

# [Reasons for choosing particular organization economics essay](https://assignbuster.com/reasons-for-choosing-particular-organization-economics-essay/)

[Economics](https://assignbuster.com/essay-subjects/economics/)

My research topic is " Evaluation of financial and business performance over a period of 3 years". The topic chosen gives a platform for the application of my prior ACCA knowledge. It encompasses the analysis of financial and business aspects in which I have profound interest and grip. Furthermore it ensures accessibility and reliability of information, as published financial statements are easily available.

## 1. 2 Reasons for choosing particular organization

Textile industry is the most significant industry of Pakistan. The reason for the choice of particular industry was to scrutinize textile operations under oppressed conditions prevailing nationally and internationally after the global credit crunch 2008. I chose KTML, as it is one of the pioneers in textile companies. It is listed on stock exchange hence has an easy access to information. Despite tracing a rich history once, KTML gradually blurred out of the local limelight. Hence I determined myself to examine the causes of KTML’s losses and downfall for several years.

## 1. 3 Project aims and objectives and research questions

The aims and objectives of the research are as follows. To gather and incorporate information from a range of primary and secondary sources. To effectively meet the deadlines on time. To analyze company’s profitability, liquidity, solvency and efficiency over three years period. To successfully record and present the findings in text, graphs or tables. To cite the references properly, as guided. To compare company’s financial standing against a competitor for the latest year. To evaluate the current strategic position of the company; company’s sustenance to rough economic situation. To assess macroeconomic environment affecting the industry. To note the strengths and weaknesses of the company amid the opportunities and threats faced by the industry. To draft conclusion and propose appropriate recommendations. To discover company’s future prospects.

## Research Questions

What primary and secondary sources are required for gathering information? Which industry and company are suited to the topic? What models and tools will be used to analyze the financial and business performance of the company? What is the profitability, liquidity, solvency and operational position of the company? How did the company improve its profit margins? What are the company’s policies in the prevailing tense environment? How did the company perform in comparison to its competitors? What was the impact of macro and industrial environment of the company? What recommendations can be given to the company for improvement? How to manage the research in the limited time and word constraints?

## 1. 4 Research Approach

Topic selectionSelection of the target companyIdentification of sourcesInformation GatheringPrimary SourcesSecondary SourcesAnnual Reports, Newspapers and websitesInterview and questionnaireBusiness AnalysisFinancial AnalysisRatio AnalysisRatio CalculationsRatio CalculationsRatio Analysis

## Competitor ( 1yr)

## Own company (3 yrs)

PESTELSWOT

ConclusionRecommendation

## Information gathering, accounting and business techniques used for completion of the project

## 2. 1 Sources of information Used

## 2. 1. 1Primary source

" Primary sources originate in the time period that historians are studying.  They vary a great deal. They may include personal memoirs, government documents, transcripts of legal proceedings, oral histories and traditions, archaeological and biological evidence, and visual sources like paintings and photographs. (Kelleher, S., W., 1999)The medium of collection of this source was an interview….

## 2. 1. 2 Secondary source

Information already available to market researchers as a result of previous research by the firm or other agencies. (Ebert, J., R. Griffin, R., W. Starke, F., A. , 1998)

## Most widely used source was websites. They provided the most relevant data, hassle-free for greater accuracy and understanding of the company/industry.

## Financial-statements of KTML and GATM were obtained from their respective websites.

## Relevant text books from the library were used for definitions and revision of certain concepts

## National and international newspapers were useful in data collection

## 2. 2 Limitations

Primary: Primary sources were either one-sided or biased as they were obtained from the representative of the company. Getting appointment from the company was a challenging task.

## Secondary :

At various sources accuracy and reliability of secondary data was not known. At many instances data used was outdated. There was biasness in the research work at different sources. Some research documents were incomplete, i. e. without complete prior parts relating to events/discussion. Government articles/ documents varied due to their standardization of formats hence extracting relevant information was tiresome.

## 2. 3 Ethical issues

The issue raised during the research was of plagiarism, i. e. imitating thoughts and works of other authors. Thus, I ensured that genuine sources were used, moreover for proper referencing and citations I used Harvard referencing.

## 2. 4 Techniques used for the research

## 2. 4. 1 Financial Ratio Analysis

A Financial Ratio analysis is a relationship that indicates something about a firm’s activities. Financial ratios enable an analyst to make a comparison of financial condition over time or in relation to other firms. (Moyer, Mcuigan, Kretlow, 1998)

## Profitability

It measures the overall financial performance of the firm. It is designed to indicate just how successful a firm really is in terms of its earnings as compared with its total sales or investment. ( Boone, L. E, 1985)Ratios used were GPM, NPM and ROCE

## Liquidity

liquidity ratios are used to help assess whether a business has sufficient cash or equivalent current assets to be able to pay its debts as they fall due. (Riley, J., 2012)Current and quick ratio were used

## Efficiency

Efficiency ratios help you evaluate how efficiently you manage certain key balance sheet assets and liabilities. ( Berman, K. Knight, K and Case, J., 2006)

## Solvency

A measure of a company's ability to service debts, expressed as a percentage. It is calculating by adding the company's post-tax net profit and depreciation, and dividing the sum by the quantity of long-term and short-term liabilities; the resulting amount is expressed as a percentage. (Farlex Financial dictionary, n. d)Ratios used were Interest-cover and D/E.

## Investors

## ???

Ratios used were EPS and P. E.

## 2. 4. 2 Business techniques

## Business analysis

## Business analysis is the set of tasks and techniques used to work as a liaison among

## stakeholders in order to understand the structure, policies, and operations of an

## organization, and recommend solutions that enable the organization to achieve its goals.

(IIBA, 2009)

## PESTEL

LegalEnvironmentalPESTEL analysis provides a framework for investigating and analyzing the external environment for an organization. The frame work identifies six key areas that should be considered when attempting to identify the source of change. (Cadle, J. , Paul, D., Turner, P., 2010)

## Limitations

The external factors change at a very fast pace, thus it is trickier to evaluate how a factor may affects the present or future. Data has to be collected from external agencies; therefore relevant data is sometimes difficult to retrieve. It only takes account of external environment while completely ignoring internal and competitive scenario. Often the factors affecting mentioned are based more on assumptions than facts

## SWOT

SWOT analysis is the summary of key issues emerging from business environment and strategic capability of an organization that are more likely to impact on strategy development. (BPP, 2012, page. 115)

## 2. 5 Limitation of ratio analysis

Financial ratios are only flags indicating potential areas of strength of weakness. A thorough analysis requires the examination of other data as wellFinancial ratios provide a historic record of performance and financial condition of the firm. Valid competitor analysis depends on the availability of the data for appropriately defined industries. Some industry classification is either too broad or too narrow to be reliable sources of comparative data. Any discussion of financial ratios is likely to include only a representative sample of possible ratios. Many other ratios can be developed to provide additional insights. (Moyer, R. C. Mcuigan, J. R. Kretlow, W., 1998)

## Limitations for Business Analysis

Its categorization into four heads might be subjective as there is degree of market uncertainty. It Uses historical information, hence may prove unbeneficial for future strategy making.

