



A STUDY OF FINANCIAL PERFORMANCE OF TIRUCHDUR CO-OPERATIVE URBAN BANK

P. Stanley David Pitchai

Assistant Professor in Commerce, Nazareth Margoschis college at Pillaiyanmanai, Nazareth.

Abstract

Financial statement is an organized collection of data according to logical and consistent procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show a position at a moment of time as in the case of a balance sheet, or may reveal a series of activities over a given period of time, as in the case of an income statement. On the basis of the information provided in the financial statement, management makes a review of the progress of the company and decides the future course of action.

Keywords: *Financial Statement, Financial Analysis, Tiruchendur Co-Operative Urban Bank.*

Introduction

Financial analysis is the process of identifying the financial strengths and weakness of the Properly establishes relationship between the items of the balance sheet and the profit and loss account financial analysis can be undertaken by management of the firm or by parties outside the firm, owner, creditors investors and other the nature of analysis will differ depending on the purpose of analysis..

According to Myers “Financial statement analysis is largely a study of the relationship among the various financial factors in a business as disclose by a single set of statement and a study of the trend of statements” The analysis of financial statement is a process of evaluation of relationship between component part of financial statement to obtain a bettered understanding of the firms position and performance, The first task of analysis is to select the relevant information for decision from financial statement. The second step involved in financial analysis is to arrange the information is such as way to highlight the significant relationship. The final step is interpretation and drawing on inferences and conclusions.

Statement of The Problem

Finance is the life blood for business institutions. This is because in the modern oriented economy, finance is one of the basis foundations of all kinds of economic activities. A study on financial performance is of major importance to internal and external analyst because of its close relationship with the current day to day operations of a business.

Major reasons for this are under utilization of capacity and inefficiency in the technical and financial management. So the researcher had selected this topic to give suggestion to the bank for its growth.

Objectives of The Study

1. To study the solvency position of the bank.
2. To analyze the position of current assets & Liabilities.
3. To analyze the credit worth of the bank.
4. To study the trend analysis for balance sheet.

Scope of The Study: Financial soundness can be analyzed by measuring the financial performance of the company.

Review of Literature

JON R.Presely (1992) In his research article titled “ The study on the financial performance of Risk management in banking industry” stated that risk management issues and its implication must be concentrated by the banking industry. From his study he concluded that there is a need for greater risk management in relation to more effective portfolio management and this requires a greater emphasis upon the nature of risk and return in bank asset structure, and greater diversification of assets in order spread and reduced the bank risks.

Stekler (1998) in his research article entitled “The Financial Performance of India Cements Ltd” analysed the financial performance for the year 1987-1997. The tool used by him was the profitability analysis, the short term financial position and long term solvency, and the financial statement analysis, the factors that influence the profitability of the concern, the real financial position. It was concluded that the financial position of the company was not steady, the company should increase the production and increase the profitability of the company. He found that the company inventories should be reduced to a minimum and reduce the over stock of finished good new marketing strategies were to be followed.

Hema Priya (1998) “ A study on financial analysis of M/S vijayalakshmi Engineering company” for a period of nine years from 1999-89 to 1996-97 with the objective of examining the solvency and profitability position to measure the efficiency and performance and to analyse the source and uses of the funds of the company. The study found that the solvency position was better in the year 1992 and during the last three years, the company had enjoyed better payment period from creditors.

Cherian Joseph (1998) conducted an article titled “ A study on financial performance of Textile in India” for a period of ten years from 1978-88. The objective of the study was to find the financial performance and utilization of working capital in textile mills. Around twenty mills were taken for study. The findings of the study were total investment in all selected textile unit showing increasing trend. The conclusion was it blocked amount of cash in current asset which was utilized at right time to purchase the inventory and shortage won't effect. The day-to-day product process increased the profit and reduced risk during 1978-87.

Research Design

The Research design used for this research is analytical in nature. The financial data collected from the company are used for analysis. Ratio analysis is a major tool in Data Analysis and interpretation.

Sources of Data: The study is completely based on secondary data.

Tools of Data Analysis

1. Ratio analysis.
2. Common size balance sheet.
3. Comparative balance sheet.
4. Trend analysis.

Company Profile

The Tiruhendur co-operative urban in Tuticorin District was established before independence. The bank was registered on 10th June 1919 and it commenced its business on 28th June 1919. It has its branch in Udahgudi. The branch was opened on 30th June 1993.

Major Findings

Ratio Analysis

1. The earning per share value increasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2013-2014 (56.16).
2. The cash deposit ratio shows the increasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2013-2012 (78.87).
3. The current ratio shows the decreasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2009-2010 (1.24).
4. The quick ratio shows the decreasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2009-2010 (1.14).
5. The fixed assets ratio shows the increasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2012-2013 (2.78).
6. The cash proprietary ratio shows the increasing trend. The calculated ratio for the tiruchendur co-operative urban bank is lower than the ratio and is high in the year 2012-2013 (0.13).

Comparative Statement

1. Deposits have increase to 21.87% recorded in the year 2012-13.
2. Current assets have increase to 14.37% in the year 2009-10.
3. Loans have increase to 22.77% in the year 2012-13.

Common Size Balance Sheet

1. The share capital shows the percentage of change from 2.41 to 1.47 percent. It indicates the decreasing trend.
2. The deposit shows a percentage of change from 59.02 to percent. It indicates the increasing trend.
3. The current assets show the percentage of change from 45.27 to 32.05 percent. It indicates the increasing trend.
4. The loans show the percentage of change from 54.25 to 67.02 percent. It indicates the increasing trend.
5. The assets shows the percentage of change from 0.48 to 0.37 percent. It indicates the increasing trend.



Trend Analysis

1. The current asset of the bank is increasing trend the estimated value current asset of for the year 2018 will be Rs.1,67,650.
2. The current liability of the bank is increasing trend. The estimated value current liability of the year 2018 will be Rs. 1,83,798.
3. The loans of the bank are increasing trend. The estimated value loans of the year 2018 will be Rs.4,27,445.

Suggestions

1. The bank may take effective steps to improve the level of profitability.
2. The most of the ratios are fluctuating during the study period. Hence the bank may take necessary step to improve their overall financial performance in the near future.
3. The bank maintains proper current assets which help to meet the customer withdrawals.
4. The bank made necessary step to reduce its current liabilities.
5. The bank has to motivate the employees to provide the best service to the customer.
6. The bank may try to collect the dues with in the current year.

Conclusion

The study the reveals financial performance of the bank for the last six years. The study shows that the overall financial performance of the bank is satisfactory. The overall success of a bank depends upon its financial performance. So tiruchendur co-operative urban bank has to take appropriate measures to further improve its financial performance.