

**THE IMPACT OF CAPITAL ASSETS MANAGEMENT ON
FINANCIAL PERFORMANCE OF MATERIAL SECTOR
COMPANIES IN SRI LANKA**



By

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ABSTRACT

The title of this research is The Impact of Capital Assets Management on the Financial Performance of Listed Material Companies in the Material Sector in Sri Lanka. The purpose of the study is to examine the impact of Capital Assets Ratios analysis and Financial Performance Ratio analysis of listed material sector companies in Sri Lanka over period five years (2015-2019). This research used four Capital Assets ratio analysis such as Non-current Assets Turnover Ratio (NCAT), Tangible Assets Turnover Ratio (TAT), Financial Assets Turnover Ratio (FAT) and Intangible Assets Turnover (IAT) in determining their impact and relationship on Financial Performance it measures Return On Assets (ROA) of Material Sector Companies in Sri Lanka. Financial Performance as a dependent variable is represented by Return on Assets (ROA) while Capital Assets Ratio analysis stand as NCAT, TAT, FAT and IAT 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 material sector 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 Financial Performance. The results of the analysis shows that Non-current Assets Turnover Ratio (NCAT), Intangible Assets Turnover Ratio (IAT), have negative impact on Return on Assets (ROA) and Financial Assets Turnover Ratio (FAT) and Tangible Assets Turnover (TAT) have positive impact on Return on Assets (ROA). The analysis also statistically significant with all independent variables on Return on Assets (ROA) in Material Sector Companies in Sri Lanka. The results further suggested that only 30.26% 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 increase the Tangible Assets and Financial Assets on performance of Financial Performance growth. Finally management should utilize its assets management in order to generate more profit for the company.

KEYWORDS: Capital Assets Management, Financial Performance, Non-current Assets Turnover Ratio, Tangible Assets Turnover Ratio, Financial Assets Turnover Ratio, Intangible Assets Turnover, Return on Assets.

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