CHAPTER ONE

1.0 INTRODUCTION

The central bank of Nigeria is a federal government bank. It is referred to as the father of all banks into country as it is responsible for issuing currencies and regulating the country's monetary bank.

The Nigeria's deposit money banks are controlled by the central bank through its clearing houses. The system by which inter-bank indebtedness is settled. There are twenty one (21) banks in Nigeria with deposit money banks accounting for more than half of the numbers, although commercial banks in Nigeria carryout other banking functions they concentrate mostly on deposit banking.

The management of fund in deposit money banks with particular reference to union bank of Nigeria Plc is the topic vein in project. The makeup of the firms, capital structure, the management of fund, motives of holding money, the firm's financial to outsiders and its operation are the subject matter of the view.

1.1 STATEMENT OF THE RESEARCH PROBLEMs

In this era of bank distress, management of fund has been a matter of concern to banks, government and customer alike. T he language of business is money and banks are the custodial of money.

Based on these parlances, it will not be out of time to conduct a researc h on fund managements in commercial banks using union bank plc as a case study.

1.2 RESEARCH QUESTIONS

The project work is intended to review the management of funds of co mmercial banks with particular reference to union bank of Nigeria Plc, Ilorin. A s a result of this, the following questions arise;

1. What are the banks source and application of fund?

2. What constitute the bank's capital structure?

3. How does the bank manage its cash?

4. What are the functions of the banks regarding cash management?

5. What is the economic importance of the bank?

6. What are the other kinds of service rendered by the bank?

7. What are effects of environmental and structural changes to?

1.3 OBJECTIVES OF THE STUDY

The aims and objectives of the study areas follow;

a. To define the term “fund management”.

b. To identify the various function **of** deposit money banks.

c. To critically examine fund management in commercial banks.

d. To appraise the problem encountered by bank in the management of its fun

d.

e. To ascertain roles of commercial banks in business development.

f. To make recommendation as to how commercial banks can manage its fun

ds prudently.

1.4 RESEARCH HYPOTHESIS

The following three hypotheses were tested in the study;

Ho: Null hypothesis

Hi: alternative hypothesis

Ho: management of fund does not affects money deposit bank

Hi: management of fund affects money deposit bank

Ho: Deposit money bank does not perform any other services apart from deposit

Hi: Deposit money bank performs any other services apart from deposit

Ho: fund management does not improve the activities of money deposit bank

Hi: fund management improves the activities of money deposit bank

1.5 SIGNIFICANCE OF THE STUDY

The significance of the study is to carry out an in-depth investigation into the fund management in Nigeria commercial banks using union bank of Nigeria plc Ilorin, as a case study. The study also covers cash management.

1.6 SCOPE AND LIMITATIONS OF THE STUDY

It is very necessary to define the scope of this study especially the stud y centre around, which involves:

1. Union Bank of Nigeria Plc.
2. Analysis of fund management in Nigeria deposit money banks, Union Bank of Nigeria as the case study.

1.7 DEFINITION OF TERMS

1. **MANAGEMENT:** This term is used here in relation to find. It include the process of safe-guarding cash, controlling cash and marketable securities, for cashing cash requirement as well as appraisal of investment opportunities for cash and research items towards generating more profit.
2. **CASH:** Defined as money or legal tender that constitute negotiable instrument which could be used to settle any contractual obligation and can be used to interchangeable.
3. **CHEQUE:** Cheque is an unconditional order in written, where by a person instruct his bankers to pay on demand a stated sum of money from his current account to a names person.
4. **LIQUIDITY:** This is the nearness to cash of assets, it is the state of bein

g able to raise fund easily by selling off the assets of a company.

5. **FLOAT TIME:** This is the length of time necessary for a cheque to make its way from the issuer to the payer back, the clearing process until the cheque is charge against the issuing account.

6. **SOLVENCY:** This is the ability to meet debt payment on due dates by ha ving money available in form of cash.

7. **OVERDRAFT:** This is the amount granted to a customer.

8. **BANK DRAFT:** These are bill of exchange drawn by one banker to anoth er, they form a convenient means of remitting money.

9. **OVERDRAFT:** This is amount granted to a customer by the bank to the customer drawn more than what is inside his account.

