

**Term Report**

**Financial Performance Analysis of BBS Cables Limited**

**By**

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**September, 2020**

## **Letter of Transmittal**

To  
Course Teacher  
ACN 501 - Financial Accounting  
Department of Business Administration  
MBA, University of Asia Pacific

Subject: Report on financial performance analysis of BBS cables Ltd.

Dear Sir,

It is our immense pleasure to present before you the report on financial analysis of BBS Cables Ltd. for the years 2016-17, 2017-18, 2018-19. The report comprises Ratio Analysis along with methodologies we used, interpretations, findings, and recommendations.

Your Sincerely

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Date: 11th September, 2020

## **Acknowledgement**

First and foremost we want to thank the Almighty Allah for giving us the strength and ability to complete this study within this short span of time.

We would like to thank our honorable course instructor Mohammad Rakiv, Assistant Professor, Department of Business Administration, University of Asia Pacific. We wish to express our thankfulness towards the course instructor. We thank him for giving us the opportunity to work on this project. He has taught us how we can implement financial analysis in real life scenarios. Without his help and support we would not have been able to complete this study successfully.

We would also like to thank our families who always made sacrifices for us and made us who we are today.

Finally, we would like to thank our group members for helping each other and making this project successful.

## **Abstract**

**BBS Cables Ltd.** is one of the leading cable companies in Bangladesh. This report had to deal with the financial performances of this company and their analysis. The report covers the financial performance of the company from 2016-2019. It has been made by calculating 9 different ratio analysis to show its Liquidity, Profitability and Solvency. The clear concept has been tried to deliver about the company's market position within itself and also with the industry average. The performance of **BBS Cables Ltd.** was satisfactory nonetheless, though we found its improvement was not as good in 2018-19 as in 2017-18. So, we recommended some spaces of improvement. For example, the liquidity ratios could be improved. The company should give more emphasis on collecting its credit sales and turning accounts receivable into cash. We hope this company will cover its shortcomings in upcoming years and become a market leader in the industry.

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## 1.0 Introduction

### 1.1 Background of the report

The purpose of this report entirely involves making a financial report of **BBS Cables Ltd.** The study is done based on the organizations financial report of 3 consecutive years. The company has come across 11 years in the industry today. The report is made by studying on the financial reports of 2016-17, 2017-18 and 2018-19. The study report shows how the organization is performing based on the ratio analysing. These analysis include liquidity ratios, profitability ratios and solvency ratios. This study was done to understand the financial position of the **BBS Cables Ltd.** in the industry comparing their position with the competitors and their previous performances.

### 1.2 Scope of the report

The study is based on the ratios that we have learned to calculate during the course ACN-501. While studying Financial Accounting we had learned to calculate the ratios and how they explain an organization's financial performances. The scope of this study is limited, although this study will help the external users to understand the financial position of **BBS Cables Ltd.** in the industry today. The study also shows the comparison between the **BBS Cables Ltd.** and the industry average.

### 1.3 Objectives of the report

To analyze the financial statements of **BBS cables Ltd.** with a key focus of its overall financial performance and to compare with industry average too.

### 1.4 Limitations

We did our best to analyze the financial performance of **BBS Cables Ltd.** However, there might be some limitations in our report that we could not avoid. Following limitations were there:

- Financial reports were hard to understand. The terms were in different names so we had to discover them with less knowledge. There might remain some unidentified mistakes.
- Net Credit Sales could not be identified in the annual reports. So, we considered Net Sales as Net Credit Sales.
- The Preferred Dividends couldn't be traced in the financial statements. So, we used the original formula of Return on Common Stockholders' Equity.

## 2.0 Company Overview

BBS cables were incorporated back in 2009. BBS cables is a sister concern of Bangladesh Building System Limited (BBSL) which is a leading pre-engineered steel building manufacturer in Bangladesh. **BBS Cables Ltd.** is looking forward to managing expertise and obtaining technology to provide better engineering solutions through supplying quality electrical Cables, Wires, Conductors and better Customer Service. Now at the eve of 21st century globalization, electric power has become an integral part for infrastructural development. With the rapid urbanization from corner to corner worldwide, the necessity of transmitting power assumes significance for sustainable industrial growth. So, their objective is to manufacture electrical Cables, Wires and Conductors of the highest quality and provide unparalleled Customer Service to contribute to our national economic growth. They strongly believe that the relentless effort to quality and continuous improvement is the only key to long term success.

BBS cables factory is located at **Sreepur, Gazipur, Bangladesh** which is equipped with state of the art technology machineries to manufacture and test all types of quality Cables, Wires and Conductors in conformity with the latest version of National and International Standards e.g. International Electro-technical Commission (IEC), German Standard (VDE), British Standard (BS), Bangladesh Standard (BDS), Australian Standard (AS), Indian Standard (IS) and also meet up the specific requirements of the customer. They believe in a world that is safe and sound for us and also for our next generation.

### **3.0 Methodology**

#### **3.1 Data Collection**

From the annual reports of BBS Cables Ltd., during the years of 2016-17, 2017-18, 2018-19, we collected the relevant financial data of the company. We could collect 3 years data from 2017-18, 2018-19 annual reports particularly, as there are previous years' data present in both reports. So, we didn't have to look into the 2016-17 annual report for that year's data. To collect relevant data, we needed to look into the directors' reports, ratio analysis, horizontal analysis and financial statements of the annual reports.

#### **3.2 Sample Selection**

We collected the annual data of 2016-17, 2017-18, 2018-19 on Current Assets, Current Liabilities, Inventory, Prepaid Expenses, Average Net Accounts Receivable, Cost of Goods Sold, Net Income, Net Sales, Average Inventory, Total Liabilities, Total Assets, Average Total Assets, Average Stockholders' Equity. These accounts have been used in the Ratio Analysis formula to determine different ratio values.