## 3 Analysis Result, conclusion and recommendation

## 3. 1 Industry Information

Textile industry is integral part of Pakistan’s economy. It has a pivotal position in terms of; revenue, GDP, employment, exports and foreign earnings. Pakistan has reached benchmark positions as the 8th largest exporter of textile products in Asia (IFC, SBP, May 2011). It is 2nd biggest producer of cotton yarn, 3rd biggest of fabric and 4th biggest producer of raw cotton. (Pakistan Textile journal, 2011)The table below summarizes the industry’s economic contribution (Attaullah Shah, 2012). GDP8. 5% of the total GDPManufacturing46% of total manufacturingEmployment40 % of the total labour forceExports52% of the total exports (US $ 12. 36 Billion)Market Capitalization (Listed Companies)5% of the total market capitalizationPakistan’s textile industry is totally dependent on raw material, chiefly cotton; which occupies a lifeblood position among various cash crops of the country (M. Ibrahim Khan , 2012). Due to mounting qualitative and quantitative demand, local cotton harvest fail to meet the demands, hence the industrialists are being forced to import cotton from countries including USA, Russia, India and Egypt chiefly( Mohammad Saleem, 2012). According to a report there are around 1, 221 ginning units, 442 spinning units, 124 large spinning units and 425 small units which produce textile products. There are about 20600 power, 10 large finishing units and 625 small units. (FBR, 2011). The growth of industry has been appreciable for decades; however it is going through its roughest periods. Currently Pakistan’s textile industry is drenched in high cost of production owing to several factors:

## Company Information

The Company originated as a part of Saigol group of companies. The group houses the manufacturing of both cement and textiles. Its textile division, KTML commenced its business in 1953 at Rawalpindi. It was initially set up as a spinning and weaving project with 25, 000 spindles and 600 looms. It comprises of two spinning divisions located at Gujjar Khan (KGM) and Rawalpindi (KTML). Around 50 years of extensive expansions and modernization, KTML has emerged into a vertically integrated textiles company with modernistic techniques for spinning, weaving, dyeing, printing and stitching. The sales of the company has an enormous consumer base in both the local and export markets. c

## 3. 1. 1 Profitability Ratios

Ratios2009201020112012G. P margin14. 894%18. 710%15. 149%16. 477%N. P Margin-5. 199%2. 598%4. 052%4. 376%ROCE6. 792%10. 561%14. 467%16. 117%

## Gross Profit Margin analysis

## FY2010

GPM showed a healthy progress of 25. 6% over FY10G. P is the difference of revenue and cost of making a product before deducting overheads. After dismal losses recorded in the preceding years, the recovering economies of the world contributed to the improved scenario in sales, which is reflected in KTML’s sales growth by 26. 4%. Sales of yarn grew by 25. 1 . Percentage change in sales of its export market is summarized below. Furthermore, it proved to be a notable year for the spinning segment as China, the largest producer of yarn, outstripped domestic production by 3. 6m metric tons in 2009-2010. This led to an improvement in supply/demand equilibrium in the world yarn market (Feiwen Rong, 2010). Hence KTML benefitted from this avenue and its exports recorded a rise of 17. 5%. Due to growing local demands, the local sales also grew by 40% which is a tremendous growth after a loss in the past year.(AR)KTML was incapable to work on its full capacity due to worse power cuts and fuel shortages in the country throughout the term. This factor severed as a barrier in availing further orders, hence forcing it on low scale production (Uzair Khan, 2010). Price for cotton yarn exports was routed as $2. 26/kg for FY10 ….. after an increase of 2. 21%. Sales price of local cotton yarn supply had changing values, due to fluctuating price of local cotton and demand throughout the year. COS recorded an upsurge of 20. 75 %KTML is drenched in continuous mounting costs (Staff reporter, 2010), but is determined to follow cost-cut policies (AR). Raw material, i. e. cotton prices touched it height in the market during the 2009-2010, with cost increase from Rs 3, 470/maund to Rs 6, 419/maund in June 2010. (PRGMEA, 2011). Hence Raw material consumption recorded 4. 9% increase during the year. Salaries, wages and other benefits increased by 7. 21 % . The amount includes provident fund contribution of Rs. 16. 813m . According to the labour law, minimum wages rate was increased from Rs6000 to Rs7000 by the government. …(reference not found?? ) . One of the drastic deviations were recorded in fuel and power cost, which rose by 13. 6%. Despite the shortage of electricity, tariffs continued to rise during the period, with government imposing additional Rs1. 2 per unit by March 2010 (Staff Reporter, 2010). Furthermore government imposed 0. 51 paisa on per unit as " Fuel Adjustment Charges" on electricity bills (NEPRA , 2010). To intensify the matters the international oil price were on constant upsurge, increasing from $57. 18/bbl. to $ 75. 05/bbl. by 2010…. Due to out-production of spinning sector and increase in international demand of cotton products, there was a notable increase in GP recorded for FY10.

## FY2011

GPM reduced from 18. 710% to 15. 149%. Sales for the period grew by 12. 567 %. This year KTML’s segment sales were less in magnitude than the previous year. Export Sales managed to increase by only 3. 99%. The graph reviews the export positioning. The local sales increased by 24. 4%...... In the start of the trading year, Pakistan was hit by devastating floods, which damaged the cotton crops massively; hence cotton suffered shortage. (Mubarak Zeb Khan, 2011) Rising inflation of 13. 92 % , how to link… . capital costs and energy prices during the last year rendered Pakistani products less attractive for buyers in international market and countries like Bangladesh, China and India eroded the market due to their cheap prices and greater productivity. COS increased by 17% during the period, but KTML worked vigorously on its cost-cut policies which are reflected in the decrease of various determinants of COS. However there have been some stances which were unavoidable. Raw material price of KTML enlarged by 59. 8%. On the contrary, financial highlights of company’s production capacity of yarn recorded a decline of 25. 5%. This was owing to enormously amplified local cost of raw cotton from Rs 6522/maund to a record high measuring Rs 12, 412/maund in March, then closing at Rs. 8544/maund in June. (Gohar Ali Khan, 2011)In early FY11, floods destroyed local cotton crops immensely, leaving a deficit in demand and increase in costs. The company had to import cotton to fulfill orders in hand, like most other industries…. Fuel and power cost decreased by 7%. This was due to low production and almost 1/3 usage of power plants of the divisions. The reason traced is the shortage of electricity and gas supplied to the industries and its rising prices, which rose over 2% over the period (Ismat Sabir, 2010). The rise in price of oil from Rs. 66. 54/l to Rs. 84. 20l by mid-2011 (PSO, n. d)….. A significant decline in GP was recorded as a result of fall in % change in sales as compared to previous term and very high cost and volatility in the markets for raw cotton, yarn, and greige fabric.