10. **BILL OF EXCHANGE:** It is an unconditional order in writing, addressed b y one person to another, signed by the person giving it, requiring the per son to whom it is addressed to pay on demand or at a fixed or determin able future time, a sum certain in money to or the order of a specified p erson.

11. **DORMANT ACCOUNT:** This is an account which has not be operating f or long (one year and above), no operation will be allow on it including payment interest until it is reactivated with an explanation to the bank b y the customer.

12. **CERTIFIED CHEQUE:** This is a cheque issued by the bank to the custom er on demand with the word "certified" payment of the cheque is certai n.

13. **MAIL TELEGRAM TRANSFERS:** These means remitting fund from one bank to another in different location.

14. **BANKER'S PAYMENT:** This is an instrument used to settle interbank pa yments within the same clearing town. It is usually presented througho ut clearing houses.

15. **FUND:** The term fund can be define in three ways, it may means;

a. Cash

b. Working capital (difference between current assets and current liability.

c. Finance resources (arising from both current and non-current assets).

1.8 PLAN OF THE STUDY OR ORGANIZATIONS OF THE STUDY

The plan of the study is divided in five chapters.

Chapter one is the introduction, which contain background, statement of problems, research questions, objectives of the study, definition of cash management, meaning of fund.

Chapter two deals with the literature review which contains definition of cash management, meaning of fund management, function of commercial banks, facet of cash management, cash planning, cash budget, cash flow statement, cash balance required and limitation to credit creation.

Chapter three is research methodology which contains historical profile of union bank plc, Ilorin, data analysis, population and sample size and sampling techniques, method of data analysis, data specification, and limitation to methodology.

Chapter four is data presentation and analysis.

Chapter five consists of the summary, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK

Cash is the most important current assets for the operation of the bank as it is basic input needed to keep the business moving. It is also the ultimate output expected to be realized by selling bank services.

Therefore, cash can be defined as money or legal tender that constitute negotiable instrument which could be used to settle any contractual obligatio n. Fund and cash can be used to interchangeable.

And, management can be defined as the process or act of getting thing s done through people in a effective and efficient manner.

Hence, according to "Raymond and Robert" Schulte. They define cash management as the firm disburses immediately without any restriction cash management also serves as a means of minimizing the firm idle cash balance s.

The term cash include coins, currency note and cheque holds by the ba nk and the bank account of a customer. However, near cash in items such as marketable securities or short term deposit are also considerable as cash, bec ause they can readily be converted into cash.

MEANING OF FUND MANAGEMENT

Fund management is the process of managing balances sheet and off balance sheet instrument to maximize and the spread between interests earne d and paid.

Fund management may also refer to all firms of institutional investmen t management for private investors. Investment managers who specialize in a dvisory or discretionary management on behalf of private investors may often refer to their serves a wealth management or part folio management often wit hin the context of so called “private banking”.

Nowadays, union bank plc, Ilorin, manages the cash affairs in such a w ay as to keep cash balance at a minimum level. The importance of cash mana gement is obvious as its difficult to predict cash flows accurately and that ther e is no perfect confidence between inflow and outflows of cash.

CASH PLANNING

Cash planning refers to the process of identifying the major expenditures in future (both short term and long term) and making planned investment so that the required amount is accumulated within the required time frame. It also refers to the inflow and outflow of money.

According to Oyebanji I.A (2005), cash flow is inseparable parts of business operation of all banks. The banks need cash to invest in leans, overdraft and make payment for operating expenses. A firm cash flow is perfectly matched by its cash outflows, and then need for cash forecasts might be less. However most firm find that such cash inflows and outflows of cash in the bank. The flow of fund follows certain trends, weekly, monthly, and yearly.

In a work, cash is withdrawn from the bank mostly on Mondays and Fridays customers withdraw money to be spent over weekend on Fridays and come on Mondays to withdraw again to replenish spent. During the month, the banks need more cash to satisfy its customer of month end.

However, more moneys needed at the end of the year particularly Dece mber.

Cash planning is a technique of planning and controlling to used cash planning protects the financial position of the bank by developing a projected cash statement from a forecast of expected cash of inflows and outflows for a given period. The forecast is based on the present operations and sometime s on anticipated future operation.

