SA0254-Accounting for Manager-CP2

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ACCOUNTING FOR MANAGERS

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Executive Summary

Part A

Introduction

ACOUSTECH BHD and ADVANCE SYNERGY BHD are two companies operating in Malaysia under consumer products and services listed at Bursa. Processing optimum financial output has become a critical challenge for these companies due to the recent outbreak of pandemic in this nation. Nonetheless, developing suitable measures could have averted this financial downfall of these companies. Substantially, an appropriate measure is being developed further for the company with lowest financial outcome in the region.

Discussion

Company Background

ACOUSTECH BHD manufactures consumer industry-based products in Malaysia with its audio, chemical, and electrical equipment segments of business. Products like LCD and LED Television Speaker Driver, Voice Coil in Audio, Chemical paints, and water dispensers are manufactured by this company (ACOUSTECH BHD, 2021). Simultaneously, this organisation or company has gained a net profit of RM 788,628 in 2019 that escalated to be RM 1,390,264 in 2020. On the contrary, net income range of this company has declined from RM 2,690,295 in 2019 to RM 1,367,514 in 2020. As denote by Apostolou *et al*. (2018), declining net income range reduces asset value of an enterprise deteriorating its brand image in the market. Circumstantially, current asset value of this company declined to be RM 125,640,953 in 2020 that was RM 130,947,123 in 2019. Therefore, it can be highlighted that presently this company is experiencing degradation of its brand image at Malaysia.

ADVANCE SYNERGY BHD develops consumer industry-based products in this country. Products of this company involves containers and bottles of plastic, rubber with starch and vegetable oils segment (ADVANCE SYNERGY BHD, 2021). These products have entitled the company to gain a net profit of RM 95,614 in 2019 that declined to be RM 28,814 in 2020. Net income of this company has also reduced from RM 51.84 million in 2019 to RM 48.33 million in 2020. As determined by Butler *et al*. (2019), this level of reduction in net profit indicates a critical declination of company asset value due to ineffective financial decisions. This approach has descended current asset value of this organisation from RM 753,036 in 2019 to RM 704,198 in 2020. Thus, it can be observed that this company is in more critical financial distress than that of the previously mentioned enterprise in the Malaysian market.

Financial Ratios

Operating Profitability Ratios							
				ACOUSTECH BHD		ADVANCE SYNERGY BHD	
				2019	2020	2019	2020
Return on Investment	=	Net Profit / Cost of Investment	=	56%	28%	35%	25%
				ACOUSTECH BHD		ADVANCE SYNERGY BHD	
				2019	2020	2019	2020
Return on Equity	=	Net Income / Shareholders' Equity	=	14.59	9.36	3.51	7.53

Figure 1: Operating Ratio of Profitability

(Source: ADVANCE SYNERGY BHD, 2021; ACOUSTECH BHD, 2021)

Throughout the current situations in Malaysia, it can be stated that financial measurements are one of the most common and effective tasks for companies such as ACOUSTECH BHD. Financial ratios give business owners a method to assess their industry's performance by comparing it to that of other firms in their industry. Ratios serve as a connection between two or more parts of financial statements, and it is the most useful when results from many seasons are examined. As per the words of Apostolou *et al*. (2018), non-financial performance metrics have gotten a lot of attention in previous years as a way to provide executives more information. The use of non-financial performance metrics in the manufacturing industry is especially important since its conventional operations are more sophisticated than those of other types of businesses.

According to the above table, it can be stated that, with a total of 56% Net profit has been concluded by the end of 2019 in ACOUSTECH BHD. The purpose of this study is to examine the use of non-financial performance measurement among manufacturing firms, as well as to investigate the relationship between firm size, business environment, manager involvement, and current manufacturing future technologies, as well as the use of non-financial performance metrics.

Liquidity Ratios							
				ACOUSTECH BHD		ADVANCE SYNERGY BHD	
				2019	2020	2019	2020
Current Ratio	=	Current Assets / Current Liabilities	=	4.49	2.68	3.72	3.76
				ACOUSTECH BHD		ADVANCE SYNERGY BHD	
				2019	2020	2019	2020
Quick Ratio	=	Current Assets - Inventory / Current Liabilities	=	3.46	1.68	1.34	1.36

Figure 2: Liquidity Ratios

(Source: ADVANCE SYNERGY BHD, 2021; ACOUSTECH BHD, 2021)

The above table signifies that, by the end of 2020 ACOUSTECH BHD faced inventory losses with a total of ***3.46% total ratio***. Liquidity ratios are a type of macroeconomic statistic used to determine a debtor's capacity to pay off present debt commitments without having to raise additional funds. Through the computation of metrics such as this ratio, fast qualitative connection, and operational revenue quantity of interest, liquidity numerical connections live a firm's capacity to fulfil term liabilities of safety.

