

Dividend per Share (DPS)

FY	Cash Dividend	No. of Shares	DPS
2007/08	367.6	6.031	60.95
2008/09	725.8	8.444	85.95
2009/10	509.6	11.822	43.11
2010/11	611.4	13.595	44.97
2011/12	609.0	16.042	37.96

Market Price per Share

FY	MPS in Rs.
2007/08	2350
2008/09	1825
2009/10	840
2010/11	570
2011/12	628

Price Earning Ratio

FY	**MPS**	**EPS**	**PE Ratio**
2007/08	2350	60.95	38.56
2008/09	1825	85.95	21.23
2009/10	840	43.11	19.49
2010/11	570	44.97	12.68
2011/12	628	37.96	16.54

otal Income

FY	Total Income
2007/08	863
2008/09	1115
2009/10	1338
2010/11	1535
2011/12	1538