## FY2012

GP margin grew by 8. 765% over FY12Sales for the period decreased by 7. 40 %. KTML changed its policy by shifting from mass merchandisers towards high value products(AR). This seemed to affect sales adversely. The company’s exports dropped significantly by 112%. Its breakup reveals a fall in the share of all its exporting regions due to financial crisis adjoining the whole globe. The world-wide economic condition worsened, Hence the prices escalated on the domestic cotton as global fiber values weakened, consumers appeared less willing to buy yarns and cotton was surplus in the market ( PAKOBSERVER, 2011). This also led to a drop of 0. 44% in local sales. Due to less volume of sales, COS also decreased by 8. 85%. Fall in COS was greater than the decrease in sales, showing increased efficiency of company’s cost control policies. Due to prevalence of electricity and gas shortages, production of KTML weakened. Furthermore fuel price also followed a rising trend from Rs. 84. 20 soaring to Rs. 103. 18 maximum ( PSO, n. d). Company’s fuel and power costs intensified by 26. 5% due to sharp escalation in electricity costs by the government. By the end of the year sources had increased over 12% fuel. Besides tariff increases, fuel adjustment burden was also placed on the consumers. (Khalid Mustafa , 2012)For FY11 KTML changed its policy regarding purchase of raw material by shifting from long-term price contracts to market-led prices, so it could benefit from volatilities in the cotton market. Hence it enjoyed fall in cotton prices as well. Therefore consumption decreased by 17. 8 %. Expenses owing to dyeing, yarn consumption, chemicals also decreased this year due to low production. Less production reduced the salaries and wages by 3. 69%. Despite the fall, the cost is still high due to implementation of increased minimum wage rate of Rs8000. (Pakistan Economic Survey , 2011)Regardless of fall in sales compared to last period, company’s policies were well implemented. COS moved in line with sales and company managed to improve its GPM.

## Net Profit Margin Analysis

## FY2010

NPM for the period increased from (5. 199) % to 2. 598%Due to favorable market conditions, company’s effective management and utilization of resources, KTML revived out of the loss and its sales increased by 26. 4%. The expenses recorded a fall of 4. 93 %. Broadly KTML’s expense has been categorized into the following: The company’s foremost area of expenses after finance cost falls under Distribution costs. The reason of sharp reduction in expense is also due to fall in distribution costs by 14. 4%. Due to increase in sales specially exports to America, clearing and forwarding costs increased by 42. 18%. Furthermore freight and handling costs after an increase measured Rs. 30549000. The reason traces global Freight costs rise by 15%. (MH&L, 2010)Overall the decline is registered due to fall in " commission costs to agents" by almost 71. 44 %, this was due to direct sales to consumers by KTML (cost cut policy). Salaries and wages increased due to appointments, and increase in minimum wage rate to Rs. 7000(GOP, 2010)Rents, rates and taxes increased massively by 210%. Increasing fuel, hiking power costs, taxes by 15. 7 % (SBP, 2011)and surcharges is responsible for the movement. Electricity, gas and water expenses are graphed below. It shows considerable increase which is due to increase tariffs of 13. 6 % by the government. ….

## Electricity, gas and water

Company revived out of the loss and made profit, KTML worked hard to keep the costs low despite the worse global state, hence NPM improved.

## FY2011

NPM increased by 56%Sales Revenue for the period increased 12. 6%f. Textile products were high on demand during this year; hence price of yarn and fabric were competitive. Despite prevailing flood and soaring prices, KTML managed to make nominal sales. Expenses increased by 1. 62% from previous year. Its allocation for the year is as follows. Salaries and wages increased by 10. 216%. The minimum wage rate enlarged to Rs7000 (GOP, 2010) as ordered by the government, and company also spent well on remuneration of its employees. The salaries grew at managerial level as there were 18 additions to executive positions. Prices of electricity, gas and water reduced in administrative area in line with company’s production electricity expenses. This was as a result of company’s cost cutting policy, by being careful in usage of resources. Regardless of this the national tariff increased by 19%. (Pakistan news, 2011). Outward freight and handling cost increased by 1. 46%. This increased can be related with rise in costs, as sales of fabric/meters and yarn/kg decreased (financial highlights). Hence clearing and forwarding costs also grew by 2. 19%. Although global shipping freights reached a nadir this year, KTML was still unable to contend in the international market because of high diesel prices, which rose from Rs. 75 to Rs. 100 per litre by end of trading year, significantly added to inland cost of transportation from the factories to ports and consumers locally. Moreover, there is the failure of Pakistan Railways to provide a relatively inexpensive inland transport mode. (SBP, 2011)KTML installed computer software, hence this year registers amortization of intangible asset amounting Rs. 273, 000 at the rate of 33. 33%. Hence NPM improved to 4. 05% due to 12. 56% increase in sales revenue and fall in finance charges.

## FY2012

NPM decreased to 1. 045%Sales for the period decreased by 7. 40 %, its fall is registered due to economic downturn and amplified competition from exporting countries. Expenses decreased by 7. 563% primarily due to reduction in finance cost. In spite of fall in sales, the expenses are still elevating. Clearing and forwarding costs decreased due to less orders and sale volumes, their amount reduced by 21. 2%. Freight and handling increased due to rise in fuel prices, price of crude oil increased from 105 $/b to 125$/b during the year (OPEC, 2012). Furthermore there was a rise in inflation rate by 9 % (PPI, 2012), due to which commission costs increased by 11. 42%. The year noticed tremendous escalation in electricity and gas tariff in line with oil prices. Showing increase of 1. 05 Rs/unit and gas by 7. 56 Rs/mbt in the start of the year (Pakistan News, 2011) and over the year the prices grew by 12 % (Agencies, 2012). Therefore KTML experienced rise in as in the graph. There was less variation in Salaries/ wages but they had a mounting trend. An executive left the company hence recorded a fall in administrative remuneration. The rise in sales in registered due to the improvement of minimum wage rate. KTML made less sales due to change in target market, hence registered lesser expenses. However company’s NP decreased due to high trend of expenses. Therefore KTML registered N. P margin of 1. 045% only.

