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fabric  
propels  
diagram

**UNITED NATIONS INDUSTRIAL  
DEVELOPMENT ORGANISATION**

**INDUSTRIAL PRODUCTIVITY IMPROVEMENT**

**SI / SRL / 96 / 801**

**RESTRUCTURING ASSISTANCE AND  
PRODUCTIVITY SURVEY  
SUBCONTRACT NO. 96 / 118P**

**DIAGNOSTIC REPORT  
WILLIAMS CONFECTIONERY LTD.**



**NATIONAL INSTITUTE OF BUSINESS  
MANAGEMENT  
120 / 5, WIJERAMA MAWATHA  
COLOMBO 7  
SRI LANKA**

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## 1.0 INTRODUCTION

The National Institute of Business Management was selected by UNIDO to execute a subcontract on Enterprise Diagnostics for the enterprises participating in the Restructuring Assistance programme. The Restructuring Assistance programme is a part of the UNIDO project on Industrial Productivity Improvement SI/SRL/96/801.

This report was based on the findings of a team consultants who studied the important functions of this enterprise and its operating environment.

## 2.0 BACKGROUND

This enterprise is the pioneer biscuit manufacturer in Sri Lanka. It was formed as a proprietor partnership in 1925 and converted into a private limited liability company in 1958.

In 1959 a mechanised hard dough biscuit plant was installed and in 1960 a wafer plant was installed. Both these plants are still functioning. In 1990 the company increased its production capacity by installing soft dough biscuit plant.

In 1966, the company together with its Directors formed Ceylon Biscuits Limited as an unquoted public company with an enlarged share capital. The initial product of this company was a Nutrition Biscuit supplied to a government order which was earlier done by William Confectionery Ltd. Later this company started producing a wide range of biscuits and they are one of the two market leaders with a 35% share of the market. This company is located in a suburb of Colombo about 10 kilometres away from Williams and managed as an entirely separate company. Williams Confectionery Ltd. still holds a third of the issued share capital.

Mr. N. P. Wickramasinghe is the Chairman of this enterprise and Mr. R. L. Wickramasinghe function as the Chief Executive Officer and Managing Director.

Details of the Board of Directors are as follows:

NAME	STATUS	FULL TIME (YES / NO)
Mr. N P Wickramasinghe	Chairman	
Mr. R L Wickramasinghe	Managing Director	Yes
Mr. M P Wickramasinghe	Director	
Mr. R S Wickramasinghe	Director	
Mrs. R I N Wickramasinghe	Director	Yes
Mrs. E Wickramasinghe	Director	



Past performance of this enterprise can be judged from the following data:

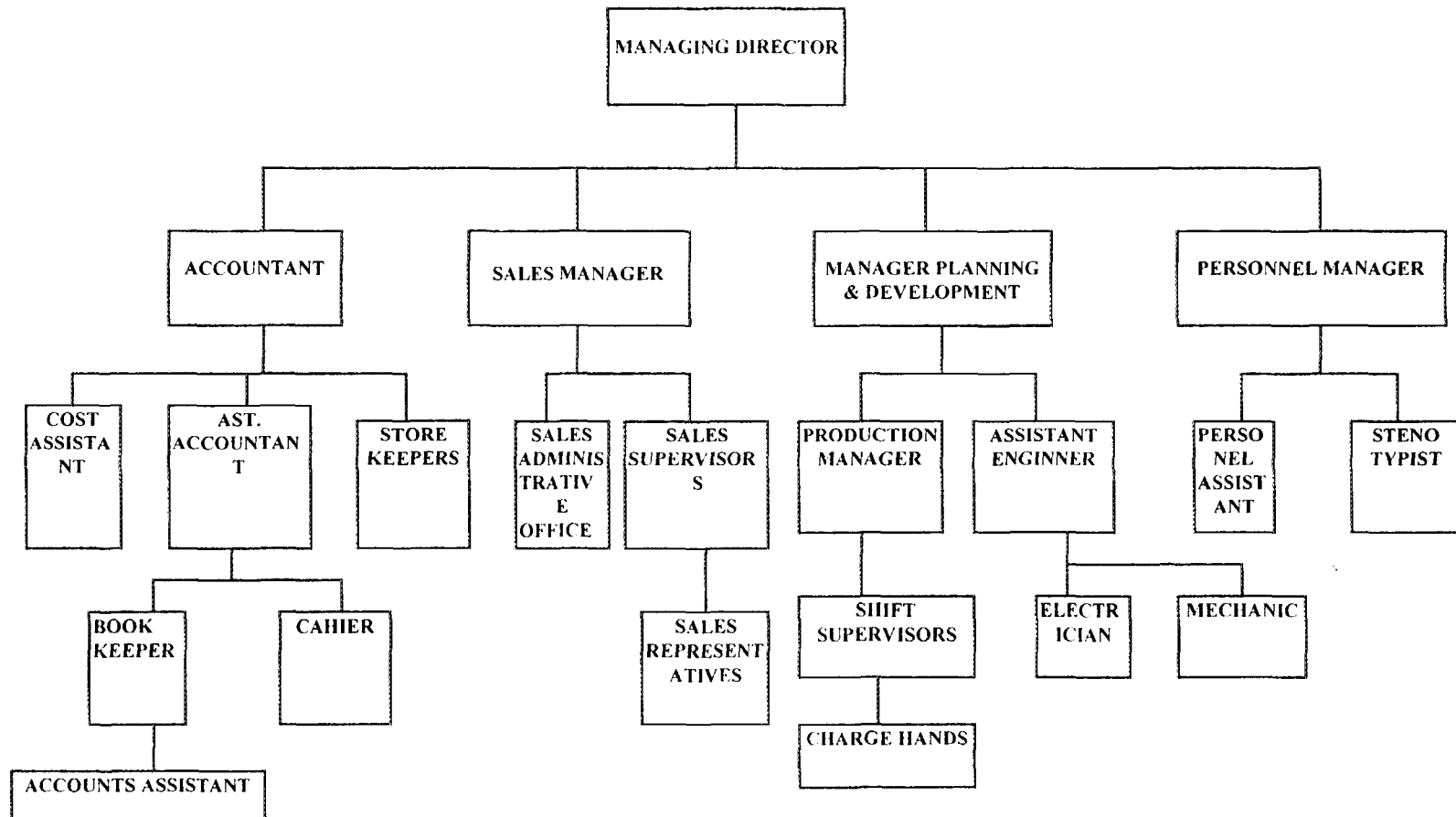
	1988 / 89	1992 / 93	1995 / 96
Approximate No. of Employees	175	260	325
Value of Sales	40.8 Mil.	50 Mil.	84 Mil.
Profits	0.3 Mil.	(2.7 Mil.)	1.2 Mil.
Total Capital Employed	1.5 Mil.	18.5 Mil.	52 Mil. (assets re valued)

### 3.0 ORGANISATION STRUCTURE

Mr. R. N. Wickramasinghe the Managing Director is the Chief Executive Officer. The activities are divided into four areas and headed by four functional managers.

