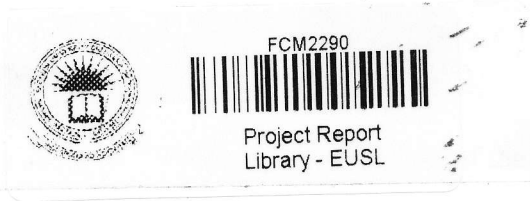


**IMPACT OF LIQUIDITY MANAGEMENT ON THE  
PROFITABILITY OF LISTED COMPANIES IN THE FINANCE  
SECTOR IN SRI LANKA**



By

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## ABSTRACT

Profitability and liquidity are the most prominent issues in the corporate finance literature. The ultimate goal for any firm is to maximize profitability. However, too much attention on profitability may lead the firm into a pitfall by diluting the liquidity position of the organization. In this way, the present study is initiated to find the relationship between liquidity and profitability. The study covered thirty listed companies which were selected from finance sectors in Colombo Stock Exchange over the period of five years from 2013 to 2018. Liquidity was measured by using current ratio, cash ratio and interval measure ratio and profitability was measured by using return on assets. Descriptive analysis, correlation analysis and regression analysis were used in analysis and finding suggests that there is significant and weak negative relationship between liquidity and profitability of selected finance companies in CSE and companies. However, the findings of this research are based on a study conducted on the selected companies from finance sectors. Hence, the results are not generalizable to companies in other sectors. The finding is more useful to financial managers of companies for taking sound decisions on proper tradeoff between liquidity and profitability.

**Keywords:** liquidity, profitability, finance sector

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