## Return on capital employed

## FY2010

ROCE increased by 79. 8%over FY10 as PBIT increased by 100. 29% and capital employed grew by 11. 4%. Company made a profit after reviving from the loss last year. In addition to this KTML also had strict control on its production and non-production expenses. Collectively it led to an improved operating profit. Shareholder’s Equity increased by 9. 9%. Furthermore KTML incorporated wholly owned subsidiary company namely Concept Trading (Private) Limited on March. 11. 2010 having authorized share capital of Rs. 500, 000/- which were paid up in the following year. There were no movements in Share measuring Rs. 1, 455, 262, 000. Following graph shows breakup of reserves; it reveals movement in fair value of reserves and charging of accumulated loss. Both increased as earning capability of the company improved. Long term borrowings and short term borrowings are graphed below. Company’s short term borrowings increased by 20. 8% due to increase in creditors and accrued payments. Decrease in Long term borrowing was registered due to payment of rental of assets subject to long-term lease payments. Company’s operating profit improved, despite a fall in other operating income. Collectively there was an increase in capital employed which means KTML is earning more per every rupee invested in it. FY2011Variation ROCE recorded 13. 68% as compared with 10. 828% previously, as PBIT enlarged by 19. 10% and Capital employed decreased by 5. 73%KTML’s sales revenue increased but due to increased costs its GP fell. Other operating income recorded an intensification of 657% due to disposal of investment in Security General Insurance Company Limited of Rs 530, 477, 000 and gain on disposal on few fixed assets. Its equity increased by 30. 5%. Paid up share capital increased as, ordinary shares of Rupees 10 each previously issued were fully paid in cash. Hence measuring an increase to Rs 2, 455, 262, 000. Reserves indicate no movement in share premium and general reserves. A written down fair value reserve and due to better earnings of the company it transferred profit to its reserves. Long term and short term debts of the company both reduced significantly as depicted by the graph. This was as a result of KTML commitment to policy of cost reductions so it can reduce debt by selling certain equity investments of KTML and applying proceeds to repay bank borrowings. Significant rise in PBIT, and issue of share capital showed a growth in efficiency of investments KTML used to create a profit.

## FY2012

ROCE for the period reduced to 10. 2 %. Because PBIT reduced by 31. 93% and Capital employed reduced by 8. 66%A fall in operating profit is registered due to reduction in sales volume and soaring cost of production. The fall in operating profit is mainly due to the effect of profit on sale of investment which was included in the last year. Equity recorded no movements in share capital. Reserves show no major variation except enhancement in equity value due to increased earning i. e. profit. Long term and current liabilities reduced as to the commitment of the management to lower debt to mitigate ill effects of high financial costs. Hence long term financing and short-term borrowings were paid off by significant amounts. KTML efficiency with which capital was being utilized to generate revenue has fallen to 10. 196% as reflected in fall of operating profit, all due to payments of debts.

## 3. 1. 2 Liquidity Ratios

2009201020112012Current ratio0. 6690. 7230. 6670. 632Quick ratio0. 4060. 4300. 4230. 391Current Ratio and Quick Ratio

## FY2010

Current ratio improved from 0. 669 to 0. 723. Current ratio and quick measures whether KTML has enough resources to pay its debt over the next business cycle by comparing current assets (or CA-Inventories) to its current liabilities . Ideally ratios should be greater than 1, however both KTML‘ s ratios are below 1, but they improved during the year. KTML manages its liquidity risk by maintaining sufficient cash through committed credit facilities. At year-end, the Company had Rs. 7. 533m available borrowing limit from financial institutions and Rs78. 851m in cash/bank. Current assets increased by 30. 3%. Stock in trade raised by 34. 5%. Due to the increase in sales this year, there was an increase raw material, work in progress and finished goodsCurrent liabilities grew by 20. 8%. Trade debt both secured and unsecured increased to Rs 1040 257, 000 and Short term borrowings hugely increased by 56. 5 %. Quick ratio improved from 0. 406 to . 430Inventories are the least liquid portion of current assets; the quick ratio removes them from the equation, therefore trade debts receivable makes 38% of current assets (less stock) and other receivables also show growing trend. Cash in hand/bank for the period reduced by 1. 8% due to movement in saving accounts.

## FY2011

Current Ratio declined by 7. 74%Current assets reduced by 23. 1%. Stock in trade decreased to Rs. 1, 657, 252, 000 (30. 7%). There was a write-down of inventories to net realizable value during the year of Rupees 47. 216 million. Trade debts receivable for this fell by 30. 7%, other receivables also decreased for the following year. Cash in hand/bank for the period increased by 433% , due to deposit of US $37, 000 in savings account. Current Liabilities declined by 16. 78%. Company is determined to reduce its borrowings to lower burden of finance cost. Short term borrowings reduced by 15. 49% and company didn’t avail bank overdraft for the year as compared to the previous year. KTML’s current ratio and quick ratio is below 1 so it may have problems paying its bills and creditors on time.

## FY2012

Current Ratio declined 0. 667 to 0. 632Quick ratio decreased to 0. 423 as compared to 0. 391Current assets decreased by 11. 83%. Stock in trade decreased by 7. 68 %. There was only Rupees 0. 082 million write-down of inventory. Trade debts receivable increased to Rs 986, 683, 000 and there was a mixed trend in other variables. Cash in hand/bank for the period decreased by 8. 43 % due to fall in cash in hand and movement is current account. Current liabilities fell by 7. 01%. Company paid off its short term borrowings, aggregate amount only Rs. 4, 364, 111, 000, running finance and SBOP finances were paid off during the year. There was a slight movement in current ratio than quick ratio. Hence it is objective that company depends on its stock for further payments.

## 3. 1. 3 Solvency Ratios

## Debt-to-equity

## FY2010

D/E increased by 1. 71% to 2. 98Long term debts reduced by 15. 4%, which was countered by 20% rise in short term borrowings was recorded. KTML aims to minimize its long term finance cost burdens due to rising KIBOR rates …, hence enters into more short term financing. Equity rose by 9. 87% owing to increase in reserves; fair values. No changes were observed in issued, subscribed and paid-up share capital. The optimal debt-to-equity ratio is considered to be about 1, therefore considering KTML; gearing ratio is on the higher edge.

## FY2011

D/E ratio decreased to 1. 88 (37%). KTML’s debts decreased by 17. 88 %,( both in long term, short term borrowings and in repayment of loans). This was due to KTML’s prioritized reduction in debts through sale of Company’s assets (Director’s Report)Equity increased by 30. 5%. It enlarged chiefly by rights issue in subsidiary of KTML hence making issued, subscribed and paid-up share capital amount increase to Rs 2, 455, 262, 000. Moreover reserves, boosted by profits, increased by 1. 33%. Gearing ratio improved considerably and more proportion of finance is provided by equity relative to debt.

## FY2012

D/E improved to 1. 55Debt fell by 14. 83% recording fall in both long term and short term borrowing and repayment of loans. Due to volatile conditions of textile industry, banks have become risk averse; hence KTML paying its own debts to reduce exposure of costs. Equity increased by only 2. 92 %. KTML has cancelled out its accumulating losses with the previous year’s profit and reserves. There was no change in issued, subscribed and paid-up share capital. KTML has an improving financial standing. It is being financed considerably by its own resources and is able to repay its obligations hence fall in debts.