The organisational structure is given in **TABLE 2.1**

**TABLE 2.1**

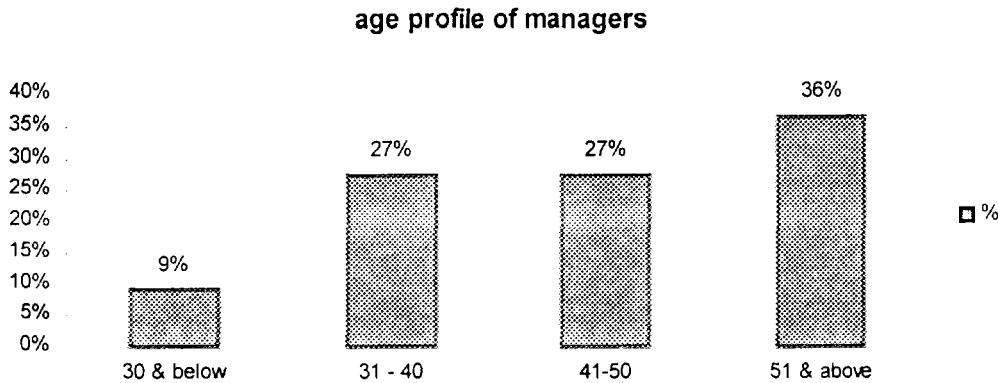


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**4.0 EMPLOYMENT DATA**

**4.1 MANAGEMENT GRADES**

A summary of the backgrounds of the management grades are given in ANNEX I . An age profile of the managers are given in the chart below. 63% Of the managers are over 40 and 36% are over 50.



The managers hardly use any kind of theoretical production management concepts for managing shop floor level resources

Apart from the accountant, non of the other managers posses a degree level qualification or any intense training in management. The maintenance engineer has a National Diploma In Technology. The ability of the present managers to receive an intense training in production management is rather low.

**4.2 SKILLED, UNSKILLED AND CASUAL WORKERS**

A breakdown of the above categories of workers are as follows:

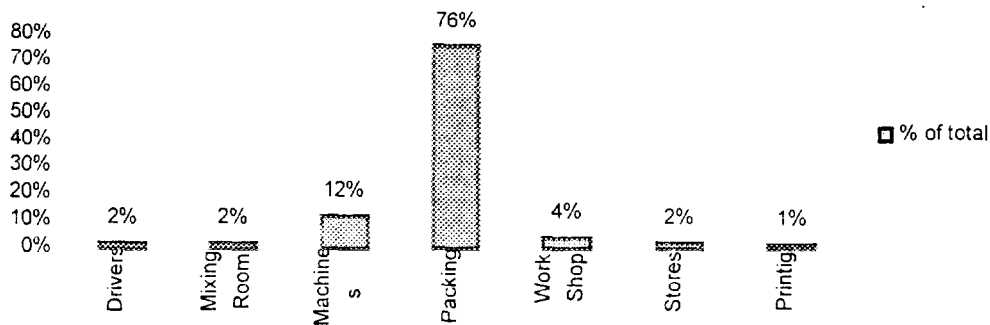
	Male	Female
SkilledWorkers	52	
Unskilled Workers		93
Casual Workers	30	48
TOTAL	82	141

**DIAGNOSTIC REPORT - WILLIAMS CONFECTIONERY LTD.**

The deployment of the labour force in the various sections are as follows:

	SKILLED	SEMISKILLED	UNSKILLED
Drivers	5		
Mixing Room	5		
Machines	27		
Packing	94	50	25
Work Shop	6	3	
Stores	5		
Printig	3		
TOTAL	145	53	25

**distribution of manual grades in various sections**



76% of the manual workers are assigned for packing and handling tasks. Proper standards are not adopted to monitor and control the workers outputs.

**5.0 PRODUCTS MANUFACTURED QUANTITIES AND MARKETS**

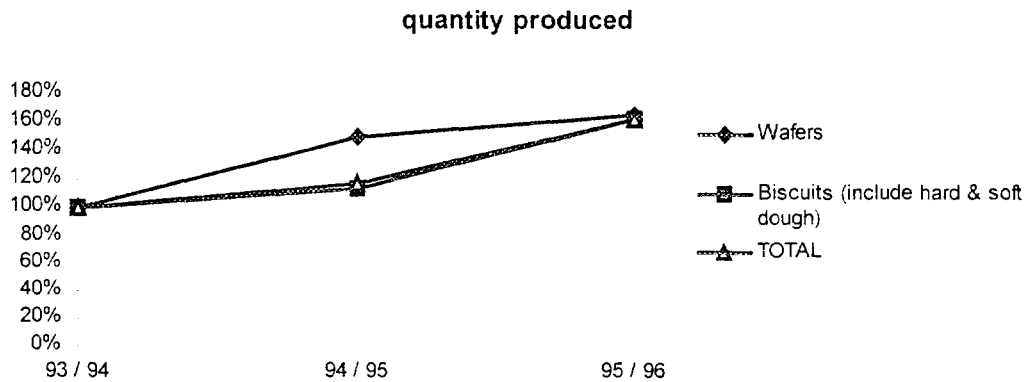
**5.1 PRODUCTS**

The products manufactured can be classified into three categories:

- i. Hard dough biscuits.
- ii. Soft dough biscuits.
- iii. Wafers.

Approximate sale values and quantities of biscuits produced during the past three years are:

	1993 / 94		1994 / 95		1995 / 96	
	Quantity (Mt.)	Value (Rs. Mil.)	Quantity (Mt.)	Value (Rs. Mil.)	Quantity (Mt.)	Value (Rs. Mil.)
Wafers	80	5	120	7	132	10
Biscuits (include hard & soft dough)	661	55	752	62	1068	73
TOTAL	741	60	872	69	1200	83



There has been a steady increase in the quantity of all categories of biscuits produced.

## 5.2 MARKET AND MARKET SHARE

Eighty percent of the biscuits and wafers are sold in loose two kilogram packs. Demand for packs are seasonal and are mostly bought as gifts.

The current product list is given in **ANNEX II**. The market for the products are more in the outstations than in Colombo and the greater Colombo area.

William Confectionery Ltd. has 12% of the market share for biscuits. The estimated distribution of the market shares of the competitors are as follows:

FIRM	% MARKET SHARE
Maliban	35%
Ceylon Biscuits	35%
William	12%
Binaca / Sunvita / Lucky Land / Cherries	10%
Others	8%
TOTAL	100%

The biscuit market is estimated to grow at a rate of around 12% per annum.