CASH BUDGET

A cash budget can be defined as a statement of estimated receipts and disbursement of cash for a particular period.

According to Oyebanji I.A (2005), the cash budget is most significant de vice the bank use to plan and control the cash receive and payment. It is a su mmary statement of the firms expected cash inflows and outflow over a proje cted period of time. It helps the manager and the accountant to determine the future cash needs of the bank, plan for the financing of those needs and exerc ise control over the cash and liquidity of the firm.

The cash budget should extend over the cash and same period as the master budget and for control purposed; it should be analyze to show quarterl y or monthly, the flow of cash.

The cash budget offers the following advantages;

a. It helps to determine operating cash requirement.

b. It reveals the need for additional cash requirement in goods time.

c. It helps to anticipate short time financing.

d. It helps to manage money market investment.

e. It shows whether capital expenditure project can be financially internally.

The bank has been very successful in their forecast as evident from the fact that they hardly run short of cash ahs an account and returns are made m onthly for these accounts. The account is “control account” for management s upervision, through the ways management keep a class control over the expen ses of account.

FACTS OF CASH MANAGEMENT

In view of the current: Inflatory trend and the changing economic structure, the need for proper cash (fund) and current assets management become eminent. The objective of cash (fund) in management is that cash inflows are available in the right amount and at the right time to meet cash outflows.

Among various pronouncement and innovations in cash management is that of the vice precedents of an America consoling firm. It say s that "sample evidence exist that the chief executive office chair is being filled increasingly by individual who either have followed a formal financial carrier path or divided their corporate experience between financial and general managerial management practice, current about a quarter of all chief executive in that country have predominant financial management basic ground".

Kellin Elbury, a member of association of international accountant said that "the objective of cash management is to ensure that cash inflows are available in the right amount and at the right time to meet cash outflows". The development of charges that have taken place in the cash position over specified accounting periods and for providing the knowledge that can be applied to fut ure projection of cash flow that will be needed to attain the objective that have been laid down.

Regarding the intermittent period of recession and continuous inflation, increase corporate debts and decision making relating to the business environ ment, the financial manager has a challenging task ahead, the financial execu tive will need to view his position in a fundamentally new way. It can no longer afford to view himself only as a controller treasure. There are two popular for ms of bank lending in the present day banking services in Nigeria, namely; loa n and overdraft, other forms include, discounting trade bills or investing inequ ality stock, impended in his book was the view that “the basic goal of credit m anagement is to maximize the value of the firm by achieving a trade-off betwe en liquidity and profitability”. He said “the firm should manage its credit in suc h a way that sales are expended to an extent to which remain without accepta ble limits.

However, to achieve these objectives of maximizing the value of the fir m, they should manage its advance so as to:

a. Obtain optimum (not maximum) cash.

b. Control the cost of credit to keep it at a minimum and

c. Maintain investment in receiving (debtors and optimum level).

It is evident that cash management is highly important in the managem ent of a company and this should be pursed with every vigor to avoid, not just lack of growth but also the embarrassing problem of involving.

FUNCTIONS OF DEPOSIT MONEY BANK

The chief function of the deposit money bank is the provision of the co untry's main payment mechanism which involves accepting money for safe ke eping, providing loans and over draft and providing facilities for the transfer of money.

1. Money for safe keeping

a. CURRENT ACCOUNT: This account is opened with the sue of cheque withdr aw of money and transfers could be made on demand with a previous notice. Deposits on current account makes up approximately 10% of deposit.

Prior to January 2006, this account do not yield interests as owners wer e required to pay bank charges, but with the new government guidelines, bank new pay little interest of about 1.8% on current account credit balance.

b. SAVING ACCOUNT: Account is operate with the use of pass book, theoretic ally, it requires notice before withdrawals can be made as from bank to bank a nd time to time, the current rate at union bank generally is 12.8%.

c. DEPOSIT ACCOUNT: Hence, deposit are made for a specified period of time, such deposit are usually made by firms, government and corporation as well a s individuals, customer must give notice before withdraw is made, there is a hi gher rate of interest and it increase with the length of time it is kept. The time v aries between three (3) month six (6) months one year.

2. Providing Loans and Overdrafts: Since all deposit are withdraw at the same time, the bank lends out some money to prospective customer who wish to bor row for investments and other purposes.