## Interest Cover

## FY2010

The ratio improved considerably from 0. 57 (2009) to 1. 35 (2010)PBIT for the period improved by almost 100% due to profit for the year, after a loss in previous year. Finance charges for the period reduced by 14. 87%. The improvement was observed due to repayment of long term loans. However outstanding long term loans experienced high KIBOR rates …. hence pressure on finance costs (State bank of Pakistan). Moreover there was an increase in finance cost in short term borrowing by 17. 67%. Due to worsening textiles industry banks have become risk averse; hence increased their rates which is also visible in increase in bank and commission charges by 43. 2%Last period with low ratio, the company was burdened by debt expense; however it improved due to humungous rise in PBIT accompanied with fall in finance costs.

## FY2011

Interest cover increased to 1. 66 times (1. 35times: 2010)PBIT increased by 19. 10%; major contributor was the gain on disposal of subsidiary. Finance cost fell by 3. 31%, which was chiefly due to repayment of long term loans. Short term borrowing recorded a fall of 16. 67% however finance costs on short-term borrowings increased by 5. 67%, showing that KTML suffered increasing interest costs from 12. 75 to 14% (Trading economics, n. d)Improvement in PBIT and fall in finance costs means KTML’s ability to meet its interest payments has improved.

## FY2012

Interest cover declined 1. 349With the fall in long term and short term debts of KTML, there was a decrease documented in finance cost by 16%. SBOP Pakistan reduced its interest rates from 14% to 12% …., hence burden of finance cost further eased. PBIT for the period decreased substantially by 31. 9% due to low scale and increasing costs of production. Drop in interest coverage is registered due to fall in PBIT, whereas KTML is committed on reducing burden on finance costs.

## 3. 1. 4 Efficiency Ratios

2009 (days)201020112012Debtor collection period45452132Inventory holding period87985355Creditor's payment period43443046Working capital Cycle891004541

## FY2010

WCC grew by 10 days in FY10DCP remained 45. Debtors rise 26. 5% almost in line with the increase in sales It portrays that KTML is efficient in locking up funds in accounts receivable by keeping credit policies same for current year. CCP increased by 1 day. COS for the period increased by 20%. It countered the increase in value of trade payables, which showed absolute rise of 22. 4%. The average holding period increased to 98 days (2009: 87days) As sales grew, COS also revealed an increasing trend. The closing Stock also increased by 35. 95%, mainly owing to piling up of inventory (work-in-progress) due to worsening power failures.(Javed Mahmood, 2010)Furthermore due to unpredictable changes in global textiles demand & supply forces, KTML had to stack raw material " cotton" to facilitate smooth production & sales operations. The creditor and debtor days remained same for the period whereas the rise in the ratio is due to increase in IHP. Hence Working capital is tied up for a longer time in capital cycle.

## FY2011

WCC drastically fell to 45 days (2010: 100)Debtor days decreased from 45 days to 21 days. Regardless the increase in sales by 12. 567% the trade debts reduced by 46. 7% due to a significant fall in secured trade debts. This reflects greater number of cash sales to high contributing customers in the current year (AR). KTML is following prudent approach to credit authorization, which results in early recovery of payments. CCP tightened substantially to 29 days (2010: 43). The year recorded a fall in trade Payables by 19. 76%, whereas COS grew by 17%. The rising costs have prompted cash crisis in the textile industry and everyone is struggling to stay afloat through credit dealings (Dr. Kamal Monnoo, 2012). Therefore KTML faced tight credit terms on behalf of its suppliers. Humungous decrease recorded in inventory by 46% as COS for the year increased by 17%. However the closing inventory reduced considerably by 36. 5%. This was due to KTML’s commitment to reduce inventory costs by taking advantage of price fluctuations of the raw material (AR). The fall in WCC ratio is attributed to efficient collection of debts, along with the decrease in IHP. Furthermore the creditor days also tightened during the period. Company is effectively managing its WCC, despite the risk adverse attitudes of banker due to which sufficient WCC is tied up in payment of debts.

## FY2012

WCC shifted to 41 days in FY12DCP increased to 32 days (2011: 21) as debtors increased by 39. 5% whereas the sales for the year reduced by 7. 4%. Decrease in textile sales and rising costs have prompted global credit crunch, in order to up boast sales KTML has offered relaxed credit term to its customers as compared to the previous year. CCP improved to 45 days. COS in denominator reduced by 8. 8%, purchases for the year declined but trade payables in numerator increased by 39%. Thus reflecting that KTML is taking the full advantage of credit facilities allowed by its creditors. IHP increased by 1 day (2011: 53). Sales for the period declined, so did COS by 8. 847%. Following the same trend closing stock also reduced by 6. 37%, as KTML continued to make purchases only for the short-term period to avoid inventory mounting. Nevertheless the fall in inventory is countered by almost equal drop in value of COS. A fall in working capital cycle suggests that business cash flow position strengthened. DCP extended, while IHP showed minimal increase of a day. However CCP increased to 46 days.

## 3. 1. 5 Investor’s Ratios

## EPS

## FY2010

EPS increased to 1. 909 (2009:-3. 022)It demonstrates greater earnings power of the firm, due to 149% rise in PAT. Owing to tremendous rise in sales and effective cost management. While number of shares remained same.

## FY2011

EPS improved by 4. 203%During the period PAT enlarged by 55. 97%. Moreover the year also recorded an increase in number of shares by almost 100%. Hence increase in both factors means that KTML manage to earn on their stock share investments.

## FY2012

EPS drastically fell to 0. 47During the year KTML registered a reduction of almost 74% in PAT, with same number of weighted average shares. As the profitability for the period decreased the portion allocated to outstanding shares of stock also suffered a decrease

## P/E ratio

2009201020112012P. E ratio-1. 46250522. 9591166821. 8671730958. 793722532(Bloomberg, n. d)

## FY2010

P/E ratio increased to 2. 959 times as the market value of KTML increased to Rs5. 65/share. EPS also improved for the period. Improving Global recession restored positive investor perception therefore rising P. E reflects that investors are anticipating higher growth in the future.

## FY2011

The ratio reduced to 1. 867 times as KTML recorded an increase in EPS; however its market value dropped to 3. 71. The fall in market value resulted due to deteriorating conditions of the country, especially due to devastating flood and power crisis which led Karachi stock exchange to suffer considerable losses. (Staff Reporter, 2010)

## FY2012

P/E ratio jumped enormously to 8. 793 times as the current year recorded low EPS compared with the market value. The market value increased to 4. 17. The increase is owed to economic stability and improvement of stock markets worldwide.