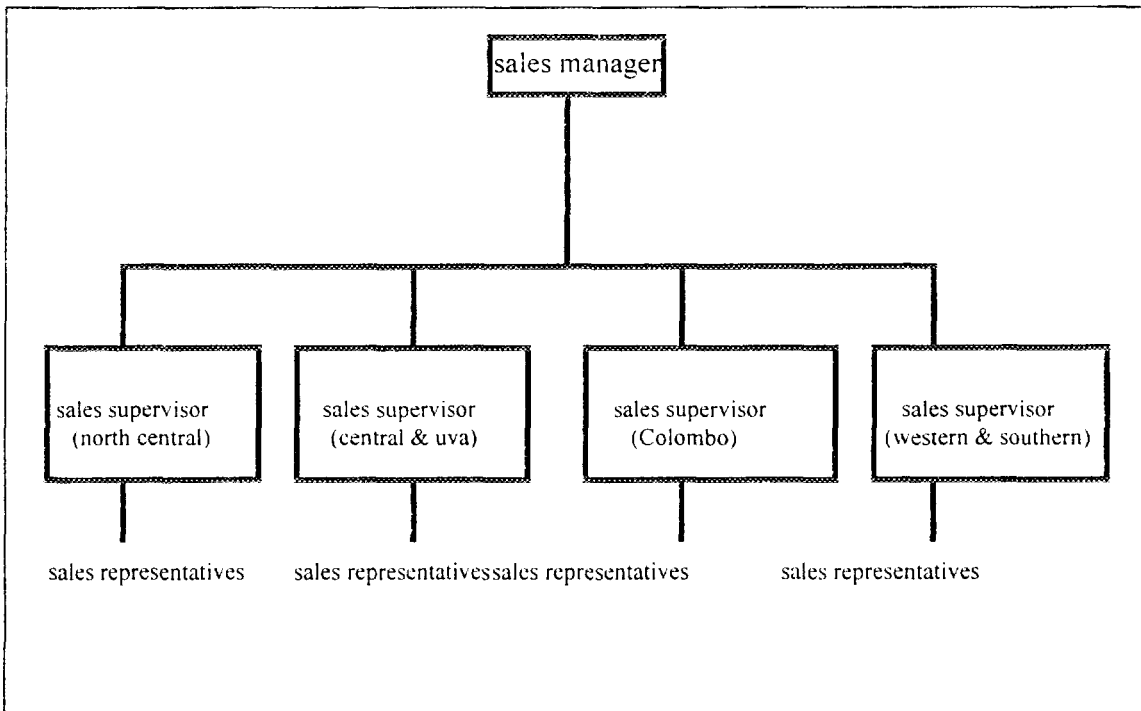
### 5.3 MARKETING ORGANISATION

The marketing function is under the Sales Manager and he reports to the Managing Director.

The company was functioning without a sales manager for over a year. The present sales manager joined the company only in the third quarter of last year.

There are four Sales Supervisors under the Sales Manager and twenty one sales representatives under the Sales Supervisors.

The marketing organisation is given below:



Sales agents are appointed to the various areas by the firm and the sales representatives work with these appointed agents to sell the products given in the price list. Each agent provides a van, driver and a cash collector. The goods are collected from the factory at Dehiwela by the agents. The agents get a commission of 11% on the whole sale price.

The facilities provided to the sales manager is not adequate. He does have a direct phone, computer or any secretarial / clerical assistance.

#### **5.4 SALES TARGETS AND PROMOTION STRATEGY**

At present the enterprise do not have a definite advertising budget or a clear cut promotion strategy. A conference with the sales staff under the Sales Manager is held on the first Saturday of each month. Sales Manager intend to introduce the following changes:

- Give each sales representative a monthly sales target.
- Obtain the monthly requirements of the sales representatives in terms of product breakdowns.
- Give orders to production based on weekly product requirements.
- Have collection roster for the appointed agents

## 6.0 PRODUCTION

### 6.1 PLANT AND MACHINERY AND CAPACITY UTILISATION

The main items of plant and machinery used in the manufacturing process, together with other relevant details are given below. The capacity utilisation figure is based on an annual estimate, since seasonal demands can have wide fluctuations.

Description of Machine	No. of Mac.	Country of Origin	Year of		No. Shifts	Estimated Capacity Utilisation (%)	Approximate Replacement Cost in Rs. Mil. (New / S. Hand)
			Manuf acture	Acquis ition			
Biscuit Plant I (hard)	1	UK		1959	2	90%	40 / 25
Biscuit Plant II (soft)	1	UK		1990	1	80%	40 / 25
Wafer Making Machine	1	Austria		1960	3	80%	40 / 25
Cream Filling Machine	3	UK		1960	1	60%	5 /
Sandwich Machine (Wafer)	2	UK		1960	1	67%	2 /
Packing Machine	1	Indian		1990	1	85%	4 /

These capacity utilisations are based on present level of efficiency.

The hard dough plant and the wafer plant account for a significant part of the production and they are both over thirty years old.

### 6.2 PRODUCTION PLANNING

Weekly production schedules are made by the manager planning and development. These schedules are based on information given by the sales manager. At present the accountant together with the sales manager makes a qualitative estimate of the annual, monthly and weekly requirements based on the past experience and current trends.

In the future they intend to make the monthly and weekly requirements more systematic by giving monthly sales targets to sales representatives and obtaining their monthly product requirements.



### 6.3 RAW MATERIALS

All materials are locally purchased. Other than the packing material, the major ingredients that go into biscuit manufacture are imported into Sri Lanka. To take advantage of bulk buying Ceylon Biscuits' Ltd. imports the requirements of Williams Confectionery Ltd. and sell it to them locally.

The annual values and quantities of main raw materials used in the production process are as follows:

