



**Jacob Business Armour**



## **REPORT**

### **Process Analysis** **Organisational Operations**

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made out for

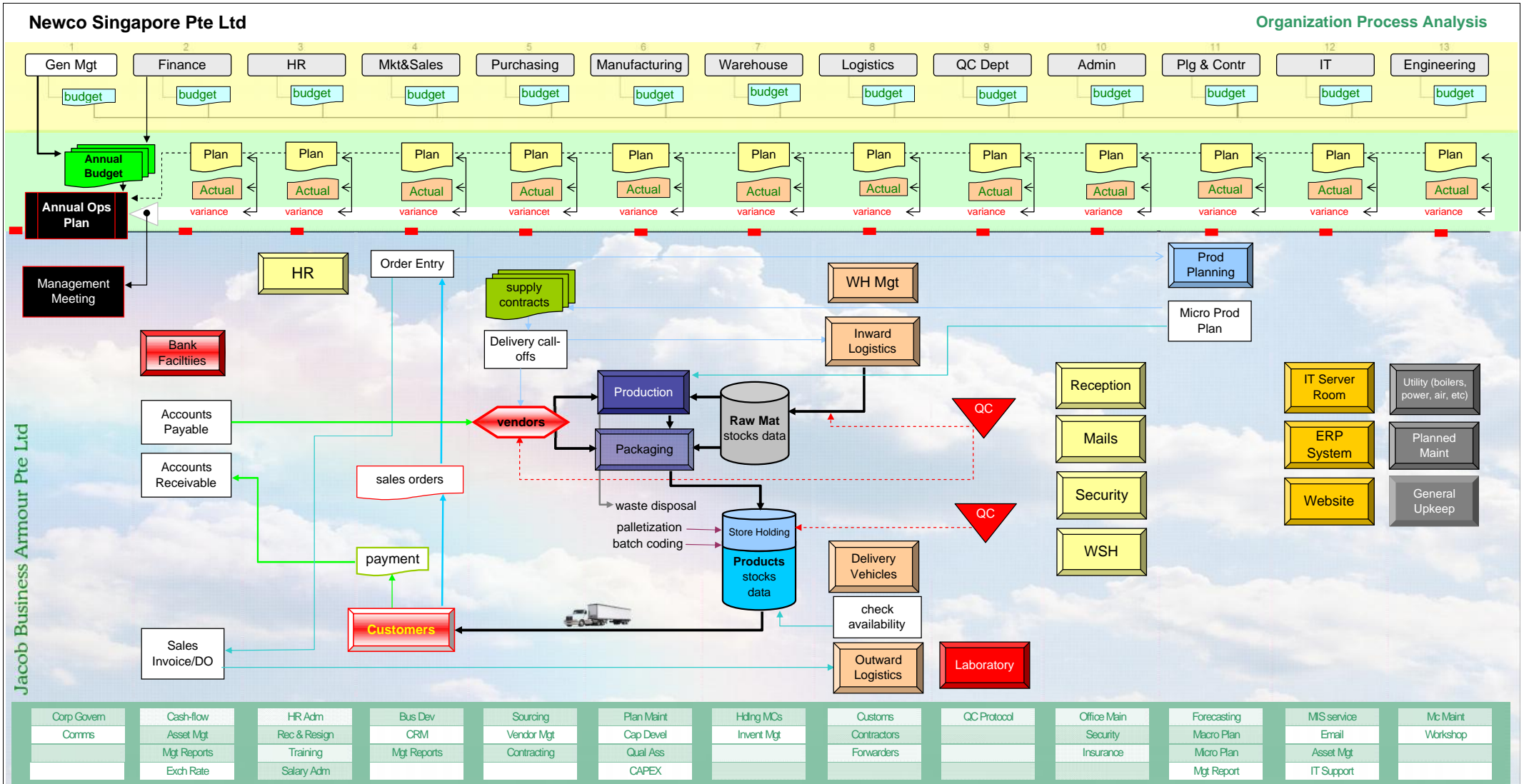
**Newco Singapore Pte Ltd**

29 July 2016



# Business Process Analysis

29/7/2016



# Newco Singapore Pte Ltd

Assignment Date: 1 Jul 2016



|    | class | ratio                           | year         |  |
|----|-------|---------------------------------|--------------|--|
| 1  | A     | Inventory Turnover              | 2015<br>2014 |  |
| 2  | A     | Working Capital Turnover        | 2015<br>2014 |  |
| 3  | A     | Asset Turnover                  | 2015<br>2014 |  |
| 4  | B     | Inventory:Total Asset           | 2015<br>2014 |  |
| 5  | B     | Working Capital Ratio           | 2015<br>2014 |  |
| 6  | B     | Quick Liquidity Ratio           | 2015<br>2014 |  |
| 7  | B     | Average Collection Period       | 2015<br>2014 |  |
| 8  | C     | Debt ratio                      | 2015<br>2014 |  |
| 9  | C     | Financial Leverage Ratio        | 2015<br>2014 |  |
| 10 | C     | Interest Coverage Ratio         | 2015<br>2014 |  |
| 11 | D     | Net Profit Margin               | 2015<br>2014 |  |
| 12 | D     | Return on Equity                | 2015<br>2014 |  |
| 13 | D     | Return on Asset                 | 2015<br>2014 |  |
| 14 | E     | Earnings Per Share              | 2015<br>2014 |  |
| 15 | E     | Price Earnings Ratio            | 2015<br>2014 |  |
| 16 | E     | Book Value-Price Ratio          | 2015<br>2014 |  |
| 17 | E     | Net Book value:Share capital    | 2015<br>2014 |  |
| 18 | E     | Net Book value - Market Capital | 2015<br>2014 |  |

## Highlights

|                     |                                  |  |
|---------------------|----------------------------------|--|
| <b>Class Ratios</b> | A Activity or Efficiency ratios: | Business efficiency is average, now try to improve further.  |
|                     | B Liquidity ratios:              | Overall liquidity is too low. Inventory:Total AssetQuick Liquidity Ratio is negative, situation is critical. |
|                     | C Solvency ratios:               | Solvency is dangerously low. Debt ratio, Financial Leverage Ratio is negative and situation is critical.     |
|                     | D Profitability ratios:          | Overall profitability performance is negative. , Return on Equity is/are negative.                           |
|                     | E Valuation ratios:              | Net Book (tangible) value has been increased by 333.4% from shareholder equity.                              |