## 3. 1. 6 Competitor Analysis

Gul Ahmed Textile Mills originated as part of Gul Ahmed group. The group involved in textiles in the early 1900s and began manufacturing with the name of Gul Ahmed Textile Mills Ltd in 1953. The mill is presently a composite unit with three spinning units and an installed capacity of 130, 000; they have capacity to produce 120 tons per day of average yarn count. (GATM, n. d)Gul Ahmed has the most advanced Air Jet weaving production facilities, having a production capacity of approximately 100, 000 meters per day. The group has entered the retail business with the opening of flagship stores. KTMLGATM2011201220112012ProfitabilityGPM15. 15%16. 47%18. 19%14. 14%NPM4. 05%1. 04%4. 70%-0. 96%ROCE13. 68 %10. 20%12. 92%7. 75%LiquidityCurrent Ratio0. 6660. 6321. 030. 99Quick Ratio0. 4230. 3910. 250. 31EfficiencyDCP21322930CCP53544546IHP3046134151WCC4441118115SolvencyInterest cover1. 661. 352. 401. 00D/E ratio1. 881. 553. 332. 96Investor’s ratiosEPS1. 990. 4718. 85-1. 89P. E ratio1. 878. 791. 24-10. 10ProfitabilityGATM experienced a fall in GP Margin by 22. 3% as compared to KTML, which enlarged by 8. 71%. GATM’s director’s report refers to the fall in G. P due to inflation without any resultant increase in prices. There was a fall of 1% in sales of GATM, despite increase in local sales; it incurred loss in its export market share due to global decline in purchasing of textile related products. Global exports reduced by 9. 4% ( Ahmed Abdullah, 2012). Similarly KTML’s sales also followed a declining trend of 7% consistent with global trends, COS of GATM increased by 3%, this was chiefly due to rising fuel/power prices, built-up stock and inflation. Whereas KTML COS reduced by 9% due to strict cost control policies (KTML; annual Report 2012). GATM’s NPM fell negative from 4. 70% to -0. 96% (120%), on the contrary, KTML recorded a fall in NPM of 74%. GATM suffered a loss for the period with a fall of 120% in PAT; KTML’s PAT also decreased by 76%. GATM recorded increase in expenses by 8. 65%; main figures were advertising, fuel/power and staff costs, increased due to opening of retail stores of GATM. On the contrary KTML’s expenses fell by 7. 563% due to strict cost policies. Moreover, the key player is finance cost of GATM which towered by 25% due to rise in Trade Payables. While KTML is effectively paid off its debts to reduce the finance cost burden by almost a fall of 16%. ROCE for GATM declined by 40%, whereas ROCE of KTML reduced by 25. 4%. PBIT for the period reduced by 38%, due to soaring production costs and reclining sales. Capital employed of GATM reduced by 15. 6% due to decrease in both equity and debts both. KTML reported a higher ROCE, showing an increased earning ability of its employed capital resources.

## Liquidity

Current ratio for GATM decreased from 1. 032 to 0. 911. Current assets decreased by 21% due to fall in receivables, and current liabilities reduced by 17. 7% on account of payment of short term borrowings. KTML’s Current Ratio declined from 0. 666 to 0. 632. Indicating a weak liquidity position as compared to GATM. GATM’s quick ratio improved from 0. 25 to 0. 31, despite the improvement it is smaller than KTML whose quick ratio reduced from 0. 423 to 0. 391. Both company’s ratio is below 1 so they may have problems paying its bills and creditors on time.

## Efficiency

GATM has DCP of 30 days compared to KTML (DCP: 32 days), meaning both companies have almost identical credit policies. GATM has CCP of 46 days as compared to KTML (CCP: 54days), reflecting KTML’s better bargaining position. However GATM has a longer IHP, i. e. 115 days. In comparison KTML has IHP of 45 days. Due to increased IHP of GATM, its working capital (115 days) is tied up for a longer time in capital cycle than KTML (41 days).

## Solvency

Interest cover for GATM reduced to 1 times (2010: 2. 40 times). The fall is registered due to 48% decrease in PBIT and 25% increase in finance cost. Hence its ability to meet interest expenses is questionable. Whereas KTML also registered a fall in interest cover to 1. 35 times (1. 66 times). Finance cost declined by 16% which was countered by 31. 9% fall in PBIT. D/E ratio for GATM improved to 2. 96. Its equity reduced by 5% owing to un-appropriated loss for the year. However it also managed to decrease its debt standing by 15. 6%. GATM finances its operation heavily by debt, whereas KTML relies on equity also reflected in its lower D/E ratio 1. 55 (2011: 1. 88)

## Investor’s ratio

GATMKTMLMarket price201120122011201223. 4319. 123. 714. 17GATM has a higher market value than KTML, however its share price reduced by 18. 4% due to loss in the current period, hence recorded loss per share. Owing to loss company’s P. E ratio stood negative. However KTML’s EPS declined due to fall in PBIT, but P. E ratio improved as its market value increased to 4. 17, showing better customer perception for KTML. Both companies did not pay any dividends.

## 3. 2 Business Analysis

## 3. 2. 1 PESTEL

## Political

Political situation of Pakistan is unstable and detrimental, it is a victim of terrorism, therefore textile exports face a major fallback from international investor’s (Mansoor Ahmad, 2012)Frequent shutdowns in gas, electricity and escalating fuel prices has left textile sector paralyzed, and government has made no incentives.(Tahir Amin, 2012)Frequent changing of the governments and failed efforts after 2008 economic recession has aggravated reclining textile condition. According to the World Trade Review " Pakistan has failed to take necessary steps needed to meet post Multi- fiber Agreement (MFA) challenges for its textile industry owing to lack of political will by the successive governments" ( Gherzi, 15 April 2009)First ever Textile policy 2009-2014 by MINTEX envisages measures to boost local nad export textile conditions. The policy includes; duty-drawback rates, subsidy on long-term financing loan and technology up gradation.

## Economic

From the last decade the inflation rate has increased by 100%. FY12 recorded an increase of 7. 9% in inflation as compared to same period of last year (APP, 2013) . Therefore textiles is under extreme economic inflationary pressure, which has risked growth potential and eradicated purchasing power. Tight monetary policies and rapidly growing interest rates (KIBOR) of the banks is causing a lot of hurdles for textile sector and exporters. However by 2012, SBOP had to reduce the base rate for economy to 9. 5% (SBP, 2012) due to piling economic pressure. Rupee depreciated around 8. 0 % against the dollar in the interbank market during 2012 (Mohsin Khan, 2013). Hence it boosted international demands.

## Social

Media has enforced an increase in awareness of fashion, hence want for Pakistani designer brands has escalated the demand for apparel products. Despite weak purchasing power of mass consumers, access to worldwide varieties has made consumers savvier and more demanding. Moreover a dynamic change in fashion tastes is a gateway to seize larger market shares.