RAW MATERIAL	COST IN RS. MIL.	QUANTITY IN MT.
FLOUR	Rs.8	600
FAT	Rs.11	180
SUGAR	Rs.11	360
ESSENCES	NA	NA

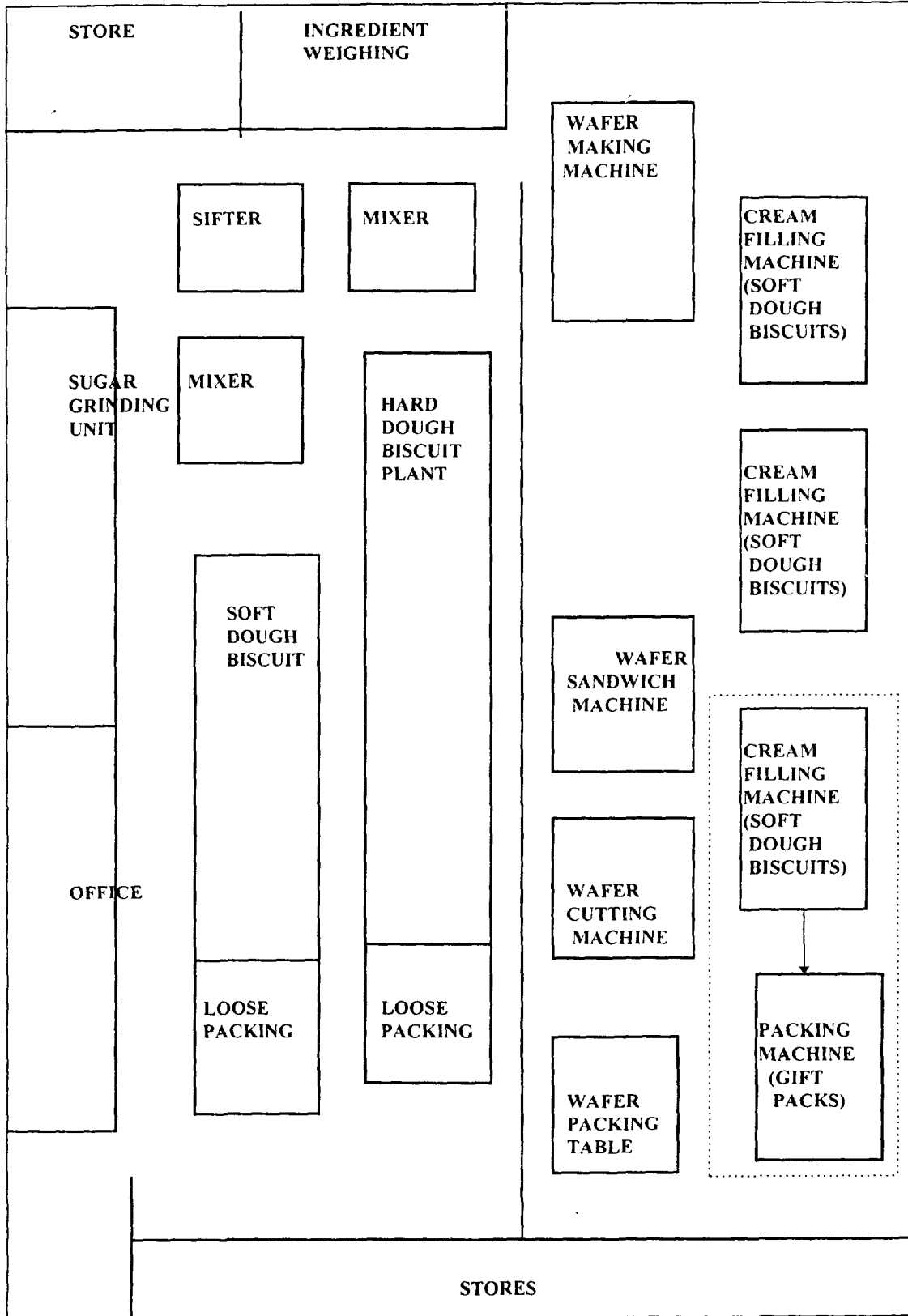
### 6.4 FLOW PROCESS CHARTS AND LAYOUTS

An outline of the following processes are given in **ANNEX III**.

- Hard / Soft dough biscuit making process
- Cream biscuit making process
- Wafer making process

Location of important plant and machinery are indicated in the enclosed layout diagram.

**PLANT LAYOUT**  
(NOT TO SCALE)



Shortage of space for accommodating the packing operation is seen as one of the main constraints for increasing the production-output.

There is ample potential to create more room for packing operations with little investment in permanent buildings.

Keeping the main plants as they are and rearranging the remaining areas is one way of obtaining this space. However such arrangement will have to be backed with mechanised conveyors to reduce the cost of material handling and improve the flexibility of locating storage and packing spaces. Such rearrangement would significantly reduce the current proportion of workers (76%) engaged in packing and handling activities.

The company is considering the possibility of relocating the factory in an industrial area.

### 6.5 MATERIAL INPUTS & OUTPUTS AND QUALITY CONTROL ASPECTS

Input output data of the processes are routinely recorded. No analysis of variances are made though there is a lot of room for improvement by making such an analysis.

The approximate input output figures are as follows:

	INPUT KG.	OUTPUT KG.	OUTPUT / INPUT (%)
WAFER MAKING PROCESS	20	15	75%
HARD DOUGH BISCUIT MAKING PROCESS	150	135	90%
SOFT DOUGH BISCUIT MAKING PROCESS	170	150	88%

The over all reject rates are around 12% and the industry average is not expected to go beyond 5%. This factory does not have a formal quality control organisation.

The present factory organisation nor the existing management personnel have the capacity to manage the factory on the basis of material input / output ratios and labour ratios, though this approach is essential if the profitability is to be increased.

## 7.0 COMPUTER USAGE

One 486 / 33 DX machine was installed in 1993. The software used was supplied by an external software company. The enterprise has no capability to develop new software or do any modifications to the existing packages.

Routine outputs obtained from this machine are:

- Sales invoices
- Monthly customer statements
- Daily stock sheets
- Daily stock sheets of raw materials and packing materials
- General ledger
- Debtors ledger
- Creditors ledger
- Wages and salaries
- Trial balances

## **8.0 CONCLUSIONS**

### **8.1 ORGANISATION**

production management practices adopted in the factory needs radical improvements and the present managers haven't got the capacity to make these changes.

### **8.2 DISTRIBUTION OF MANUAL WORKERS**

76% Of the workforce is engaged in packing and handling activities. Proper standards and systems are not adopted to evaluate and control the outputs of these workers.

### **8.3 PRODUCTS AND QUANTITIES**

Eighty percent of the biscuits and wafers are sold in loose two kilogram packs. Smaller gift packs contribute more than loose packs but most of the demand for gift packs are only during festive seasons. Production quantity has increased by 61% over the last three years. This is more than the annual 12% growth in the biscuit market.

### **8.4 MARKETING ORGANISATION**

The organisational structure for marketing is quite satisfactory.

The present sales manager is well experienced. His concept of introducing product wise sales targets to the salesmen and planning production based on their demand forecasts will improve the current production / marketing interface.

In order to improve the monitoring the activities of the sales staff better office facilities have to be provided to the sales manager.

### **8.5 MARKET SHARE**

William Confectionery Ltd. has 12% of the market share for biscuits. This share was obtained without any promotion strategy or an advertising budget. This enterprise can increase its market share if it can improve its promotion strategy and back it up with increased production quantities.

### 8.6 PRODUCTION PLANNING

Present system of determining production quantities based qualitative assessments results in dealers not getting the product mixes required by them. Immediate steps should be taken to base production plans on dealer requirements communicated through the companies field sales force.

### 8.7 PLANT AND MACHINERY

The plant and machinery in this factory is fairly old.

The hard dough plant and the wafer plant account for a significant part of the production and they are both over thirty years old.

Since the machinery is old they need careful manual adjustments and controls if the quality levels are to be maintained and the rejects are to be kept at acceptable levels.

Estimates of current input output levels show that much can be done to improve them. The present levels are well above the industry average of 5%.

	OUTPUT / INPUT (%)
WAFER MAKING PROCESS	75%
HARD DOUGH BISCUIT MAKING PROCESS	90%
SOFT DOUGH BISCUIT MAKING PROCESS	88%

### 8.8 FACTORY LAYOUT

If the company has no Shortage of space for accommodating the packing operation is seen as one of the main constraints for increasing the production output.

There is ample potential to create more room for packing operations with little investment in permanent buildings.

Keeping the main plants as they are and rearranging the remaining areas would replace much needed space for packing. An essential part of this strategy would be to use mechanised

conveyors to reduce the cost of material handling and improve the flexibility of locating storage and packing spaces. Such rearrangement would significantly reduce the current proportion of workers (76%) engaged in packing and handling activities.

### **8.9 MATERIAL INPUTS & OUTPUTS**

Material yields are low due to not having a system to determine inputs and the outputs of each of the stages.

### **8.10 COMPUTER USAGE**

Computers are predominantly used for accounting activities. Their use can be extended to other areas of activity.