**Newco Singapore Pte Ltd**

**Mission Statement**

| SN | Department        | Mission   | VCN | M1 | M2 | M3 |
|----|-------------------|---|-----|----|----|----|
| 1  | Gen Mgt           | Provide organization the business targets, direction, resources and control to achieve the organization's mission as set by shareholders.   | 4   | 3  | 3  | 2  |
| 2  | Finance           | Manage financial and accounting needs to support the operation of the organisation.   | 8   | 5  | 5  | 4  |
| 3  | HR Dept           | Arrange an on-going provision of suitable employees and staff to support and operate the organization's functions.  | 5   | 4  | 7  | 1  |
| 4  | Mkt & Sales       | Establish and build customer base that will purchase the goods and services created by the organization.  | 6   | 11 | 6  | 3  |
| 5  | Purchasing        | Acquire according to specifications and at optimal purchase terms and conditions the raw materials, services and required plant and equipment that the organization require to carry out business activities. | 4   | 3  | 6  | 5  |
| 6  | Manufacturing     | Produce the products and/or services at the set quality standards and sufficient quantity that the organization sells to customers.   | 3   | 0  | 18 | 13 |
| 7  | Warehouse         | Store, maintain and administer the stocks of raw materials and auxiliary materials to make such stocks available to production as required.   | 3   | 0  | 5  | 7  |
| 8  | Logistics         | Arrange for the physical movement, storage and distribution of raw materials and finished goods.  | 6   | 5  | 9  | 2  |
| 9  | QC Dept           | Conduct quality control actions on production of goods so as to establish if they meet with the set quality, safety and operational requirements.   | 3   | 2  | 4  | 1  |
| 10 | Admin             | Provide administrative services to support and facilitate the organization's operations.  | 4   | 5  | 0  | 0  |
| 11 | Planing & Control | Plan and control the scheduling of various manufacturing processes so as to accomplish the optimal time of delivery of fiinish products to meet with sales obligations or targets.                            | 3   | 3  | 2  | 3  |
| 12 | IT Dept           | Provide the services to manage the business information of the organization so that data and records can be made available, confidential and secured.   | 4   | 1  | 9  | 2  |
| 13 | Engineering       | Provide maintenance to plant and equipment and manage the engineering projects that the organization require.   | 3   | 9  | 13 | 5  |



