

La suite east plc extracts from the chief executive's circular

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LA SUITE EAST PLC EXTRACTS FROM THE CHIEF EXECUTIVES CIRCULAR

Strengths of the company The sales returns of the company has been going up very well and fast in a period of four years. This means that the company has been selling a lot of products and services, and making a lot of revenue. The company can thus make improvements in the building or other important changes in the company. Increase in the sales of the company improves the shareholders wealth which also improves the company's performance.

Difficulties encountered by the company

The company has been making numerous sales but that does not determine its success. As the sales increase, capital and cost also goes up. This means that the company uses more in production and other expenses to increase the sales, thus reducing the profit, which undermines the company's performance. The project being started by the company has not been well planned for, which means that the money being spent on the project may lead to the downfall of the company. While planning for the building to be constructed, the company did not consider that there will be depreciation of the building with time. There is no improvement in the financial performance of the company because the increase in sales has increased the cost, so the project will not be the best idea.

The difficulties of the company are tackled in various ways. First the company should consider ways of reducing the cost to raise the profits and minimize losses. The other solution to the company's poor performance is to plan better for upcoming projects, considering all facts and risks, as well as

future plans. The current project should not be carried out since it will lead to very serious losses.