## 9.0 RECOMMENDATIONS

1. Appoint a factory manager to be responsible for managing the factory. He should have the capacity to introduce basic management techniques for controlling material inputs and outputs into the production process and product quality.
2. Fix standards for packing labour in order to monitor and control the labour ratio.
3. Provide the sales manager with required facilities in order to introduce a market driven approach to production.
4. Identify and evaluate the action required to be taken to maintain a steady rate of growth at least in keeping with the growth in the biscuit market.
5. Take steps to change the location and layout of the storage and packing area and introduce mechanised methods for the flow of materials.
6. Extend the use of computers to plan and control production and marketing activities.



## 10.0 FINANCIAL REVIEW

### 10.1 INTRODUCTION

In the earlier phase of the study we have presented the financial data of the company for the 3 years to the year ended 31st March 1996, for purposes of compiling a profile of the company.

In this phase however, we are making an analytical study of the performance of the period, making use of the data which was available.

A review was also done of the organisation of the Finance Section and the Financial Management Functions.

### 10.2 FINANCIAL PERFORMANCE

#### 10.2.1 Findings in brief

##### 10.2.1.1 Sales

The sales have been in the region of 48.9 mn to Rs. 54 mn with the lowest level being reached in 1995/96. There was a decline in 1995/96 by 9.5 % compared to the previous year.

Rs.'000			
Year ended 31st March, 1996		1995	1994
Gross Sales	48,977	54,099	52,410
Turnover tax	<u>7,838</u>	<u>4,849</u>	<u>4,334</u>
Net Sales	<u>41,139</u>	<u>49,250</u>	<u>48,076</u>

It is apparent that the reduction of exports by over Rs. 5 Mn. in 1995/96 has been a major factor affecting the growth of sales.

The turnover tax being higher by 16% in 1995/96 - whereas earlier it was 8% to 9% - had an adverse effect on income generation.

### 10.2.1.2 Manufacturing Costs

The manufacturing costs comprise mainly of raw material costs, followed by labour and indirect expenses or overheads.

Year ended 31st March	1996	1995	1994
Raw Materials	20,334	29,597	32,189
Labour	6,735	6,313	5,140
Factory Overheads	5,931	5,017	3,884
Work in Progress (Net)	(1,109)	(414)	(128)
Total cost of Manufacture	31,891	40,513	41,045

The raw materials comprise the major cost, varying from 63% to 78% of the total cost of the manufacture. Over the 3 year period the raw material component has reduced considerably.

This is due to the fact that the sale of biscuits in loose form have been increasing progressively. The cost of packaging have therefore reduced.

In contrast the proportional cost of labour and factory overheads have increased progressively from 1993/94 to 1994/95.

### 10.2.1.3 Profitability.

As we have mentioned in the earlier report the gross profit margin has been progressively increasing from 13.3% to 27%.

This is mainly due to the change in the sales mix with the sale of biscuits, in loose form - which have a higher profit margin - increasing in comparison with the packeted biscuits.

Year ended 31st March	1996	1995	1994
Gross Profit - Rs.'000	11,130	9,062	6,395
Gross Profit / Sales %	27	18.4	13.3
Net Profit / Loss before Financial expenses	3,791	(332)	(3,286)
Loss after Financial expenses	(3,324)	(6,616)	(7,064)
Net Profit	1,127	768	2,299

1995/96 was the only year in which the company was able to achieve a profit before charging financial expenses. However during this year the Financial expenses have increased considerably, which has resulted in an overall loss.

The final profitability position is positive in 1995/96 as the Sundry Income has been able to absorb the operational loss. This is the position even in the preceding 2 years. Other Income has however declined in 1995/96 compared to the earlier year.

'Other Income', which is quite significant, consists mainly of the profit on sale of cookies (which were manufactured by a sister company), sale of biscuit pieces, sale of gunnies and dividends received.

### 10.2.2 Conclusion

The virtual stagnant situation with regard to Sales could be attributed to limitations in demand for the companies products, and not due to any constraints affecting Production. Increased competition from rival producers of biscuits have dwindled their market share.

Although the sales have declined in 1995/96 the company was able to achieve the highest net profit of Rs. 1.128 mn in 1995/96. This is despite the fact that;

- a) The effective rate of turnover tax has increased from 9% to 16% in 1995/96.
- b) Finance costs have increased by 13%

The increase in the interest was a result of the progressively higher borrowing-bank overdrafts and short term loans. The amount outstanding increased from Rs.8 mn at the end of 1993/94 to Rs. 21.253 mn at the end of 1995/96.

The poor liquidity position was caused by the losses of previous years, which was however offset to some extent by the net profit achieved in the past 2 years.

- c) Other income has decreased by 40%

The factors which have facilitated an improvement in profit during 1995/96 were:

- a) The proportionate reduction in the raw material cost, which has thereby reduced the cost of production considerably.

It was explained that the changes in the cost structure was due to changes in the production / sales mix between 1994/95 and 1995/96. There was a larger proportion of biscuits in loose form being sold, with the attendant drastic reduction of packaging costs.

- b) The decrease in Selling and Distribution costs.

### 10.3 CAPITAL STRUCTURE AND WORKING CAPITAL

#### 10.3.1 Findings in brief

The Capital Structure of the company has improved in 1995/96 with the increase in Capital Reserves by Rs.27 mn., as a result of the transfer of the enhanced value of Fixed Assets arising from the re-valuation. The Share Capital however remains at Rs.600.000 throughout.

Year ended			
31st March	1996	1995	1994
Share Capital	600	600	600
Capital Reserves	39,723	12,638	12,638
General Reserve & Profit & Loss Account	(4,376)	(5,770)	(8,352)

As regards the Working Capital Position, there has been a large increase of stocks- both raw materials and finished goods -during 1995/96. Debtors have also increased during the past 2 years.

Year ended 31st	1996	1995	1994
March			
Current Assets	32,943	27,922	18,792
Current Liabilities	32,975	30,133	21,395

The increases in stocks and debtors have also contributed towards the necessity for more finance in 1995/96, as the creditors have remained the same. The increase in Short term loans/overdrafts are reflected in the progressive increase in the Current Liabilities.

### **10.3.2 Conclusions**

As a result of the a) losses in previous periods and b) the increase in current assets the company has had to resort to increased borrowing. This in turn has had a cyclic effect, with increased finance costs exerting pressure on profitability.

The Capital structure has apparently been strengthened by the increase in the Share Capital consequent to the revaluation of fixed assets. But the Share Capital remains at an extremely low value in the absence of an infusion of liquid funds.

As regards the increased stock, it was mentioned that the sudden increase was due to the company undertaking a special order for which raw materials were stockpiled. This order was not successful and did not bring forth a positive result as the marketing arrangements were not successful.

## **10.4 ORGANISATION OF FINANCE SECTION AND FINANCIAL MANAGEMENT**

### **10.4.1 Findings**

#### **10.4.1.1 Staffing and Duties**

The Finance Department is under the supervision of the Accountant. He has been with the company for 5 years and is a CIMA finalist.

He is assisted by an assistant Accountant who possesses over 15 years experience, though not qualified. The cadre includes a Cost Assistant, who is in charge of 'Costing' functions.

The accounting is completely computerised up to the Trial Balance stage.

The tasks of the Accountant besides the administration of the Accounts section include specifically the functions of financial management, ensuring the application of accounting

systems / controls and the costing function. Besides this he personally prepares the quarterly financial accounts.