3. Transfer of Money: Bank transfer value (money) from one place to another both inside and outside the country, this is done through standing orders, teleg raph, transfer, credit cerols, draft issuance and direct debiting, payment are ma de on behalf of customer for goods purchased abroad and issuance of travelers' cheque.

4. Other Service: Union bank plc, Ilorin provide facilities for keeping valuable such as certificates, jewelries and t=other documents, they also provider night safe facilities which enable traders to deposit all their money for the day's sales.

Furthermore, with recent development of services department in almost all commercial bank, customers are advised on how to manage their business.

LIMITATION TO CREDIT CREATION

Like any other commercial banks, the ability of union bank plc Ilorin to create credit depends on some of the following factors;

a. THE LIQUIDITY RATIO: Banks are expected to keep a percentage of their assets in cash to meet the public demand. If the ratio at which assets are be kept in high cash dictated by experienced or legal consideration, the money creating power of the bank will be limited.

b. THE POSSIBILITY OF CASH BRIN TO OTHER BANK: An individual bank ability to grant credit to customers depends largely on the willingness of other banks to do the same. If other banks are not prepared to grant loans, to do the same. If other banks are not prepared to grant loans, then an individual banks lending ability will be limited since money lent will find its way into other banks, thereby draining such an individual banks reserve.

c. THE COLLATERAL SECURITY AVAILABLE: Before loans can be granted, banks usually ask for some assets to serve as collateral security so that in case of default such assets could be cold and the amount realized is used to cover the loan.

At anytime, the amount of security available may limit bank's lending since lending is not possible in the absence of collateral security.

d. THE MONETARY AUTHORITIES ACTION: The central banks has a number of measure that include adjusting the bank ratio, open market operation, direct control, special deposits etc.

e. GOVERNMENT LEGISLATION: The withdraw of government account restrict commercial bank ability to create credit.

This is so, because government keeps deposit with commercial banks and the deposit constitute part of the loans and advances given to their customer, with the government directive to withdraw its account from commercial banks to be central banks, it is speculated that most bank will not be able to give sufficient credit to customer nor can they meet their opportunity cost.

2.2 THEORETICAL REVIEW

In evaluating performance of Banks there are some basic indicators that can be used such as the use of ratios and trend analysis, capital adequacy, asset quality earnings and liquidity.

This work is anchored on four basic under mentioned theories discussed below:

1. Bank liquidity Theory

2. Bank Capital Adequacy Theory

3. Bank Asset Quality and earnings Theory

4. Financial Ratios Analysis Theory

THEORIES OF BANK LIQUIDITY

Wood (1967), Nwankwo (1991), identified five theories of Bank liquidity: namely the liquid assets theory, the Commercial bills theory, the Shiftability theory, and the anticipated income and liability management theories.

COMMERCIAL LOAN THEORY

According to Nzotta (2004), and Nwankwo (1991) this theory is also known as the real bills doctrine. It states that bank funds should principally be invested in short term, self-liquidation loans for working capital purposes, usually confined to financing the movement of goods through the successive states of production Cycle-production, transportation, storage, distribution and consumption.

SHIFTABILITY THEORY

Nwankwo (1990) held that shiftability doctrine emphasizes the shiftability, transferability or marketability of bank assets as a more appropriate guide or criterion for investing bank funds.

ANTICIPATED INCOME THEORY

This emphasized the earnings power and credit worthiness of the borrower as the ultimate guarantee for earning adequate liquidity-Nzotta (2004).

LIABILITY MANAGEMENT THEORY

According to Nzotta (2004), this focuses on the liability side of the balance sheet for supplemental liquidity. The theory argues that since large banks can buy all the funds they need, there is no need to store liquidity on the asset side of the balance sheet.

BANK CAPITAL ADEQUACY THEORY

Banks like other Companies require Capital to function effectively. Banks are usually highly regulated and carry more highly risky assets and liabilities. The issue of what constitute adequate capital is a fact of long historical debate.

According to Nzotta (2004), Bank capital is the equity value of a bank equated to the present value of its future net earnings. Generally, it represents the owner's net worth in a bank and would include the paid in capital and all additions to the capital resources of the bank.