## 4.0 Analysis & Findings

### 4.1 Ratio Analysis

#### 4.1.1 Liquidity Ratios

##### 4.1.1.1 Current Ratio:

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

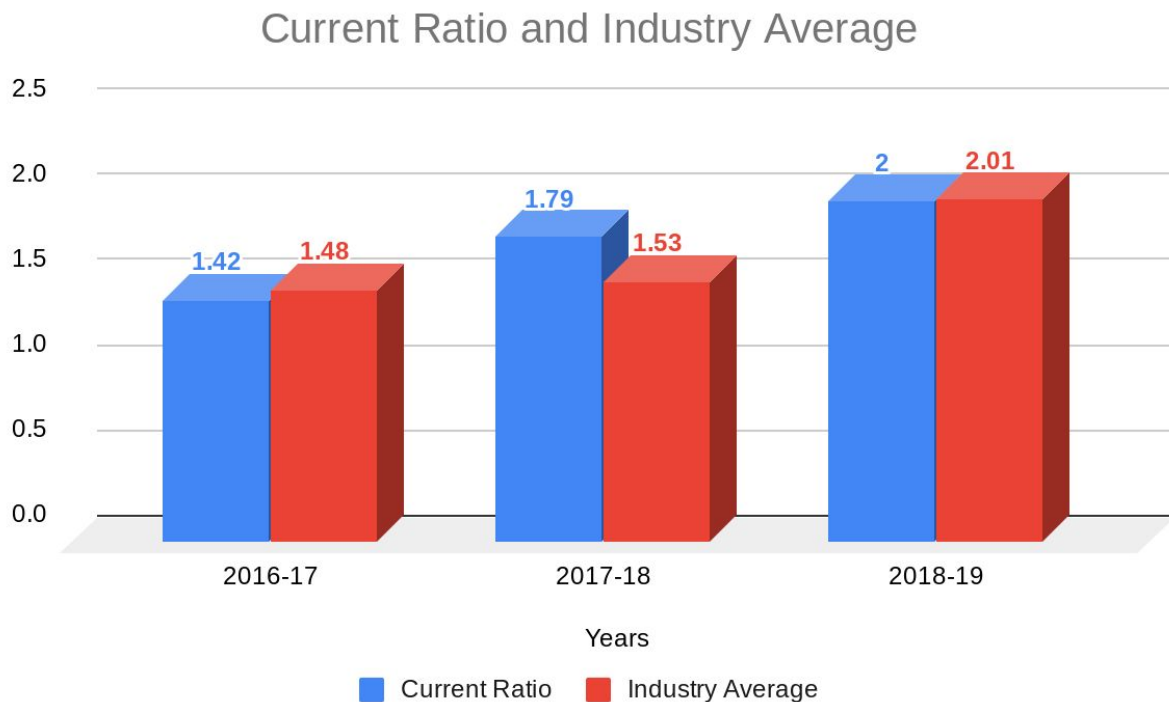
The formula of deriving Current Ratio is -

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

***Table No. 1: Current Ratio of BBS Cables Ltd.***

	2016-17	2017-18	2018-19
Current Assets	4,023,776,275	4,675,603,902	6,586,264,603
Current Liabilities	2,823,946,732	2,616,737,682	3,287,334,046
Current Ratio	1.42	1.79	2.00
Industry Average	1.48	1.53	2.01

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 1: Current Ratio of BBS Cables Ltd.***

#### **Interpretations:**

From the above diagram, it can be inferred that the current ratio of BBS Cables Ltd. in the last three years is above 1, which indicates that for each BDT 1 of current liability the company has more than BDT 1 of current assets. If a company has a high ratio (anywhere above 1) then they are capable of paying their short-term obligations. The standard for the current ratio is 2:1. So, the liquidity position of the company was not up to standard in terms of managing its current assets and current liabilities in 2016-17 and 2017-18, but it reached the standard in 2018-19.

If compared with the industry average, the company maintained its liquidity position quite well in all three years, especially in 2017-18, it was well above (0.26) the industry average.

#### **4.1.1.2 Quick Ratio:**

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. Since it indicates the company's ability to instantly use its near-cash assets (assets that can be converted quickly to

cash) to pay down its current liabilities, it is also called the acid test ratio. An acid test is a quick test designed to produce instant results.

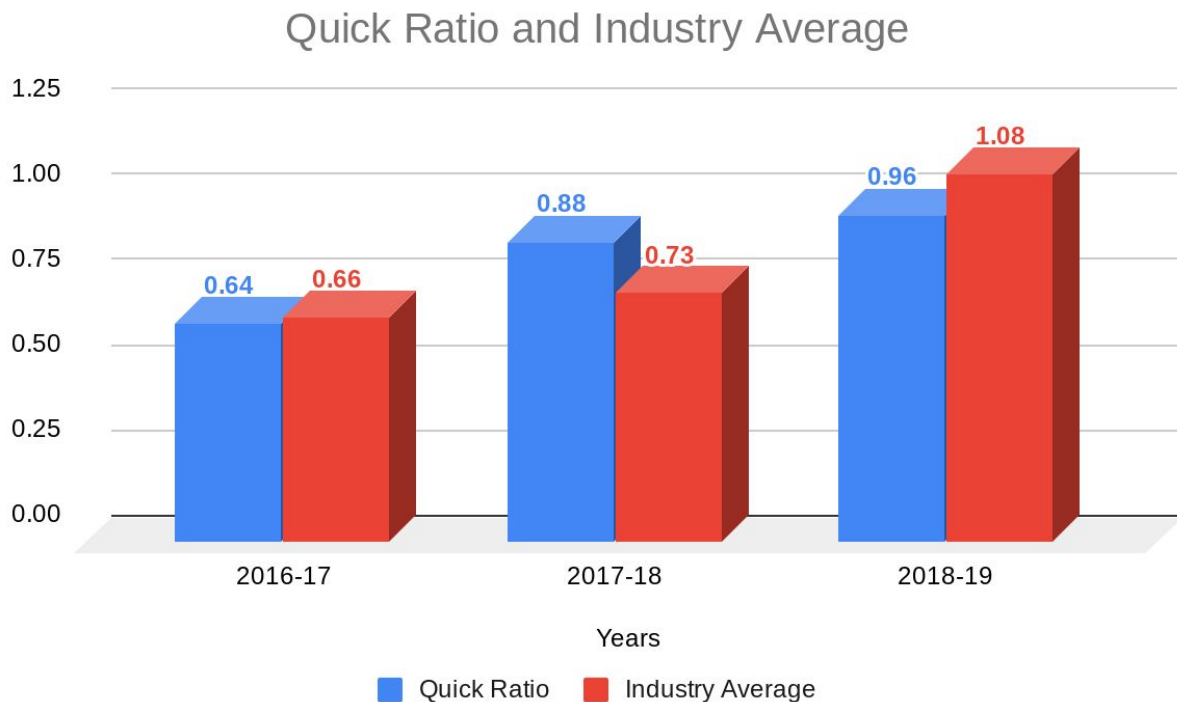
The formula of deriving Quick Ratio is -