Much of the other duties which include, the maintenance of the General Ledger, checking of the Cash Book entries, Stock Ledgers, Debtors and Creditors ledgers are supervised by the Assistant Accountant.

#### **10.4.1.2 Financial Systems, Accounting and Accounting Information**

The company maintains the basic accounting documents and books of accounts for providing accounting control of the financial transactions, which include the following areas:

1. Receipt of money and banking.
2. Invoicing.
3. Payments by cheque.
4. Preparation and payment of Wages.
5. Preparation and payment of Salaries.
6. Accounting of purchases - imports and local purchases.
7. Petty Cash administration.
8. Fixed Asset accounting.
9. General Accounting and Book Keeping.

The management information provided by the Financial Accounts section, include the generation of the following reports:

1. Quarterly management accounts
2. Debtors schedule - monthly
3. Bank balances position - monthly
4. Loans outstanding - monthly
5. Inflow /Outflow report

The management of funds is the responsibility of the Accountant. He decides on the payments to be effected every month, based on the expected cash inflow.

#### **10.4.2 Conclusions**

Considering the size of the company, using such criteria as turnover and manpower, the staffing in terms of its present numerical strength and qualifications/experience should be able to cope with the basic needs of a Finance section. Meeting any enhanced needs could be met by appropriate training, possibly by encouraging the staff to follow short term courses.

The company maintains basic accounting records and information. Regular reports were said to be made available to management. However there is a need to make a more detailed analytical review so as to appraise management of the shortfalls in performance and to suggest ways and means of improving the financial performance.

It should also be emphasised that any reports, making recommendations for improvement would serve little purpose unless prompt corrective measures are adopted by management.

### **10.5 COSTING OF PRODUCTS**

#### **10.5.1 Findings**

The costing of products is determined at the beginning of the year.



The materials expected to be consumed for a product are based on past experience. The rates applied would be based on the prevailing prices of raw materials.

The labour utilisation is also similarly charged to an item on a standard adopted, based on past experience. The overheads component is also taken into account. Changes are effected only if there is a change in the price of inputs, whether it be materials or labour.

Quarterly reviews are carried out and the actual compared with the standard.

The costing functions are performed by a Cost Assistant.

### **10.5.2 Conclusions**

It is essential that the information generated from the Costing system is proved accurate. An important technique could be stated to be the reconciliation of the Costing outputs with the financial records. This would give an indication whether the methods adopted are reasonably in order or whether the method adopted needs to be changed.

## **10.6 RECOMMENDATIONS**

### **1. Sales**

The company should carry out a concerted effort to expand sales to reach break-even levels for a start. They should endeavour to progress beyond this mark at a future date.

### **2. Profitability**

2.1 Marketing efforts should be concentrated on the products yielding higher profit margins. The profit margin in 1995/96 was satisfactory to cover all expenses other than Financial expenses. This trend should be either maintained or preferably surpassed.

As it was evident that 'loose biscuits' generate a higher profit margin, the marketing of these products should be emphasised.

2.2 The financial costs are too heavy for absorption unless substantial improvements are made in the turnover and/or the profit margin. Therefore appropriate measures for the reduction of loans/ overdrafts should be given priority, such as the maintenance of inventories at reasonably low levels.

### 3. Liquidity

The borrowing are in excess of the sustainable limit, when compared to Equity. The Equity remains high due to the transfer on re-valuation of the fixed Assets by Rs 27 Mn. in 1995/96. However the Share Capital remains low. Therefore increasing the Share Capital by the introduction of cash could be one measure for improving the capital structure. The funds so received could be utilised to reduce the loans / overdraft outstanding.

In this regard a more in-depth study would be necessary to decide on the manner of financing and the utilisation of such funds.

### 4. Costing

In the present context of keen competition the need for an acceptable system of costing is implied. It would therefore be necessary to adapt the present system to ensure the application of an appropriate system. Once the company is satisfied with the system, the implementation should be encouraged with minimum delays. It is relevant to mention that for any system to be effective the accepted procedures should be properly documented.

Proper staffing would be imperative for the successful implementation of a scheme.

5. Management Information

Regular financial reports should be produced relating to matters such as profitability, the liquidity position. These should be analysed and remedial measures taken to enhance performance, when necessary.



**ANNEX I**

**A SUMMARY OF THE BACKGROUNDS OF THE MANAGEMENT GRADES**

## ANNEX I

NAME	AGE	SEX	DESIGNATION	YRS. @ FIRM	OL	AL	DEGREE	OTHER ACADEMIC QUALIFICATIONS	TRAINING / SHORT COURSES
T.R. Navaratnalinham	34	M	Accountant	3	8	4	BA	CIMA, DED, PG Dip. Buss. Admin.	NIBM / SLBDC / EDB
R.M.E. Ranatunge	57	M	personnel manager	5	8	4		ICWA	
P.H. Balalle	45	M	Sales Manager	1,5	7	2		Poly. Dip. Acc. & Bk. Keep	Sales & Mkt. Mgt.
D. J. Herath	53	M	Manager Planning & Development	9	8				Mgt. Dev. / Wheat Ass.
M.I. Ratnayake	57	F	Factory Manager	1	8	4			US Wheat Ass. / HRD / Prod. Mgt. US Wheat Ass. / FAO
K.R. Chandradasa	55	M	Production Manager	6	8				
D.P. Kudavidanage	30	M	Production Supervisor	0,25	8	4			
W.M. Nanayakkara	43	F	Asst. Accountant	18	8	3		IAA-PT.1	
B.A. Fernando	40	M	Asst. Maintenance Engineer	8	7	4		NDT - Mec.	
D.M. Pathirana	39	F	Supervisor	18	2				
M.C Pieris	31	M	Quality Checker	7	5				SLSI - QC

**ANNEX II**  
**PRODUCT LIST**



# Williams Confectionery Ltd.

22, ARTHUR'S PLACE, DEHIWELA, SRI LANKA.

Mail: P.O. BOX 4  
DEHIWELA

Phone: 01-713681 Office: Fax: 1-583583  
01-714380 Mng Director 1-855367

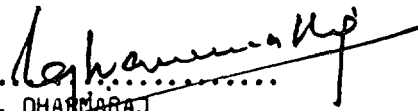
Telex: 21480 MUNCHE CE Cable: WICHY  
Alternate DEHIWELA  
(22717) TWOS CE) Attn.  
(23065 CONCOM CE) Wichy