## Technological

No mass scale innovations have been made by the APTMA in the R&D of the textile industry. However for effectiveness of production processes, venture into the latest technology has to be sought. Pakistan’s textile policy 2009-2014, technology up gradation fund (UTF) was set up to contribute up to 20% of capital cost as a grant(Rana Farooq, 2009). There are no customs duty and sales tax on import of textile plant and machinery for the backing of latest technology. (FBR, 2011)

## Environmental

Global environmental problems associated with the textile industry is regarding the water pollution caused by the discharge of untreated effluent and the use of toxic chemicals. (Dr. Noor. A. M , n. d)Economic Survey of Pakistan 2012 reveals that textile industry contributes 60% to exports. (Economic survey of Pakistan, 2012). Hence it’s major US and European buyers deploy strict social and environmental compliance issues regarding the import of their product. Import of organic chemicals in Pakistan increased from US $1. 20 billion in 2006-07 to US $ 1. 95 billion in 2010-11in order to comply with international environmental compliances(Dr. Noor Ahmed Memon, n. d)Weak environmental protection acts are regulated under the government’s Environmental protection Agency.

## Legal

In Pakistan company laws are determined by SECP which has remained consistent over the years, however tax, labour, export laws are subject to constant change.

## 3. 2. 2 SWOT

## Strengths

KTM has its own power plant, hence uninterrupted supply of energy is ensured. It has an effective campaign to improve productivity by reducing labour costs and strict control policies, which are reflected in its falling expenses figure each year. KTM engages ERP software for storage of its data in form of a database. It actively embarks CSR policies, hence the group has been awarded " 5th corporate social responsibility national excellence Award"( Annual Report 2012, page 14)Company’s international standard quality management systems, don’t require external auditor’s review. The company certifies itself in ISA 8008 for health and safety regulations and maintains dedication to security in compliance with (CTPAT).

## Weakness

KTM lacks a brand name, hence it struggles to compete both locally and internationally. Less vigilance on marketing policies, which limit the growth prospect for KTM as compared to competitors. KTM offers a narrow base of products by catering to mass merchandisers specifically.

## Opportunities

Development of Textiles cities with purpose of providing the infrastructure to the textile industries in order to compete internationally. E. g. Pakistan textile city near Karachi. Under UTF 2009-2014, new technology and subsidies can be sought which can gear up production processes. The lift of export quota opens a duty free access to expand operational capacities.

## Threats

Pakistan is facing threats from emerging competitors in textiles sector such as Bangladesh, Vietnam and Turkey. We have huge costs, ineffective production processes and low labour efficiency as compared to the them. The quota system wiped by WTO, increases threat by the Chinese and Indian manufacturers to expand market share. Increased awareness in fashion has heightened the prospects for growth of the industry; however its volatile nature leaves threat for timely completion of the consignments, which is unlikely for industries operating under Pakistan’s power crisis. Increasing inflation has increased the cost of production on the contrary it affects the disposable income by eroding the purchasing power of the buyers.

## 3. 3 Conclusion and recommendation

## Profitability

After the dismal losses of the preceding years, FY10 proved productive in profitability of KTML. It recognized strength in spinning division; hence worked consistently to exploit maximum EOS by mass scale production, cost cutting policies and diversification to mass merchandisers. Despite relative progress, its profitability ratios reflect a marginal fall in performance and efficiency.

## Liquidity

Quick and current ratios show a declining trend, indicating KTML may have problem meeting its short-term obligations in future. Furthermore it is dependent on its inventory which is the most illiquid part of current assets for settlement of its borrowings.

## Efficiency

WCC shows a relative reclining trend, demonstrating better credit terms. Increased CCP depicts stronger bargaining position of KTML; similarly KTML has relaxed its credit terms over the years. The IHP has recorded a tremendous fall reflecting that slow moving inventory is eradicated duly in the course.

## Solvency

The interest cover showed an improvement over the years, owing to better profitability and reducing finance cost (payment of debts). KTML is low geared, which means it is being financed considerably by its own resources and is able to repay its obligations timely.

## Investor’s

CompaniesShare price (30 june 2012)KTMLRs 4. 17Gul ahmedRs 19. 12Nishat chunianRs 17. 18Nishat TextilesRs 49. 95Sapphire Textile MillsRs 19. 12\*www. Bloomberg. comCurrently KTML’s market price is fairly low when compared with competitors, so has a low customer perception. It incurred losses previously and has been unable to pay any dividends since then. Despite slight increase in market price and perception, investors are reluctant to invest in KTML due to its former fruitless image.

## SWOT

Due to expansion of markets, demand for textile products has grown, hence through its effective BPR, it can gain competitive edge. However KTML has a weakness of owning a less renowned brand and a threat of operating in a highly volatile industry.

## PESTEL

In external environment the company is exposed to unstable political, economic and legal conditions. There have been considerable advances in technology, and company employs controlled environmental measures.

## Recommendations

The company should diversify its product base, specially value added products to save it from fluctuating raw material prices and better opportunities globally. In highly competitive industry, for growth and survival, it should effusively market and advertise its company to increase its sales volume and improve its market positioning. Furthermore local market should be explored to encourage local share in sales. As company is more equity financed, it has an edge of financing its activities by debt to bolster capacity expansion.

## SKILLS AND LEARNING STATEMENT

## Mentor meetings and presentation details

## Question1: What did you learn from the meetings with your project mentor, including the presentation that you gave to your project mentor?

## First Meeting

As soon as I opted for the thesis, I became acquainted with the BSc-information pack. Till first meeting my mind wrestled with numerous obscure questions. I ran late for my very first introductory meeting, therefore I was in utter guilt during most of my class. To make matters worse, I was already muddled about my research work. My mentor was kind to read my gestures and welcomed me warmly. She gave me a brief introduction that dispelled my initial fears. She continued with her presentation, and the questions boggled my mind continuously, I never imagined my confidence would be put to test as well. Watching my peers communicate effortlessly, I gathered my confidence and made a shaky attempt. She inquired the choice of topic and company; which was entirely at our discretion. I already had an inclination towards topic 8, with some reservations. She confided in my choice, and clarified that it wasn’t merely mathematical and involved skills at interpretation too. She referred me to certain books that could help my concepts. My mentor highlighted the key points during her presentation; I felt the necessity to note immensely fruitful tips being delivered. Being late was not the only dilemma that day, I was without a paper and pen as well. Outgrowing my hesitation I raised my hand and put forward my demand, my mentor meticulously accommodated me with the essentials. Furthermore she was delivering lecture at a faster pace, and I had trouble catching up with her at various stances, hence I decided to come equipped with a recorder in my next class, so I don’t run short on her important tips. In the end I informed her of my weakness regarding the management of workload. My mentor’s encouragement and words of comfort were the fuel to my confidence. We made an organized schedule of work to be accomplished. I informed her about my job as an internee in an NGO. Unfortunately my free timings clashed with her timetable. After a brief thought, by paying special consideration on my work allocation we decided upon a perfect day for our next meeting, so I could complete my thesis timely and efficiently.