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory} - \text{Prepaid Expense}}{\text{Current Liabilities}}$$

**Table No. 2: Quick Ratio of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Current Assets	4,023,776,275	4,675,603,902	6,586,264,603
Inventory	1,046,102,880	1,329,848,998	1,580,556,645
Prepaid Expenses	1,173,852,382	1,054,883,127	1,836,196,193
Current Liabilities	2,823,946,732	2,616,737,682	3,287,334,046
Quick Ratio	0.64	0.88	0.96
Industry Average	0.66	0.73	1.08

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 2: Quick Ratio of BBS Cables Ltd.***

#### **Interpretations:**

The higher the quick ratio, the better the company's liquidity position. However, too high a quick ratio may indicate that the company has too much cash sitting in its reserves. It may also mean that the company has a high accounts receivables, indicating that the company may be having problems collecting on its account receivables. The Standard of quick ratio is 1:1. From the above calculation we can see that the quick ratio of BBS Cables Ltd. is lower than the standard to meet its short term obligations through its liquid assets. But, throughout 3 years it's doing better and came close to the standard in 2018-19.

If compared with the industry average, the company's liquidity position was quite good in 2017-18, but it goes down the industry average in 2018-19 by 0.12. In 2016-17, it was slightly lower (0.02) than the industry average. Also, we can observe the overall rise in quick ratio over the years both for BBS Cables Ltd. and the industry.

#### **4.1.1.3 Accounts Receivable Turnover:**

The Accounts Receivable Turnover is an accounting measure used to quantify a company's effectiveness in collecting its receivables or money owed by clients. The ratio shows how well a

company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. The receivables turnover ratio is also called the accounts receivable turnover ratio.

The formula of deriving Accounts Receivable Turnover is -

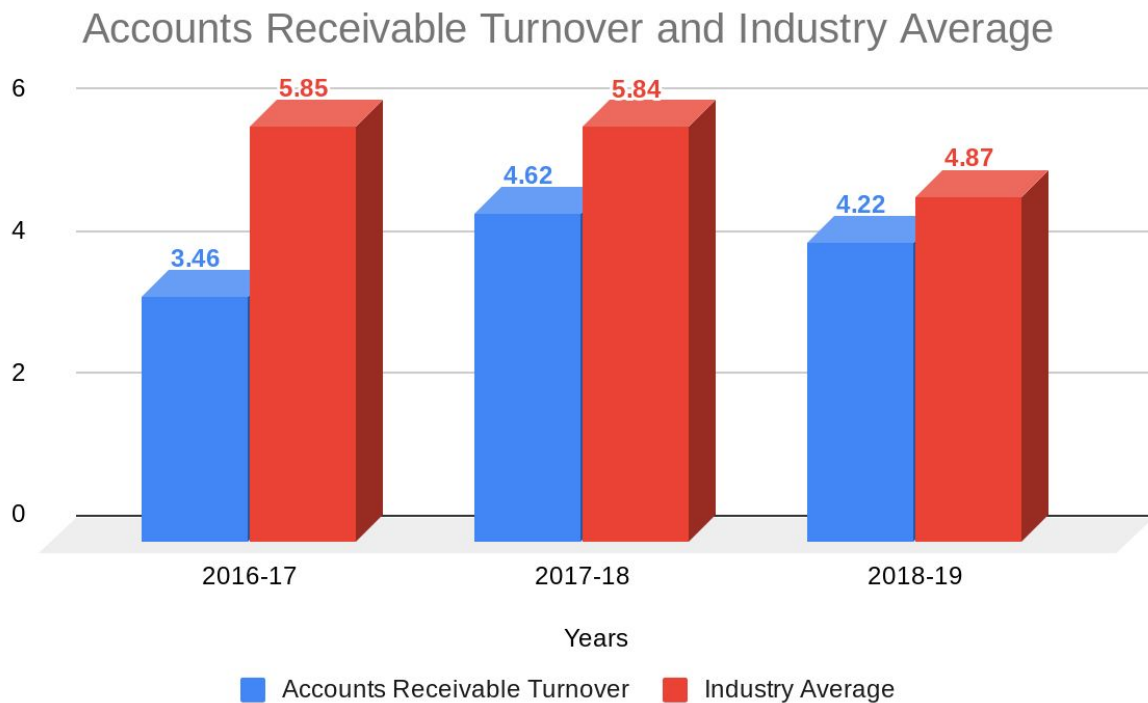
$$\text{Accounts receivable turnover} = \frac{\text{Net Credit Sales}}{\text{Average Net Accounts Receivable}}$$

***Table No. 3: Accounts Receivable Turnover of BBS Cables Ltd.***

	2016-17	2017-18	2018-19
Net Credit Sales	3,516,787,664	6,588,108,937	8,514,278,261
Average Net Accounts Receivable	1,016,757,175	1,425,379,498	2,016,816,321
Accounts Receivable Turnover	3.46	4.62	4.22
Industry Average	5.85	5.84	4.87

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*





***Figure No. 3: Accounts Receivable Turnover of BBS Cables Ltd.***

### **Interpretations:**

Accounts receivable turnover is an efficiency ratio or activity ratio that measures how many times a business can turn its accounts receivable into cash during a period. In other words, the accounts receivable turnover ratio measures how many times a business can collect its average accounts receivable during the year. This ratio shows how efficient a company is at collecting its credit sales from customers. After analyzing the entire calculation, we have noticed that the receivable turn for 2018-19 is 4.22 times or 86 days, whereas it was 4.62 times or 79 days during 2017-18, and 3.46 times or 104 days during 2016-17.