| No | Rating | VCN           | Risk  | Solution   | Remarks   | Action    |
|----|--------|---------------|---|--|---|-----------|
| 1  | M3     | Supervision   | Managed by CFO and CEO, who both can seek bank facilities. Chairman should sign bank documents exceeding \$1 million.   | Discuss at Board, and formalise this as SOP  | This will avoid APB-type case   | Yes       |
| 2  | M3     | Supervision   | CFO is qualified but is too busy  | Train a successor or back-up   | Maybe Stephanie Teo can be successor  | Yes       |
| 3  | M3     | Equipment     | ERP constantly gives problems, and sometimes serious errors.  | Review conditions for change to SAP system.  | Call current vendor to correct before deciding to explore SAP.              | Yes       |
| 4  | M3     | Documentation | Sometimes, payments to suppliers are not supported by signed Goods Receipt Vouchers. This can result in false payments  | To ensure that the 3-document check system for payment is strictly upheld.                     | Problem is putting the 3-documents together into sets.                      | Tommy     |
| 5  | M2     | Supervision   | The AR Finance Supervisor is often away on sick leave. This results in slower collection of ARs.                        | Speak to the supervisor and/or appoint another person to take over.                            | This is more a personal issue.  | Yes       |
| 6  | M2     | People        | There is insufficient finance staff, who have often to work too much overtime. Vigilance and accuracy may be uncertain. | Recruit additional person.   | This happens only during month end closing.                                 | No        |
| 7  | M2     | People        | Sales persons often do not offer assistance to chase for payment.   | CFO to speak to Sales Manager on getting required support.                                     | Need to formalise coordination via a regular meeting.                       | yes       |
| 8  | M2     | Process       | Sometimes there are duplicate POs raised for same purchase. This can result in repeat payments.                         | Purchasing Department should correct this problem.   | PO raised are not properly recorded.  | Yes       |
| 9  | M2     | Documentation | Issuance of Aging Accounts is often not done on time. Due to this, it is hard to see the AR position.                   | Check if the ERP system can be used to generate the AR Aging Accounts by 1st week every month. | Important to alleviate payment of salaries and AP.                          | Yes       |
| 10 | M1     | Data          | Due to exchange rates, actual costs of imported materials are higher than budget.                                       | CFO to discuss with CEO to consider hedging.   | Consider keeping an US\$ account to receive and payment overseas suppliers. | Yes       |
| 11 | M1     | Documentation | Currently, Invoice and DO documents are printed at Finance and sent to Logistics Department.                            | Consider allowing Logistics Dept to print documents.   | Talk with IT Department.  | Linda Teo |
| 12 | M1     | Finance       | Occasionally, there can be shortage of cashflow to make payments to suppliers.  | Improve the system of cashflow forecasting, and to make AR collection more effective.          | Tony (IT Dept) to discuss issue with CFO.                                   | Yes       |
| 13 | M1     | Law&Reg       | ACRA Reporting sometimes gets delayed. Inputs not always timely.  | Review and set proper time planning  | This is the best possible, nothing better can be done.                      | No        |