

"EVALUATING FINANCIAL PERFORMANCE: RATIO ANALYSIS AND COMMON- SIZE FINANCIAL STATEMENT ANALYSIS". A CASE OF COMPOSITES TECHNOLOGIES RESEARCH MALAYSIA (CTRM) AERO COMPOSITES SDN BHD.

MOHD HASHIR BIN MOHD KAMEL 2006139121

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE FACULTY OF BUSINESS MANAGEMENT UNIVERSITY TEKNOLOGI MARA CAMPUS BANDARAYA MELAKA

APRIL 2009



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA (UITM) BANDARAYA MELAKA

"DECLARATION OF ORIGINAL WORK"

I, MOHD HASHIR BIN MOHD KAMEL, (I/C Number: 840815-05-5603) Hereby, declare that,

• This work has not previously been accepted in substances for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.

• This project paper is the result of my independent work and investigation, except where otherwise stated.

• All verbatim extracts have been distinguished by quotation marks and sources of my information have been specially acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

20 April 2009

Head of Program Bachelor of Business Administration (Hons) Finance Faculty of Business Management Universiti Teknologi MARA (UiTM) Bandaraya Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "Evaluating Financial Performance: Ratio Analysis and Common Size Financial Statement Analysis". A Case of Composites Technology Research Malaysia (CTRM) Aero Composites Sdn Bhd to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM).

Thank you

Yours sincerely,

MOHD HASHIR BIN MOHD KAMEL 2006139121 Bachelor of Business Administration (Hons) Finance

ABSTRACT

CTRM Aero Composites Sdn Bhd (CTRM AC) was incorporated on 16thAugust 1994. CTRM AC fully commenced its operations in 2000 under the name Aero-Composites Technologies Sdn Bhd. Its nature of business is to manufacture composites components for aero and no-aero structures.

This project paper focus on the performance of company and the new or alternative financial evaluation methods for CTRM Aero Composites Sdn Bhd. Recently, Finance department of CTRM AC used Ratio Analysis as the main tools of evaluation. Data being collected by interview, journal and also experiment in order to test the new methods in company. Thus further studies being done to find the way of introducing the alternative methods of evaluation.

There are two methods which have been used to evaluate financial performance of company such as Ratios Analysis and Common-Size Financial Statement Analysis. These two methods are used to compare financial statements of the same company over different periods. The result indicates that, the used of both methods contribute to the reasons and evidence that based on the trend of financial statement.

٧

TABLE OF CONTENTS

ACKNOWLEDGE	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	iv
ABSTRACT	v
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
11.2 Background of company	2
CAPTER TWO: ISSUE	
2.1 Issue	9
2.2 Purpose of study	10
CHAPTER THREE: LITERATURE REVIEW	
3.1 Introduction	11
3.2 The concept of financial performance	11
3.3 Organizational performance	12
3.4 Financial analysis tools	13
3.5 Types of ratio	17
3.6 Advantages of ratio analysis	20
3.7 Limitations of ratio analysis	20
3.8 Financial reporting	21
CHAPTER FOUR: FINDINGS	
4.1 Introduction	23
4.2 Method of Analysis	24
4.3 Ratio Analysis	25
4.4 Analysis of Ratios	26
4.5 Common Size Financial Statement	31
4.6 Analysis of Common Size	33
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS	
5.1 Introduction	35
5.2 Conclusion	35
5.3 Recommendation	36
BIBLIOGRAPHY	37
APPENDICES	39