If compared with the industry average, the company's accounts receivable turnover was quite low than the industry average in 2016-17, but the difference has been narrowing down year by year. That means the company has an acceleration in turning the accounts receivable into cash compared to the other companies in the industry.

#### 4.1.1.4 Inventory Turnover:

Inventory turnover is the rate at which a company replaces inventory in a given period due to sales. Calculating inventory turnover helps businesses make better pricing, manufacturing, marketing, and purchasing decisions. Well-managed inventory levels show that a company's sales are at the desired level, and costs are controlled. The inventory turnover ratio is a measure of how well a company generates sales from its inventory.

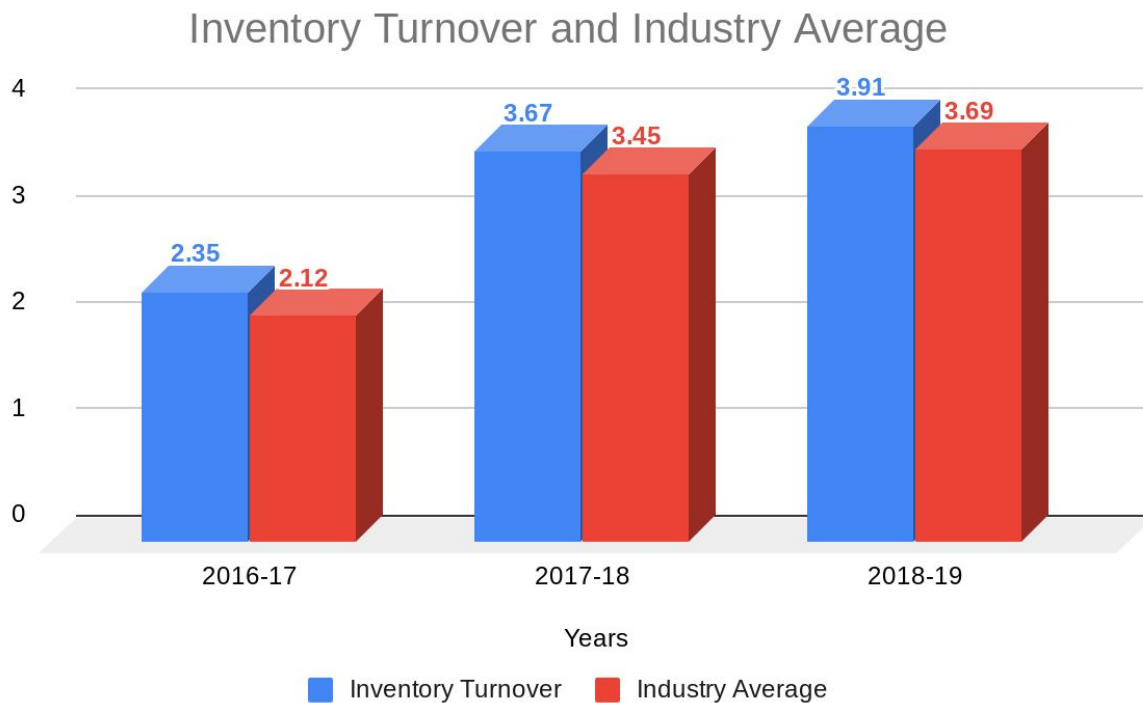
The formula of deriving Inventory Turnover is -

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

**Table No. 4: Inventory Turnover of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Cost of Goods Sold	2,321,305,187	4,362,731,799	5,694,976,016
Average Inventory	985,928,821	1,187,975,939	1,455,202,821
Inventory Turnover	2.35	3.67	3.91
Industry Average	2.12	3.45	3.69

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 4: Inventory Turnover of BBS Cables Ltd.***

#### **Interpretations:**

This ratio shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This measures how many times average inventory is "turned" or sold during a period. High inventory turnover ratios may indicate a company is enjoying strong sales. Low inventory turnover ratios indicate a company is carrying too much inventory, which could suggest poor inventory management or low sales on the other hand. From the calculation we can explain that in 2016-17, the inventory turnover was 2.35 times that means, the company has taken 155 days to make, sell and replace all inventories. It raised to 3.67 times in 2017-18. That means the company took 99 days to make, sell and replace all inventories. in 2018-19, it did not improve as much as the previous year. In 2018-19, the ratio is 3.91 times and implies it took 93 days to turn the inventory.

If compared with the industry average, we can see that the company did pretty well in terms of utilizing its inventory. All three years the ratio is higher than the industry average.

## 4.1.2 Profitability Ratios

### 4.1.2.1 Profit Margin:

Profit margin is one of the commonly used profitability ratios to gauge the degree to which a company or a business activity makes money. It represents what percentage of sales has turned into profits. Simply put, the percentage figure indicates how many cents of profit the business has generated for each dollar of sale. For instance, if a business reports that it achieved a 35% profit margin during the last quarter, it means that it had a net income of \$0.35 for each dollar of sales generated.

