

**THE IMPACT OF LIQUIDITY ON FIRM'S
PRROFITABILITY.**

**(WITH SPECIAL REFERENCE TO THE SELECTED THIRTY
COMPANIES LISTED IN THE CSE)**

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ABSTRACT

This research is “The Impact of Liquidity on Firm’s Profitability.” (with special reference to the selected Thirty companies listed in the CSE). Both at the sector level and the macro level based on the sample of Thirty companies listed in the Colombo Stock Exchange representing ten sectors.

Data for this study is the Current Ratio and Return On Assets (ROA) Ratio for a period of five year,2007-2011.

Correlation Analysis and Regression were used to analyze the data to evaluate the relationship between firm liquidity and its profitability.

The finding of this research is there is no significance impact of firm’s liquidity on its profitability in Sri Lankan listed Companies.