COMPOSITION OF BANK CAPITAL FUNDS

According to Nzotta (2004), the sources of Bank Capital funds could be classified into two:

1. Primary Capital (First Tier Capital) – This Consists Of

i) Paid-up Share capital

ii) General/Revenue Reserve

iii) Statutory Reserves

2. Secondary (Tier 2 Capital) – This Consists Of:

i) Undisclosed Reserves

ii) General Provisions or General loan loss reserves

iii) Assets Revaluation Reserves

iv) Share Premium Reserves

v) Hybrid Capital

vi) Subordinated Debt (Debentures)

MEASUREMENT OF BANK CAPITAL ADEQUACY

Capital adequacy is measured as a ratio of certain key balance sheet it ems such as; a) Total Capital/Total deposit (b) Total Capital to risk adjusted Assets. This is in recognition of the fact that capital funds provides cushion for losses arising from the risk in banking (c) Total Capital to total loans and advances (d) Total deposit to total long-term borrowings (e) primary capital to total capital. (f) Primary capital to dividend (g) Dividend to profit after tax. (h) Total capital to fixed asset.

MANAGEMENT OF CAPITAL ADEQUACY PROBLEMS

Capital adequacy challenges may be resolved by banks through the following ways:

i) Issuance of more Shares -

ii) Disposal of Fixed Assets

iii) Retained Earnings

iv) Sale and Lease Back Arrangement

ASSET QUALITY THEORY

Onoh (2002) was of the view that the quality of assets should constitute a major determinant of a bank capital adequacy and not the ratio of capital f unds or shareholder's funds to deposit liabilities. The quality of assets should determine the degree of solvency or insolvency of a Bank. Onoh, maintained th at the quality of assets held in a bank's portfolio is one of the indices for asse ssing the earning capacity of a bank and its relative liquidity position. A low ra tio indicates high quality bank's assets portfolio while a high ratio indicates lo w quality asset portfolio.

Loan-Loss Ratio = Classified Loans and Advances

Total Portfolio

FINANCIAL RATIO

Financial ratio is the relationship between two accounting figures. It inv olves the analysis of financial statement of firms. (Reed et al,1980) Nzotta (2 004), identified four types of ratios used in financial analysis:

1. Liquidity Ratios: This measures the ability of the entity to maintain enough cash to meet immediate cash requirements, especially the payment of short-te rm obligations. This can be measured through:

Current Ratio = Current Assets/Current Liabilities

Acid Test Ratio = (Current Assets – Stocks)/Current Liabilities

2. Asset Utilization Ratios: These ratios measure the extent to which the entity has been able to use its assets to generate sales and income. They are also called activity ratios. Examples includes inventory turnover ratio, total assets turn over ratio, Average collection period etc.

3. Debt Ratios: These ratios deal with a company's long-term liquidity position. It measures the ability of a company to meet its long-term obligations as they fall due. This includes Debt/Equity ratio, Debt/Capitalization ratio, debt/total assets ratio.

4. Profitability Ratios: This set of ratios measure the profitability of the company. It measures the overall efficiency of the entity's management.

2.3 EMPIRICAL REVIEW

Financial Performance of the banking sector is a major subject that has received much attention in recent years. Many studies have evaluated the financial Performance of banks under various structural Equation approach using multiple indicator, multiple cause (MIMIC) variable model. The researchers dis covered that only Liquidity in both Public and Private Bank has significant relationship with Bank Performance.

Osuka and Osadume (2013), researched on the determinants of Financial Performance of selected money deposit banks in Nigeria between 2001 and 2010 using SPSS regression method. Their findings showed that capital adequacy, Asset quality and Employee motivation had significant relationship with Financial Performance.

Aremu et al (2013) investigated the determinants of bank's profitability in a developing economy using annual time series data spanning 1980 through 2010 by relying on co-integration and error correction methodology. They concluded from the studies that Capital Adequacy through Equity-to-Total Assets ratio significantly had a negative effect on bank's Profitability both in the long run and in the short run in Nigeria.

Mengistu (2015), Evaluated the Financial Performance of the banking sector in Ethiopia using one bank study covering 2009 to 2014 and used financial ratios and descriptive statistical Analysis. The researcher discovered that Pr ofit earnings and Asset Quality alone significantly affected Financial Perform ance of Banks.