According to the current ratio of the company it concluded with a total of ***2.68% extra liabilities*** (Butler *et al*., 2019). Liquidity ratios are a type of monetary statistic used to determine a debtor's capacity to pay off present debt commitments without having to raise additional funds. The fast ratio, current quantity of interest, and days sales outstanding are all examples of common liquidity numerical relationships. Financial condition ratios are concerned with a firm's longer-term capacity to pay in progress debts, while liquidity ratios indicate a ACOUSTECH BHD's capacity to disguise short commitments and money moves.

Trends Analysis

Malaysia's ecommerce sector is rapidly growing to become one of the region's most important. Its expansion is surpassing that of the region's long-established markets. This was apparent well before the pandemic's effects, since Malaysia's company e-commerce prices increased by 39% in 2019. In recent years, this rise in online shopping has been fuelled by a growing customer demand for online searches and the ease of bespoke payment options. As per the suggestions of Villiers *et al*. (2018), there are many different types of trends executed by ACOUSTECH BHD such as COVID-19 Restrictions, Delivery Logistics, Online Shopping and many more other factors. According to the Malaysian Communications and Multimedia System Authority, broadband traffic has increased by ***30-70 percent*** during the current epidemic as this is able to intensify ecommerce in Malaya. The Malaysian government has taken a proactive approach to these challenges by launching digital initiatives such as ACOUSTECH BHD to stimulate domestic consumption and empowering Malaysians to help the economy transition to a digital future.

Malaysia has an unbelievable 144 percent cell phone penetration and an 86 percent online penetration. Over twenty-six million Malaysians utilise the internet, and eighty percent of those aged sixteen to sixty-four are already doing so effectively. As per the words of Markota *et al*. (2018), Malaysia's mobile shopping growth is outperforming that of total e-commerce, which is expected to expand at a compounded annual growth rate of ***19.7% to US$8.9 billion by 2023***. Since Facebook's and Instagram's numerous native searching attempts, the borders between

social networking sites and retail are becoming increasingly blurred. Furthermore, for commerce firms, social media is an excellent discovering and post-purchase channel.

Consumers of ACOUSTECH BHD are quick to adapt to mobile marketing, with eighty percent of smartphone users already shopping online. Through 2021, mobile retail activities in the country are anticipated to reach $5.6 billion. As mentioned by Gittings *et al*. (2020), PPS are the most popular online shopping channel among the mobile class, accounting for sixty-four percent of all transactions. According to a survey by PayPal, Malaysians prefer online shopping because it saves them time, and ninety percent of Malaysians anticipate their purchases to be delivered at weekly intervals. The second most important factor that encourages people to buy over the internet is the lower cost.

Suggestions

Liquidity ratios are a sort of economic science data point that want to confirm a debtor's capability to pay off gift debt commitments while not having to boost further funds. Through the computation of metrics such as this magnitude relation, quick qualitative association, and operational revenue amount of interest, liquidity numerical connections live a firm's capability to fulfil term liabilities of safety. Liquidity ratios area unit a sort of financial data point wont to confirm a debtor's capability to pay off gift debt commitments while not having to boost further funds. The quick magnitude relation, current amount of interest, and days sales outstanding area unit all samples of common liquidity numerical relationships.

On the other hand, economic condition ratios are a unit involved with a firm's longer-term capability to pay ongoing debts, whereas liquidity ratios indicate an ACOUSTECH BHD's capability to disguise short commitments and cash moves. Malaysia's ecommerce industry is fast expanding to become one of the most significant in the region as it is outpacing the region's lengthy markets in terms of growth. Malaysia's corporate e-commerce prices climbed by 39 percent in 2019, far before the pandemic's consequences were apparent. This increase in buying online has been fuelled by rising customer popularity of online inquiries and the convenience of personalised payment choices in recent years.