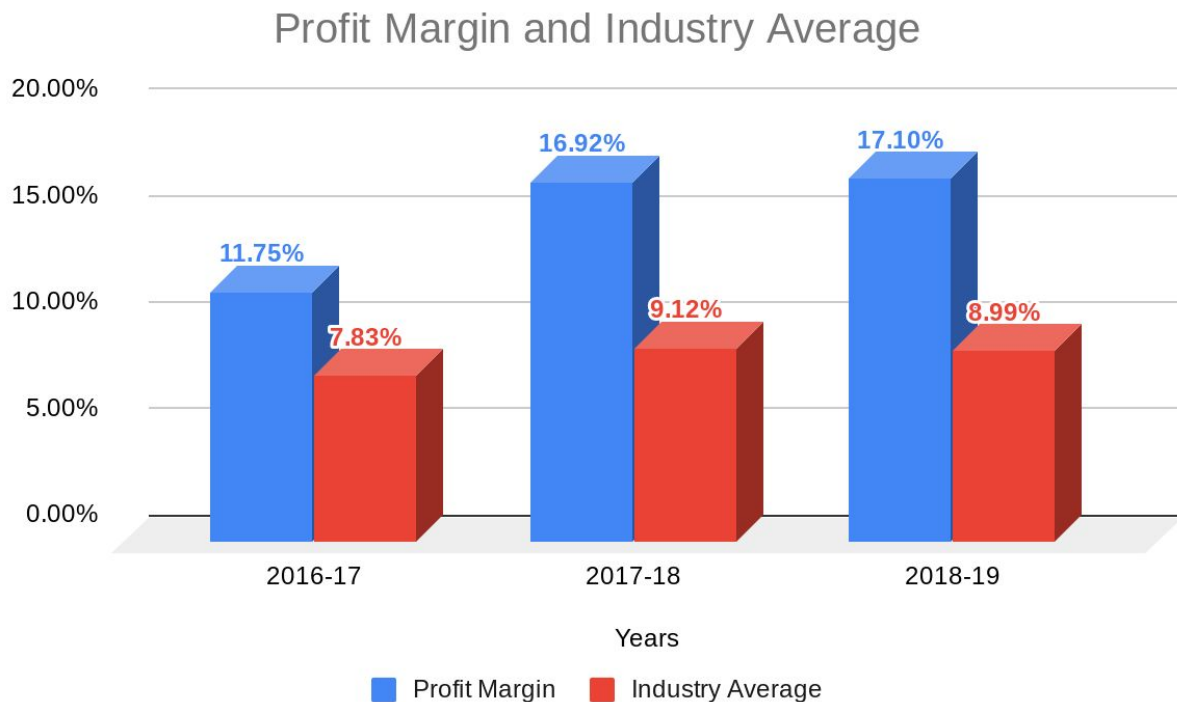
The formula of deriving Profit Margin is -

$$\text{Profit Margin} = \frac{\text{Net Income}}{\text{Net Sales}}$$

***Table No. 5: Profit Margin of BBS Cables Ltd.***

	2016-17	2017-18	2018-19
Net Income	413,347,214	1,114,841,745	1,455,863,480
Net Sales	3,516,787,664	6,588,108,937	8,514,278,261
Profit Margin	11.75%	16.92%	17.10%
Industry Average	7.83%	9.12%	8.99%

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 5: Profit Margin of BBS Cables Ltd.***

**Interpretations:**

This ratio is a measure of the overall profitability arrived after taking into account both the operating and non-operating items of incomes and expenses. The ratio indicates what portion of the net sales is left for the owners after all expenses have been met. Net profit margin is one of the most important indicators of a business's financial health. It can give a more accurate view of how profitable a business is than its cash flow, and by tracking increases and decreases in its net profit margin, a business can assess whether or not current practices are working. The company had a good profit margin rise from 2016-17 to 2017-18 (from 11.75% to 16.92%), The growth is not as much as previous year in 2018-19 as it raised only 0.18% in one year.

However, if compared to the industry average, we can see that BBS Cables Ltd. has quite a higher profit margin than the other companies.

#### 4.1.2.2 Asset Turnover:

Asset Turnover measures the value of a company's sales or revenues relative to the value of its assets. The asset turnover ratio can be used as an indicator of the efficiency with which a company is using its assets to generate revenue. The higher the asset turnover ratio, the more efficient a company is at generating revenue from its assets. Conversely, if a company has a low asset turnover ratio, it indicates it is not efficiently using its assets to generate sales.

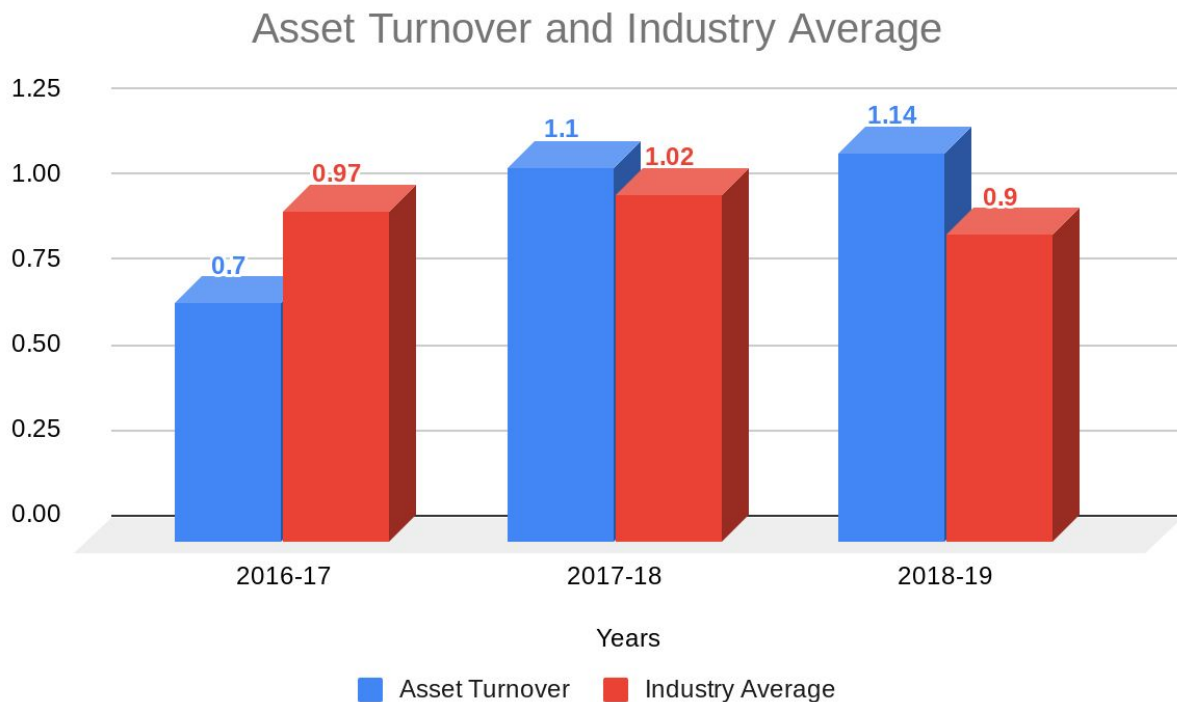
The formula of deriving Asset Turnover is -