The above referenced research work presents empirical gaps which forms the motivation for this work, and includes;

1. The works consulted so far focused on only short term relationships that af fect Financial Performance; and to the best of the researcher's knowledge n o long run relationship was tested. Aremu et al (2013) that attempted this o nly looked at Capital Adequacy, which is considered insufficient for a robus t evaluation of this nature. Hence in this study, we shall consider Capital Ad equacy, Assets Quality and Liquidity as Independent variables of study.

2. The results obtained on the variable relationships in most cases, were neith er consistent nor conclusive.

3. A causal relationship was not established between the dependent and the in dependent variables. The motivation to fill above gaps necessitated this st udy - To determine a generally acceptable basis for evaluating the Financia l Performance of deposit money banks following the shortcomings of singl e Profitability evaluation method.

operating parameters. It is generally agreed that better quality management of resources is the main factor contributing to bank performance, as evidenced by numerous studies that have focused on the U.S. banking system (De Young and Rice, 2004; Stiroh and Rumble, 2006; Bhuyan and Williams, 2006; Hirtle and Stiroh, 2007) and the banking systems in the Western and developed countries (Ho and Tripe, 2002; Williams, 2003; Pasiouras and Kosmidou, 2007; Kosmidou et al, 2007; Kosmidou and Zopoundis, 2008; Athanasoglou et al, 2007; Albertazzi and Gambacorta, 2008).

By contrast, fewer studies have examined bank Performance in developing economies. Hempel and Simonson (1999), investigated on the Financial Performance and management efficiency of Banks in Taiwan using ROA. From their findings, they concluded that profitability measured using ROA had significant relationship with Financial Performance of banks.

Guru et al (2002) investigated the determinants of bank Profitability in Malaysia. They used a sample of 17 commercial banks during the 1986 to 19

95 period. The profitability determinants were divided into two main categorie s, namely the internal determinants (liquidity, capital adequacy and expense m anagement) and the external determinants (ownership, firm size and economi c conditions). The findings revealed that efficient expenses management was one of the most significant in explaining high bank Profitability.

Chantapong (2005) investigated the performance of domestic and forei gn banks in Thailand during the period 1995 to 2000. All banks were found to have reduced their credit exposure during the crisis years and have gradually i mproved their profitability during the post-crisis years. The results indicate tha t foreign bank profitability is higher than the average profitability of domestic banks although importantly, in the post-crisis period, the gap between foreign and domestic bank profitability has closed, suggesting that the financial restr ucturing program has yielded some positive results.

Ahmed and Hassan (2007), studied the impact of Asset quality, Capital ratios, Operational ratios and Liquidity ratios on Financial Performance of Isla mic Banks in the middle East between 1994 and 2001. Their findings revealed that Capital Adequacy and Liquidity had significant impact on the Financial Performance of Islamic Banks.

Kumbirai and Webb (2010), investigated the use of ratios in determining the Financial Performance of banks in South Africa between 2005 and 2009. The research work revealed that Profitability (measured by ROA and ROE) had significant relationship with Financial Performance. However, that liquidity and Asset Quality does not have significant relationship with Financial Performance.

Dufera (2010), investigated the Financial Performance of the first private commercial bank in Ethiopia between 2003 and 2009 using liquidity, profitability, credit risk, solvency and efficiency employing financial ratios method. The researcher compared results with industry averages and findings revealed that of all the variables, only profitability had a significant relationship with Financial Performance.

Chaudhuri and Chowdhury (2012), Investigated on Financial Performance Evaluation-A structural Equation approach using multiple indicator, multiple cause

(MIMIC) variable model. The researchers discovered that only Liquidity in both Public and Private Bank has significant relationship with Bank Performance.

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2. The results obtained on the variable relationships in most cases, were neither consistent nor conclusive.

3. A causal relationship was not established between the dependent and the independent variables. The motivation to fill above gaps necessitated this study - To determine a generally acceptable basis for evaluating the Financial Performance of deposit money banks following the shortcomings of singl e Profitability evaluation method.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research is the process of arising at dependable solution to problems through planned and systematic collection, analysis and interpretation of data (Osuda1992), Bank deals with cash and non cash equivalent as their principle commonly of trade. These commodities of trade are highly volatility and susceptible to various devices and manipulation aimed at defrauding them. In view of this, research work concentrates on Analysis of fund management in Nigeria deposit money banks.

