THE IMPACT OF ASSETS EFFICIENCY MANAGEMENT ON THE PROFITABILITY OF LISTED COMPANIES IN THE MANUFACTURING SECTOR IN SRILANKA

By

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EU/IS/2013/COM/46

COM1696

A project report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of Commerce Honours (B.Com Hons)

DEPARTMENT OF COMMERCE

FACULTY OF COMMERCE AND MANAGEMENT

EASTERN UNIVERSITY, SRI LANKA

2019

ABSTRACT

The title of this research is The Impact of Assets Efficiency Management on the Profitability of Listed Companies in the Manufacturing sector in Sri Lanka. The purpose of the study is to examine the impact between assets efficiency ratios analysis and profitability ratio analysis of listed manufacturing companies in Sri Lanka over period four years (2015-2018).This research used three assets efficiency ratio analysis such as Total Assets Turnover Ratio (TATR), Non-Current Assets Turnover Ratio (NCATR), Current Assets Turnover Ratio (CATR) in determining their impact and relationship on Profitability it measures Return On Assets (ROA) of Manufacturing Companies in Sri Lanka. Profitability as a dependent variable is represented by Return on Assets (ROA) while Assets Efficiency Ratio analysis stand as TATR, NCATR and CATR for independent variables. The data were obtained from the financial annual reports (both statement of comprehensive income and statement of financial position) of the selected manufacturing companies on the Colombo Stock Exchange (CSE). Descriptive statistics, Pearson correlation and regressions were employed to find out the relationship and impact between the variables and their effect on Profitability. The results of the analysis shows that Total Assets Turnover Ratio (TATR) , Non-Current Assets Turnover Ratio (NCATR), Current Assets Turnover Ratio (CATR) have negative relationship between Return On Assets (ROA). The analysis also statistically significant with Total Assets Turnover Ratio (TATR) and Return on Assets (ROA) in Manufacturing Companies in Sri Lanka. And also Non-Current Assets Turnover Ratio (NCATR), Current Assets Turnover Ratio (CATR) with Return on Assets (ROA) statistically insignificant in this research. The results further suggested that only 6.6% of the variations on the dependent variable were caused by the independent variables in this model. Based on the other findings, the researcher recommends that the management decrease the assets in performance of profitability growth. Finally management should utilize its assets efficiently in order to generate more profit for the company.

KEYWORDS: Assets Efficiency Management, Profitability, Total Assets Turnover Ratio, Non-Current Assets Turnover Ratio, Current Assets Turnover Ratio, Return on Assets.

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CATR	- Current Assets Turnover Ratio
CSE	- Colombo Stock Exchange
NCATR	- Non-Current Assets Turnover Ratio
ROA	- Return on Assets
TATR	- Total Assets Turnover Ratio