$$\text{Asset Turnover} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

**Table No. 6: Asset Turnover of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Net Sales	3,516,787,664	6,588,108,937	8,514,278,261
Average Total Assets	5,020,861,850	6,003,552,744	7,481,169,548
Asset Turnover	0.70	1.10	1.14
Industry Average	0.97	1.02	0.90

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 6: Asset Turnover of BBS Cables Ltd.***

#### **Interpretations:**

This ratio deals with the measurement of a company's ability to generate sales from its assets by comparing net sales with average total assets. In other words, this ratio shows how efficiently a company can use its assets to generate sales. From the above calculation, we can see that the asset turnover ratio for 2016-17 was only 0.70 times, then in 2017-18 it raised to 1.10 times, that means an increase of 0.40 times. That indicates that the company became better in generating its sales by using its assets. But for 2018-19 it became 1.14 times, that means an increase of 0.04 times. This rate of increase is lower than that of the previous year. That means the company has improved in turning its assets to sales but not as better as the previous year.

Compared with the industry average, we can see that in 2016-17 the company's asset turnover was quite lower than the industry average. But, in the next two years the company progressed a lot and could turn its assets into sales more efficiently than the other companies in the industry.

#### 4.1.2.3 Return on Assets:

Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. Return on Assets is displayed as a percentage.

The formula of deriving Return on Assets is -

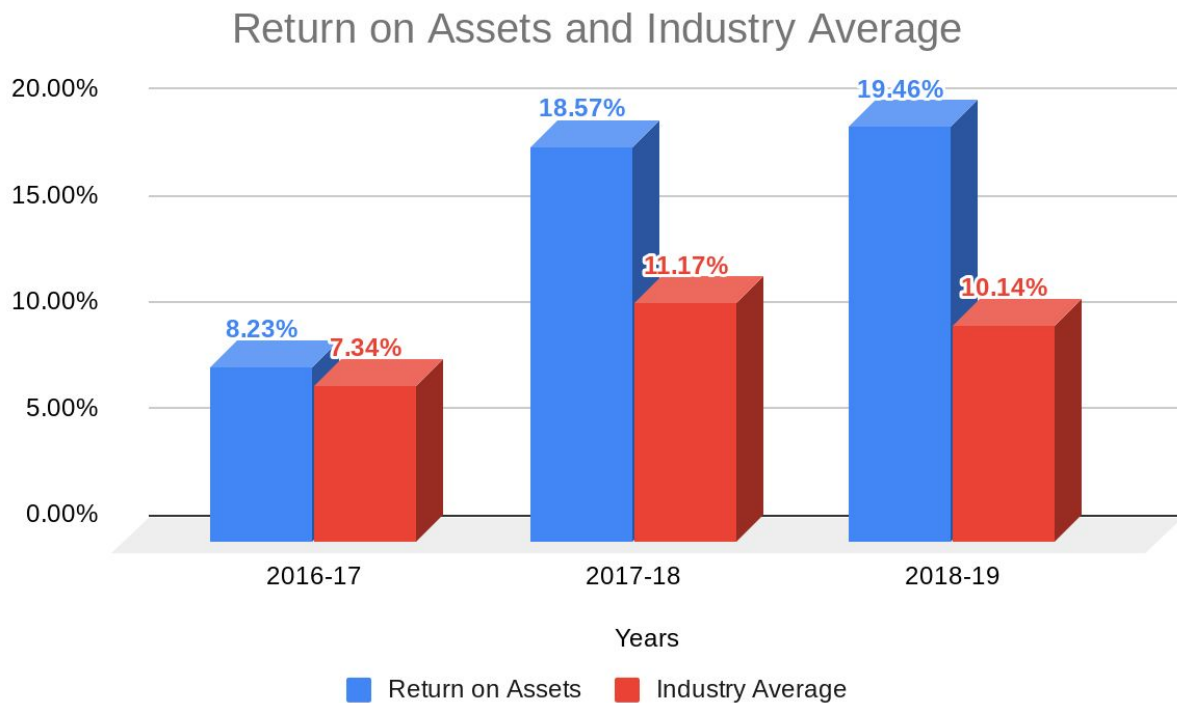
$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

**Table No. 7: Return on Assets of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Net Income	413,347,214	1,114,841,746	1,455,863,480
Average Total Assets	5,020,861,850	6,003,552,744	7,481,169,548
Return on Assets	8.23%	18.57%	19.46%
Industry Average	7.34%	11.17%	10.14%

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*





***Figure No. 7: Return on Assets of BBS Cables Ltd.***

#### **Interpretations:**

The return on assets ratio, often called the return on total assets that measures the net income produced by total assets during a period by comparing net income to the average total assets. In other words, the return on assets ratio or ROA measures how efficiently a company can manage its assets to produce profits during a period. This ratio helps both management and investors see how well the company can convert its investments in assets into profits. The higher the Return on assets number, the better, because the company is earning more money on less investment. Return on Assets in 2016-17 (8.23%), 2017-18 (18.57%), 2018-19 (19.46%), the reporting period shows an increase of 10.34% from 2016-17 to 2017-18 and 0.89% from 2017-18 to 2018-19. So, in 2017-18 the company improved a lot in turning the assets to income. But the improvement slowed down in 2018-19. Still the ratio is increasing, which is positive for the company.

