Chapter-I

Introduction and Design of the Study
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Introduction of the study

Financial statements are prepared primarily for decision-making. They play a dominant role in setting the framework of managerial decisions. But the information provided in the financial statements is not an end in itself as no meaningful conclusions can be drawn from these statements alone. However, the information provided in the financial statement is of immense use in making decisions through analysis and interpretation of financial statements. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationship between the items of the balance sheet and the profit and loss account. Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set-of statements, and a study of the trend of these factors as shown in a series of statements.

Topic of the study

“A STUDY ON FINANCIAL STATEMENT ANALYSIS OF LAKSHMI VILAS BANK LTD” DURING THE YEAR 2001-2006
Objectives of the study

- To understand the theoretical aspects of Financial statement Analysis.
- To measure the financial position of Lakshmi Vilas Bank Ltd.
- To analysis the liquidity position of the Lakshmi Vilas Bank Ltd.
- To evaluate the profitability position of Lakshmi Vilas Bank Ltd.
- To make an effective suggestion based on the research study.

Period of the study

The study period covered for this dissertation work is Five years (2001-02 to 2005-06) of Lakshmi Vilas Bank Ltd.

Hypothesis of the study

The study is based on the statements of account for the previous years. The current trends may slightly affect due to changes in the financial flexibilities.

The external factors such as fiscal policy, bank rate government policies etc., are as applicable in the previous years for current trends and their impact is to be professionally changed.

Scope of the study

The study is exclusively conducted for the Lakshmi Vilas Bank Ltd for five financial years. The trends indicated may differ from year to year as the pattern of investments, borrowings etc., and change. The
study becomes more meaningful only if it covers a longer period of ten or more years which is beyond the scope of this Dissertation work.

Methodology

Methodology is the primary part of the research work. This area could concentrate on the sources, which are available to collect data and how the collected data’s are arranged, and what kind of statistical tools and techniques have been used to analyse and interpret the collected data’s and compare the result with actually developed hypothesis.

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. Infact, research is an art of scientific investigation.

Data Collection

Datas may be divided into two major parts such as primary data and secondary data.

Primary data

The primary data are those, which are collected afresh and for the first time and thus happen to be original in character. Under this some of the important methods are observation method, interview method, through questionnaires, and through schedules.
Secondary data

The secondary data, on the other hand, are those which have already been collected by some one else and which have already been passed through the statistical process. Usually published data are available in

a. Various publications of the central, state or local governments;

b Various publications of foreign governments or of international bodies and their subsidiary organizations;

c Technical and trade journals;

d Books, magazines and newspapers;

e Reports and publications of various associations connected with business and industry, banks, stock exchanges etc.,

f Reports prepared by research scholars, universities, economists, etc, in different fields; and

g Public records and statistics, historical documents, and other sources of published information.

The sources of unpublished data's are many; they may be found in diaries, letters, unpublished biographies and auto biographies and also may be available with scholars and research workers, trade associations, labour bureaus and other public/private individuals and organizations.
Tools Used
Some of the statistical tools are used in this project work for analysis and discussion;

- Tabulation
- Ratio analysis
- Statistical techniques etc.,

Formula used for calculation:

\[
\text{Mean} = \frac{\sum X}{N}
\]

Standard Deviation \(\sigma = \sqrt{\frac{\sum x^2}{N} - \left(\frac{\sum x^2}{N}\right)^2}\)

Co-efficient of Variation \(= \sigma^2\)

Limitations of the study
This Dissertation consists of the following major limitations

The study period is only five years i.e. (2001-2002-2005-2006)

- This dissertation prepared for the partial fulfilment of the course, so it covers only the theoretical concept of the subject.
- Analysis and discussion are based on the available data and the knowledge of the student.
- This dissertation report prepared based on the secondary data like annual report, financial statement so it has some limitation.
- The uses of statistics are very limited in this dissertation work.
Arrangement of the chapter

Arrangement of the chapter is one of the important tasks of the any project report work. This project report has been arranged and divided into the following chapters.

- First chapter deals with Introduction and Design of the Study.
- Second chapter consists of Financial Statement Analysis of the Study.
- Third chapter attempt to Review of Literature
- Fourth chapter covers the Profile of the Study
- Fifth chapter reveals that Analysis and Discussion of the Study.
- Sixth chapter consists of the Findings, Suggestions, and Conclusions of the Research Study.