3.2 RESEARCH DESIGN

Data obtained from the study include those on saving liabilities, profit before tax, and profit after tax, gross earning etc.

3.3 POPULATION OF THE STUDY

The target populations of this study are based on the number of people working in the bank which is thirty (30) and sample size is twenty (20).

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUE

Random sampling was used in selecting respondents for this study whi ch affords are equal chances to choose a respondent for the study without an y bias or favour.

3.5 METHOD OF DATA COLLECTION

We have two method of data collection i.e primary and secondary meth od but secondary method are used mostly in carrying out this project.

3.6 METHOD OF DATA ANALYSIS

The basic statistic method employ in analyzing data in this study is pre sentation of tables in simple percentage and also cash flow statement in anal yzing the management of funds of the bank.

3.7 LIMITATION TO METHODOLOGY

In this process of conducting this project work, the following problems were encountered;

i. Luke warm attribute from respondents as they treat all information.

ii. Embarrassment during the conducting or collecting information from the wo rks of union bank.

iii. Pressure of work for the workers of union bank.

3.7 HISTORICAL PROFILE OF UNION BANK PLC

Union bank of Nigeria plc was established in 1917 as a colonial bank w ith its first branch in Lagos. In 1925 Barclays bank acquired the colonial bank, which results in the change of the bank's name to Barclays bank (dominion, co lonial and overseas). Following the enactment of the companies' act 1968 and legal requirement for all foreign subsidiaries to be incorporated locally, Barclay s bank (DCO) in 1969 was incorporated as Barclays bank of Nigeria limited. T he ownership structure of Barclays bank remained unchanged until 1971 whe n 8.33% of the same year, the bank was listed on the Nigeria stock exchange.

As a result of this Nigeria enterprises promotion Act of 1972, the federal government of Nigeria acquired 51.6% of the banks share which left Barclays bank plc, London with only 40% by the enactment of the enactment of the 197

2 and 1977 Nigeria enterprise promotion Barclays bank international disposed it shareholding to Nigerians in 1979 to reflect the new ownership structure and in complain with the companies and allied matters act of 1990, it assumed the name union bank of Nigeria plc.

In consonance with the government programs of privatization and com mercialization of public enterprise, the federal government in 1993 sold its sha res in union bank to private individuals. Thus, union bank become fully owned by Nigerian citizen and organizations.

In line with the central bank of nigeria's banking sector consolidation po licy, union bank of Nigeria plc acquired the formal universal trust bank plc and broad bank ltd and absorbed its erst while subsidiary union merchant bank ltd. The bank also increased its shareholder funds through a public offer/right iss ue in the last quarter of 2005 with these development, union bank remaining o ne of the most capitalized bank in Nigeria. It has a shareholders fund of ₦119. 160billion and operates through 379 networks of branches that are well sprea d across the country, all of which are online real time.

Today, the bank is a leading regional bank in sub-Saharan agric in terms of its diverse investment across the globs. It glance at the bank's financial summary reveals its solidity. As at 31st December 2010, the banks gross earning was ₦113.961billions, profit after tax was ₦118.016 billion and total asset was ₦845.231billion.

The banks management is headed by Mrs. Funke Osibodu as the group managing director/chief executives.

CHAPTER FOUR

DATA PRESENTATION, DATA ANALYSIS AND DATA INTERPRETATION

4.1 DATA PRESENTATION

The present trend of economic hardship in the name of Structural Adjustment Programme (SAP), Foreign Exchange Market (FEM), debt rescheduling and conversion have brought with them some liquidity problems which need careful attention it is therefore more important now than ever before to manage cash.

CASH FLOW STATEMENTS

Cash flow is the movement of money into or out of a business, project or financial product. According to Oyebanji, L.A, once the cash budget has been prepare and appropriate cash flow is established, the branch manager and accountant always ensure that there does not exist a significant deviation between projected cash flow and actual cash flow.

Cash flow statement are useful to management because they drawn a picture of the cash transaction of the period considered.