## Second Meeting

The second meeting was held in accordance with the schedule. I adhered to punctuality, and arrived well on time. My initial draft was voluminous and I had piled myself with the research sources. I presented her with my work-draft. Her carefully jotted down notes from last meeting served as a sounding base. She carefully visualized my data, notifying the mistakes and signifying potential improvements. She explicitly commented on formatting techniques, hence I learnt the importance of organized and well-formatted information. She asked me to adhere to the word limit; henceforth I became careful in usage of words which could summarize my research in the most accurate manner. Being aware of my hesitancy she inquired my problems, and I communicated effectively in return. I rushed with the various queries; she handled every question effectively, leaving me commendable for her professionalism. I perceived that I was behind the schedule and hence considerable effort was needed to achieve targets on time. She introduced me to Harvard-referencing-system (HRS) and stressed on the need to reference other’s work. Hence I became well-familiar with it. On my demand she slackened her pace, it beacame easier to decipher her. My mentor informed me of the final meeting and highlighted the importance of the presentation. In light of my concerns she asked me to review various sources for successful conduct of my presentation.

## Third Meeting:

With an excellently drafted schedule, I was done with most of my thesis. After excelling in oral communication by letting go of my hesitancy, I felt contented with my efforts. I had learned to meet deadlines with effective allocation of time. However, as a part of third meeting, conducting the presentation was not less than a challenge. I struggled extensively for its preparation. Making sure that it was comprehensive and well-driven. I watched videos and read threads on prerequisites of a delivering a presentation. My family supported me by being my audience for practice-sake. At the time of delivery of presentation, I reassured myself of all the effort I have made for my thesis. I could feel my legs tremble, but I struggled in delivering the presentation, maintaining eye contact and gestures were my key focus. Although I had to face the turmoil of power failure, and without a microphone I raised my voice. My mentor and the panel applauded on the successful completion of my presentations. It was the most essential platform for a person like me, who had never delivered presentation in ACCA tenure, to up boast confidence, to delivering focused material and learn etiquettes of public speaking.

## Question2. How well do you think that you have answered your research questions?

Research work involved certain research objectives to be set, which define the base for the research findings. My research work revolved around the analysis of financial and business performance of a company over three years, and draw up conclusion and recommendations. Hence I have tried my best to incorporate all the questions, taking along all the parts of the thesis. The research questions were classified objectively, therefore I made sure that questions were simple, comprehensive and approachable. The questions for financial analysis revolved around facts and involved less judgments. Information was obtained from both primary and secondary sources. Various accounting ratios were performed on the company’s financial report to comment on the performance and picture of conclusions and recommendations. Furthermore clarifying the fundamentals and policies affecting the company’s performance . For an effective comparative purpose, company’s performance was compared to that of a suitable competitor. Business analysis is subjective in nature with evolution of judgments and inferences. Profound grip in the application of the concepts was necessary. Hence data was gathered from secondary sources mostly articles, newspapers-publishing etc. PESTEL and SWOT were used to gain an insight into company’s business at macro level and visualizing its strengths/weakness internally. Major undertaking was drafting a conclusion and recommendations in light of company’s performance. Therefore after careful scrutiny of my data, I drafted both financial and business conclusions summarizing three-year period. Consequently practical recommendations were prepared, which could help improve the image of the company.

## Question3 . How have you demonstrated your interpersonal and communication skills during the project work?

" Human communication occurs on the intrapersonal, interpersonal, and public levels. Intrapersonal communication is communicating with yourself. It encompasses such activities as thought processing, personal decision making, listening, and determining self-concept. Interpersonal communication refers to communication that takes place between two or more persons who establish a communicative relationship. Forms of interpersonal communication include face-to-face or mediated conversations, interviews, and small-group discussions. Public communication is characterized by a speaker's sending a message to an audience. It may be direct, such as a face-to-face message delivered by a speaker to an audience, or indirect, such as a message relayed over radio or television."(R. Berko, et al., 2007)Interpersonal and communication skills were exhibited throughout my project. Being an introvert by nature I lacked in establishment of a conversation, but my mentor emphasized that my success of endeavor hinges on my ability to communicate effectively. Therefore from my first encounter with mentor, my verbal skills were put to test. Not only I had to listen carefully but correspond with her for more elaboration of points. Furthermore I had to resist my bad habit of distracting my mentor with a question in between her lectures. Hence I took time to frame my queries beforehand, so that they were not over looked and any misunderstanding was avoided. To make the best out of the meetings, I also cautiously noted down every key points she offered. The group discussions with my peers and mentor proved vital in yielding my self-esteem, raising arguments and putting forward own verdicts. I also took help of text messages and emails for transmission of problems. Hence all the efforts produced a written communication report in form of my research. Conducting a face-to-face interview was novel for me, hence I made sure I was well-equipped before it. I abode by all verbal and non-verbal norms. I had structured my questions to be asked, hence subject to time, kept them summarized, practical and clear. I upheld confidence and respect throughout the interview. My presentation skills were enhanced, when I effortlessly performed presentation with help of slides, I incorporated gestures and tackled my audience clearly while maintaining eye-contact. I tried to keep my presentation brief and concise. Encouragement of audience participation was a key challenge which prepared me to handle unfamiliar circumstances.

## Question4. How has undertaking RAP helped you in your accountancy studies and/ or current employment role?

Undertaking RAP was an exceptional experience, which enhanced my concepts beyond ACCA studies. Study of Financial statements developed my analytical and interpretational skills. Moreover I closely visualized the financial and business operations of a company and mastered in calculating practical ratios. These skills will aid me to visualize, articulate, and solve both complex issues arising at my workplace. I have developed exposure in application of relevant business models, PEST and SWOT, to existing practical situations. Maintaining balance between job and RAP has rendered me more organized and my time management with delegated tasks has already been admired at my workplace. The continual editing of my rough drafts polished my editing skills and I feel easy with production of any written material. Alongside research-work, my communication and interpersonal skills with peers and mentor were greatly embellished. I learnt to carry out relevant discussions and raise queries without difficulty. Communicating effectively would help me clear any professional misunderstandings at my workplace in the future. Delivering a presentation boasted my self-confidence and helped me learn etiquettes of corporate presentations. I am greatly motivated to project my finding in form of interactive slides for my future tasks. My experience with IT is worth a mention. I gained relevant expertise while working with MS office. My agility with use of Excel and PowerPoint has impressively enriched and these skills are already helping me yield productive results at my workplace. The RAP has helped me to overcome my weaknesses. Moreover I discovered my concealed strengths, which would help my self-refinement.