(Alternate) Attn  
(1-723649) Wichy

## REVISED PRICE LIST WITH EFFECT FROM 10/05/96

<u>PRODUCT</u>	<u>WEIGHT PER UNIT</u>	<u>NO OF UNITS PER CASE</u>	<u>WHOLESALE PRICE</u>		<u>RETAIL PRICE</u>	
			<u>PER CASE</u>	<u>PER UNIT</u>	<u>PER CASE</u>	<u>PER UNIT</u>
<u>VARIETIES</u>						
SAVOURY PUFF	230g	12	795.00	66.25	900.00	75.00
CHEESE CUTS	200g	12	768.00	64.00	864.00	72.00
ORCHID		12	1,260.00	105.00	1,440.00	120.00
PRINCESS COOKIES	300g	12	1,386.60	115.55	1,560.00	130.00
GOLDEN COOKIES	300g	12	1,386.60	115.55	1,560.00	130.00
ROYAL COOKIES	300g	12	1,279.80	106.65	1,560.00	120.00
<u>PACKETS</u>						
CREAM CRACKER	500g	12	667.20	55.60	780.00	65.00
" "	225g	30	726.00	24.20	810.00	27.00
" "	100g	20	264.00	13.20	300.00	15.00
CREAM WAFERS/CHOCOLATE	100g	42	567.00	13.50	630.00	15.00
" " /ORANGE	100g	42	567.00	13.50	630.00	15.00
" " / LEMON	100g	42	567.00	13.50	630.00	15.00
LEMON FLAVOUR CREAM BISCUITS	230g	30	1,005.00	33.50	1,140.00	38.00
ORANGE FLAVOUR CREAM BISCUITS	230g	30	1,005.00	33.50	1,140.00	38.00
STRAWBERRY " " "	230g	30	1,005.00	33.50	1,140.00	38.00
DAISY ASSORTMENT	200g	30	990.00	33.00	1,110.00	37.50
NELUM ASSORTMENT	240g	30	1,065.00	35.50	1,200.00	40.00

PRODUCT	WEIGHT PER UNIT	NO OF UNITS PER CASE	WHOLESALE PRICE		RETAIL PRICE	
			PER CASE	PER UNIT	PER CASE	PER UNIT
<u>LOOSE BISCUITS</u>						
CREAM CRACKER	2 Kg	01	132.00	6.60	150.00	7.50
SHORTIES	2 Kg	01	116.00	5.80	140.00	7.00
MARIE	2 Kg	01	123.00	6.15	140.00	7.50
NICE	2 Kg	01	187.50	7.50	212.50	8.50
PLAIN ORANGE	2 Kg	01	132.00	6.60	150.00	7.50
LEMON	2 Kg	01	132.00	6.60	150.00	7.50
" CUSTARD	2 Kg	01	132.00	6.60	150.00	7.50
" CHOCOLATE	2 Kg	01	140.80	7.50	160.00	8.00
GINGER	2 Kg	01	167.20	5.50	190.00	9.50
GEM	500g	12	330.00	5.50	390.00	6.50
CHOCOLATE CREAM	2 Kg	01	185.00	9.25	210.00	10.50
LEMON       "	2 Kg	01	167.00	8.35	190.00	9.50
ORANGE      "	2 Kg	01	167.00	8.35	190.00	9.50
CUSTARD     "	2 Kg	01	167.00	8.35	190.00	9.50
CREAM WAFER CHOCOLATE FLAVOUR	2 Kg	01	212.00	10.60	240.00	12.00
"       "    LEMON       "	2 Kg	01	212.00	10.60	240.00	12.00
"       "    ORANGE      "	2 Kg	01	212.00	10.60	240.00	12.00
"       "    VANILA       "	1.5 Kg	01	159.00	10.60	180.00	12.00

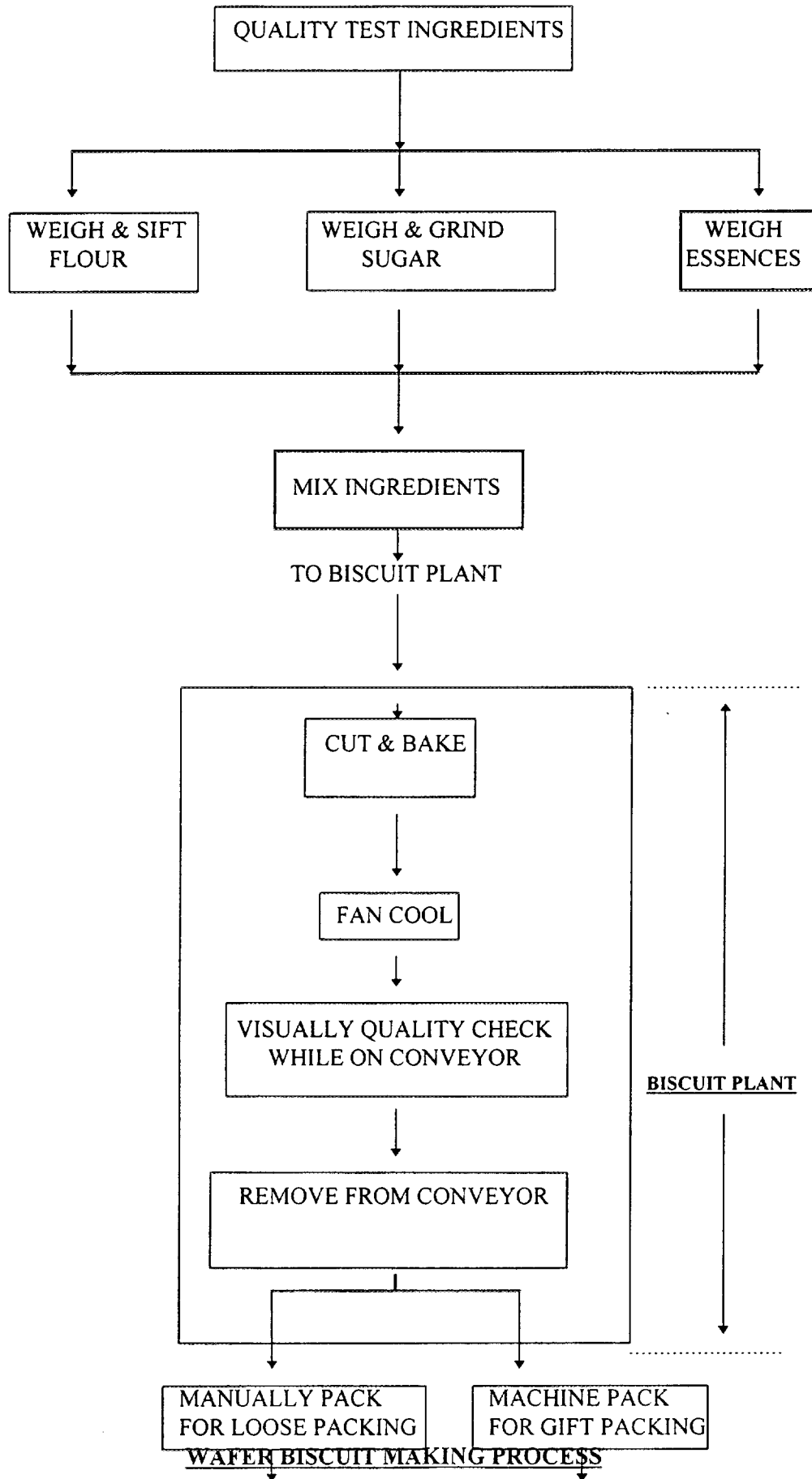
.....  
  
C.K.R. DHARMARAJ  
SALES MANAGER  
-/occ.