Compared with the industry average we can see that the company has done very well in terms of generating income from its assets. All three years the ratio is higher than the industry average by a good margin.

#### 4.1.2.4 Return on Common Stockholders' Equity:

The return on shareholders' equity ratio shows how much money is returned to the owners as a percentage of the money they have invested or retained in the company. It is calculated by dividing a company's earnings after taxes (EAT) by the total shareholders' equity, and multiplying the result by 100%.

The formula of deriving Return on Common Stockholders' Equity is -

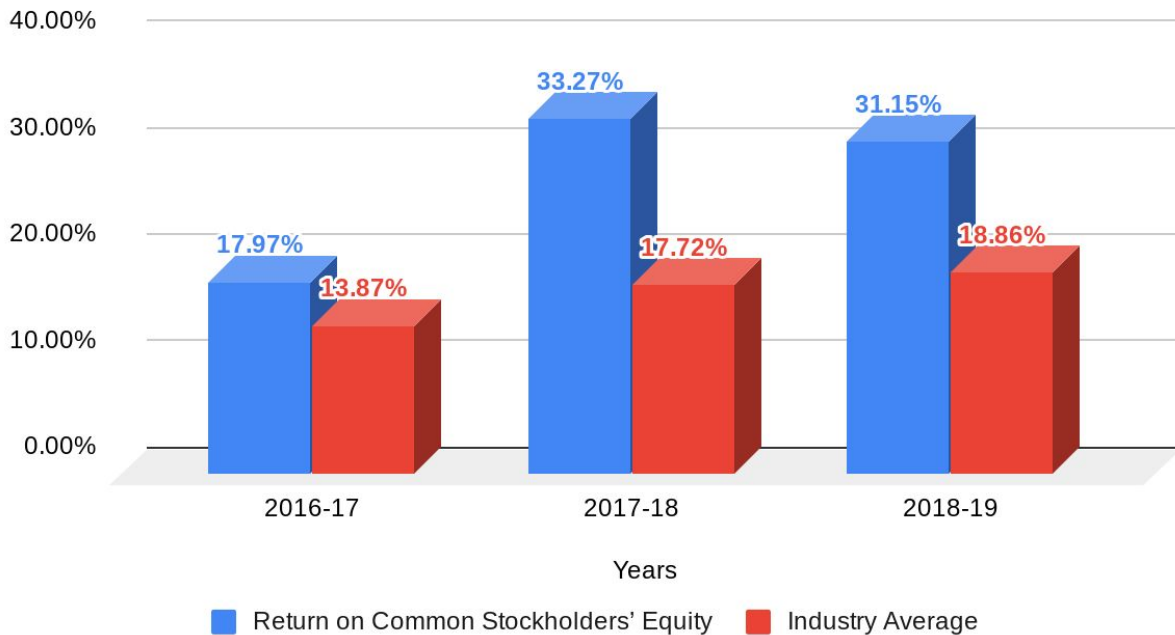
$$\text{Return on Common Stockholders' Equity} = \frac{\text{Net Income}}{\text{Average Stockholders' Equity}}$$

**Table No. 8: Return on Common Stockholders' Equity of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Net Income	413,347,214	1,114,841,746	1,455,863,480
Average Common Shareholders' Equity	2,300,411,404	3,355,253,150	4,673,116,630
Return on Common Stockholders' Equity	17.97%	33.27%	31.15%
Industry Average	13.87%	17.72%	18.86%

(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)

## Return on Common Stockholders' Equity and Industry Average



***Figure No. 8: Return on Common Stockholders' Equity of BBS Cables Ltd.***

### **Interpretations:**

This ratio measures the ability of a firm to generate profits from its shareholders investments in the company. In other words, the return on equity ratio shows how much profit each BDT of common stockholders' equity generates. This ratio is also an indicator of how effective management is at using equity financing to fund operations and grow the company. By comparing between reporting and previous financial periods, we figured out that BBS Cable Ltd.'s return of money to the owners increased almost double from 2016-17 to 2017-18, but it decreased in 2018-19 than 2017-18. That means unlike 2017-18, the management of the company could not use equity financing efficiently and effectively to generate profits in 2018-19.

Compared with the industry average we can see that the company has done very well in terms of generating income from common shareholders' equity. All three years the ratio is higher than the industry average by a good margin.

### 4.1.3 Solvency Ratios

#### 4.1.3.1 Debt to Assets Ratio:

The Debt to Assets Ratio, also known as the debt ratio, is a leverage ratio that indicates the percentage of assets that are being financed with debt. The higher the ratio, the greater the degree of leverage and financial risk.

The debt to assets ratio is commonly used by creditors to determine the amount of debt in a company, the ability to repay its debt, and whether additional loans will be extended to the company. On the other hand, investors use the ratio to make sure the company is solvent, is able to meet current and future obligations, and can generate a return on their investment.