Conclusions

In order to represent the conclusion, it can be stated that there are many different types of enhancement plans that must be presented by ACOUSTECH BHD such as financial measurements, trends analysis and many others. In this case, this company planned to adopt

various tasks to enhance the market revenues such as s this ratio, fast qualitative connection, and operational revenue quantity of interest.

Part B

Introduction

This current analysis will repent various viewpoints and drawbacks about Brenda Holding's current market situation in Malaysia. Through the drawbacks and viewpoints, it will discuss this company's capital analysis such as revenue, cost of sales, operating profits and many other factors. Therefore, this firm's analysis will be based on the current situation of the Malaysian marketplace.

Analysis

Background Assessment

Brenda is a member, expert, instructor, and administrator with extensive experience as a CFO/COO in both public and private companies, as well as creative start-ups, elevated, and established businesses. Brenda has recently acquired extensive knowledge in the areas of strategy, mergers and acquisitions, financial planning and initial public offerings (Berry and Routon, 2020). A dynamic United Nations agency that knows the business challenges on the other side of the numbers and focuses on leading through establishing connections and cooperating at the lowest levels.

Financial Evaluation

	IN RM MILLIONS	
	2019	2020
Cash and cash equivalents	RM241	RM236
Cash	RM156	RM157
Accounts receivable (net)	RM26	RM25
Merchandise inventory	RM24	RM25
Machinery (net)	RM62	RM56
Revenue	RM207	RM153
Accounts payable	RM37	RM34
Accrued expenses payable	RM8	RM3
Notes payable	RM45	RM39
Common stock	RM172	RM186
Retained earnings	RM60	RM25
Total Cost and other Deductions	RM322	RM287
Net cash flow from operation	(RM115)	(RM134)

Table 1: Indirect Method Based Cash Flow

(Source: Case-Study)

Financial analysis is commonly performed in the financing economics fields as financial experts may thoroughly evaluate a corporation's economic accounts, including the financial report, balance sheet, and operating income. However, a total of the merchandise inventory has achieved a total of RM25 by the end of 2020. According to the above table analysis it simply can be stated that by the end of 2019, a total of RM241 has been concluded under Brenda.

Critical discussion of Trends

According to the trends, the accounting measure technique aids in the comparison and evaluation of data. When a company employs standard accounting metrics, it becomes easier to compare particular variables across specified time periods, allowing the company to gain a better understanding of how it works. This might include things like units sold, unit income, hours done, price each hour, and so on. As per the suggestions of Campbell *et al*. (2019), it also aids market participants in comparing one firm to another by delving into the specifics of how accounting information is presented.

As per the word of Petera *et al*. (2020), Keratin treatment investment, intangibles such as scientific or technology property, and assets and usefulness are all types of non-assets. Current assets, on the other hand, are investments that can be expected to be converted into money within a single operating cycle or year. An ongoing bonus is a plus that generates economic

advantage over the course of a year or a business cycle. As per the suggestions of Azghandi *et al*. (2018), drawing conclusions from a business's previous success, such as web earnings or rate of return on investment, into a degree projection of the firm's future performance is an important area of corporate monetary research.

Recommendations

Therefore, it can be stated that all of the items that a retailer, wholesale, or retail merchant receives from manufacturers that are meant to be purchasable are referred to as inventory items. In most cases, online stores and merchants are the only firms having product inventories. That's because retail inventories are essentially products that are meant to be transferred at a higher value than they were non heritable for. Merchandise inventory does not include manufacturing inventory, maintenance stock, or raw resources stock levels.

Consider something that might reasonably be expected to be oversubscribed or utilised during that time period. Calculating ratios from the financial information and comparing them to those of other businesses or the firm's own historical behaviour is one of the most popular techniques to investigate monetary information.

Conclusion

In order to represent the conclusion, it simply can be stated that Brenda is a member, expert, educator, and administrator who has worked as a CFO/COO in both individuals and organizations, as well as innovative start-ups, elevated enterprises, and established corporations. Brenda has lately gained a great deal of experience in the fields of strategy, mergers, financial management, and capital raising. As a result, it can be declared that financial analysis is frequently used in the finance and economics areas because financial specialists may thoroughly examine a company's financial statements, such as the financial report, balance sheet, and operational income.

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