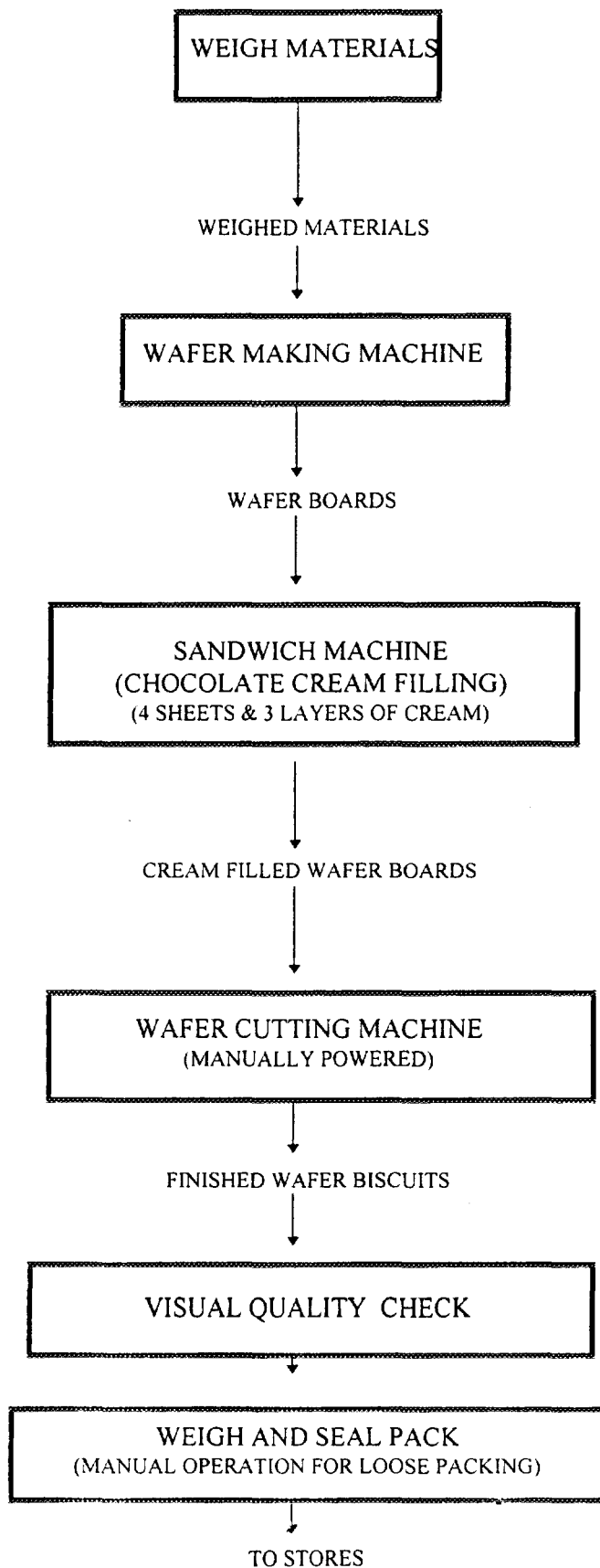


**ANNEX III.**

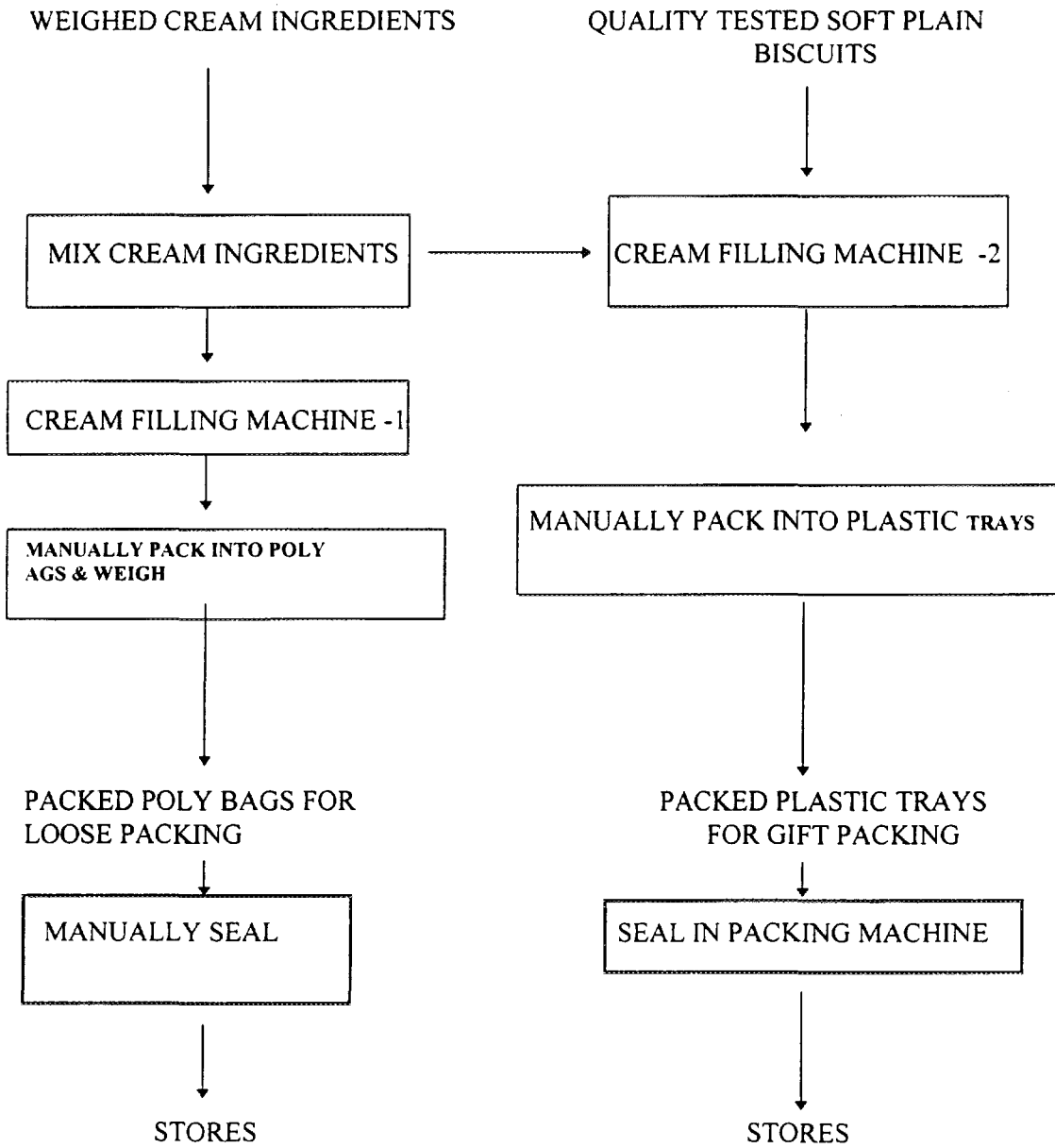
**PROCESSES OUTLINES**

**HARD / SOFT DOUGH BISCUIT MAKING PROCESS**





CREAM BISCUIT MAKING PROCESS



The team of consultants engaged in the preparation of this Background Dossier were:

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A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**NANDA MEEGAHAWATTE**

**MANAGEMENT CONSULTANT  
NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**

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