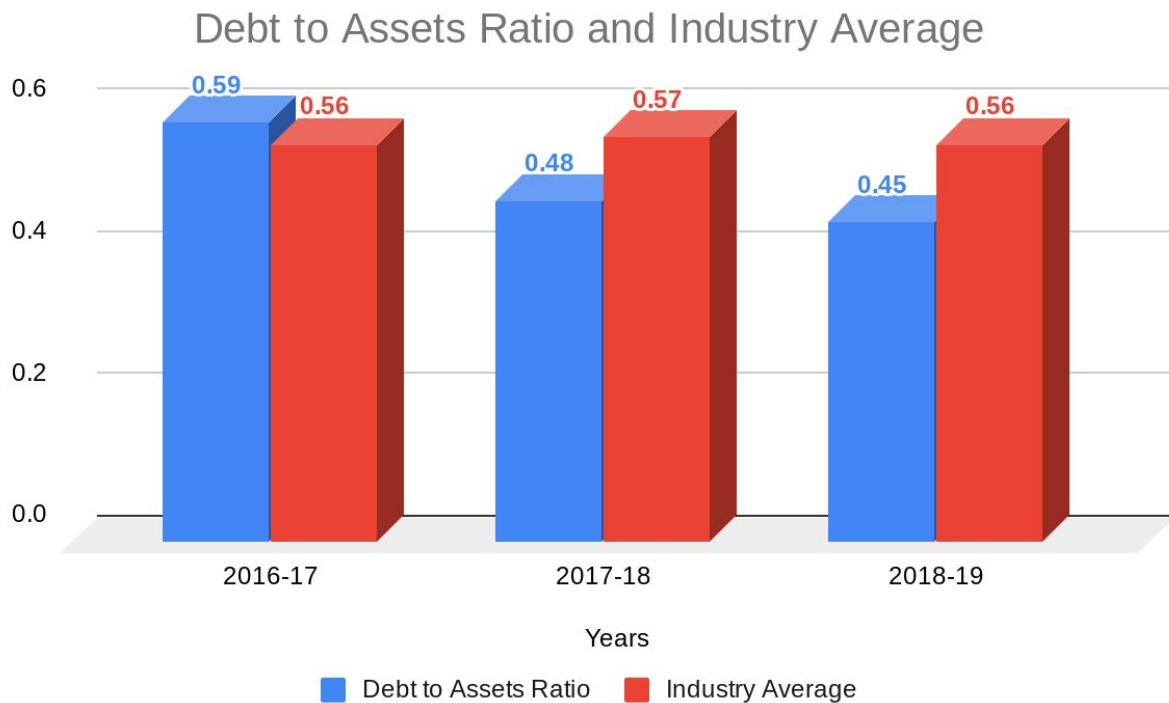
The formula of deriving Debt to Assets Ratio is -

$$\text{Debt to Assets Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

**Table No. 9: Debt to Assets Ratio of BBS Cables Ltd.**

	2016-17	2017-18	2018-19
Total Liabilities	3,259,825,244	3,091,615,688	3,842,353,627
Total Assets	5,560,236,650	6,446,868,838	8,515,470,257
Debt to Assets Ratio	0.59	0.48	0.45
Industry Average	0.56	0.57	0.56

*(Source: Annual Reports of 2016-17, 2017-18, 2018-19 of BBS Cables Ltd.)*



***Figure No. 9: Debt to Assets Ratio of BBS Cables Ltd.***

### **Interpretations:**

Total liabilities divided by total assets or the debt/asset ratio shows the proportion of a company's assets which are financed through debt. If the ratio is less than 0.3, most of the company's assets are financed through equity. If the ratio is greater than 0.7, most of the company's assets are financed through debt. This ratio helps to evaluate the overall risk of a company. Companies with a higher figure are considered more risky to invest in and loan to because they are more leveraged. If debt to assets equals 1, it means the company has the same amount of liabilities as it has assets. This company is highly leveraged. A company with a DTA of greater than 1 means the company has more liabilities than assets. This company is extremely leveraged and highly risky to invest in or lend to. A company with a DTA of less than 1 shows that it has more assets than liabilities and could pay off its obligations by selling its assets if it needed to. From the above calculation we can state that BBS Cables Ltd. has much more assets than liabilities and they are not extremely levered according to the explanation of DTA and still they have that much ability to pay off their leverage in the long run.

While the industry average is quite stable between 0.56 to 0.57, BBS Cables Ltd. has differing amounts of debt to assets ratio. The company has a trend to depend more on equity in course of time.

## 4.2 Summary of Findings

From the analysis of 9 ratios to measure the liquidity, profitability and solvency, we can derive the following findings:

- BBS Cables Ltd. has positive progress in terms of its liquidity position, profitability and solvency.
- The company has definitely done well since 2016-17.
- 2018-19 has been its most successful year in terms of acquiring assets, cash inflows, inventory usage.
- However, the company failed to collect its credit sales from customers more efficiently in 2018-19 than the previous year.
- Also we can see that the profitability of the company is not increasing smoothly. From 2016-17 to 2017-18 there is a leap of rise in profitability ratios, but from 2017-18 to 2018-19, progress is not much high in profitability. In fact in 2018-19, shareholders' investments generated a lower amount of profit than 2017-18.
- The company has a tendency to depend more on equity than the debts.
- In terms of maintaining liquidity position the company was a bit struggling than the industry, though the difference has been narrowing down. In fact, the utilization of inventory is higher compared with other companies.
- All four profitability ratios are higher than the industry average, which symbolizes the company is doing better in generating income than other companies in the industry.

## 5.0 Conclusion and Recommendations

### Conclusion:

BBS cables Ltd. is setting new standards for the industry in this modern time. The company changed its status in 2015 from a Private to a Public Limited company. Overall the company has been growing in all these years. The principal activities of the company is to carry on the business of manufacturers, traders, buyers, sellers, importers. The company has a huge market to meet its demand. This company has the chance to become one of the leading companies in this industry. Our responsibility is to give an opinion on these financial statements of the company after evaluating the various ratio analysis. We have conducted our study in accordance with the things we had learned and the rules being followed properly. In our opinion the financial statements of BBS cables has given us a clear view of the financial condition and position of the company. If these recommendations can be met this company has the possibilities to become the market leader.

### Recommendations:

It is expected that organizations will have problems. There is always room for improvement and there will be mistakes too that should not be repeated for long term benefits. The following recommendations can be suggested to solve the mentioned problems:

- Over the period the **current ratio** of **BBS cables Ltd.** was not upto the mark, even it was below the industry average. The current assets should be increased for the improvement in its liquidity position.
- The **accounts receivable turnover** can be improved. The company could try better to turn its accounts receivable into cash.
- The **inventory turnover** is not consistent with the previous years, this is strongly recommended to be looked at.
- The **return on equity** must be improved. This can cause the investors to fall back.
- Over the 3 years performance the company has not been completely consistent, it is strongly recommended to be consistent with the improvements.



## References

[1] Annual Report of BBS Cables Ltd. 2018-19

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[4] Accounting Principles (12th Edition) - Kieso, Kimmel, Weygandt

**End**