

Analysis of operation ability of Anhui Golden Seed Wine Co., LTD

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ABSTRACT

The baijiu market remains highly competitive, with industry profits increasingly concentrated among leading enterprises. Jinzhongzi Co., Ltd. has recorded consecutive years of negative operating profits. This study evaluates the company's operational efficiency through analysis of its current asset turnover ratio, accounts receivable turnover ratio, inventory turnover ratio, fixed asset turnover ratio, and total asset turnover ratio. By comparing data from 2018 to 2024 across different companies and analyzing operational metrics against industry leaders including Moutai, Wuliangye, and Luzhou Laojiao, the research identifies operational deficiencies in Jinzhongzi's performance. The findings propose targeted optimization strategies to enhance corporate operational capabilities, offering actionable insights for business improvement.

KEYWORDS

Golden seed; Operation ability; Index analysis

1. INTRODUCTION

1.1. Research Background and Significance

1.1.1. Research Background

Baijiu has long been a cornerstone of China's alcoholic beverage market. In recent years, intensified competition in the sector has led to a concentration of profits among leading enterprises, particularly premium and high-end brands. This trend has resulted in market consolidation, marking the industry's transition from growth to stock market dynamics. National policies like the "Three Public Expenses Restriction" and "Drunk Driving Crackdown" have driven continuous production declines since 2016, according to data from the National Bureau of Statistics. With 2024's annual output at 4.145 million kiloliters (a 1.8% decrease), the industry is shifting toward quality-driven development. Amid growing market competition, distribution channels are diversifying. Top-tier baijiu producers leverage brand strength and capital advantages to maintain dominance, while regional players and budget brands face erosion due to rising raw material costs and consumption upgrades. Anhui Jinzhongzi Liquor Co., Ltd.'s four consecutive years of negative operating profits highlight the urgent need for operational capability analysis to revitalize its business landscape.

1.1.2. Research significance

The baijiu market remains highly competitive, yet Anhui Jinzhongzi Liquor Co., Ltd. reported negative operating profits from 2021 to 2024, with a revenue growth rate of -37.04% in 2024. Financial reports reveal operational challenges in production management and market strategies. By analyzing key metrics including current asset turnover, accounts receivable turnover, inventory

turnover, fixed asset turnover, and total asset turnover through both horizontal and vertical comparisons, this study evaluates the company's operational capabilities. The analysis aims to accurately assess its sustainable operational capacity and asset utilization efficiency [1], while providing actionable decision-making insights for management to enhance core competitiveness [2].

In this way, on the one hand, it helps the case enterprises to find out the possible problems in their internal operations, improve their operational capabilities, and help them to improve their operating profits to a certain extent to maintain the healthy and sustainable development of enterprises; on the other hand, it can provide reference for other enterprises to improve their operational capabilities.

2. OVERVIEW OF OPERATIONAL CAPACITY ANALYSIS

2.1. Concept of Operational Capacity Analysis

Operational capability analysis constitutes a vital component of financial management, designed to evaluate the efficiency of resource utilization and its economic benefits [3]. This analytical approach involves calculating key metrics including current asset turnover ratio, accounts receivable turnover ratio, inventory turnover ratio, fixed asset turnover ratio, and total asset turnover ratio. By analyzing these figures, companies can identify operational challenges in asset management, address deficiencies, and ultimately enhance business efficiency.

2.2. Operation Capacity Analysis Indicators

2.2.1. Current Asset Turnover Ratio

Current assets are the most liquid assets in the total assets of an enterprise. The current assets turnover rate reflects the turnover speed of the current assets of an enterprise. The current assets turnover rate is an important index to evaluate the utilization rate of enterprise assets.

The turnover times of current assets in a certain period are calculated by the following formula:

$$\text{Turnover times of current assets} = \frac{\text{turnover amount of current assets (product sales revenue)}}{\text{average balance of current assets}} \quad (1)$$

$$\text{Average balance of current assets} = \frac{(\text{current assets balance at the beginning} + \text{current assets balance at the end})}{2} \quad (2)$$

Within a certain period of time, the more times of current assets turnover, the more turnover amount completed with the same current assets, and the better the effect of using current assets.

2.2.2. Accounts receivable turnover ratio

Accounts receivable turnover ratio calculation formula:

$$\text{Accounts receivable turnover ratio} = \frac{\text{net sales revenue of the current period}}{\text{average balance of accounts receivable}} \quad (3)$$

$$\text{Average balance of accounts receivable} = \frac{(\text{beginning balance of accounts receivable} + \text{ending balance of accounts receivable})}{2} \quad (4)$$

$$\text{Net sales revenue} = \text{sales revenue} - \text{sales return} \quad (5)$$

$$\text{Accounts receivable turnover days} = \frac{360}{\text{accounts receivable turnover rate}} \quad (6)$$

The standard value for accounts receivable turnover is set at 3. Generally, a higher accounts receivable turnover rate indicates faster collection speed, reduced bad debt losses, quicker asset turnover, and stronger debt repayment capacity [4]. Correspondingly, the shorter the accounts receivable turnover days, the better. However, if a company's accounts receivable turnover days are too short, it suggests the company adopts overly strict credit policies with harsh payment terms. This can limit sales growth, especially when the cost of such restrictions—such as opportunity costs exceeding credit costs—impairs profitability.

2.2.3. Inventory Turnover Ratio

Inventory turnover (i.e., inventory turnover times) can be calculated in two different ways based on the valuation basis.

The first is the cost-based inventory turnover ratio, which reflects the liquidity of a company's current assets and is mainly used for liquidity analysis. The calculation formula is:

$$\text{Inventory turnover times} = \text{operating cost} / \text{average inventory balance} \quad (7)$$

The second is the income-based inventory turnover ratio, which is mainly used for profitability analysis. The calculation formula is:

$$\text{Inventory turnover times} = \text{operating income} / \text{average inventory balance} \quad (8)$$

Among them,

$$\text{the average balance of inventory} = (\text{beginning inventory} + \text{ending inventory}) / 2 \quad (9)$$

$$\text{Ending inventory} = \text{current assets} - \text{quick assets} = \text{current liabilities} \times (\text{current ratio} - \text{quick ratio}) \quad (10)$$

This paper chooses the first method to calculate the inventory turnover rate of enterprises. Generally speaking, the higher the inventory turnover rate is, the lower the level of inventory occupation is, indicating that the liquidity of enterprise inventory assets is stronger, and the faster the turnover speed of inventory and capital occupied by inventory is [5].

2.2.4. Fixed asset turnover ratio

Calculation formula of fixed assets turnover:

$$\begin{aligned} \text{Fixed assets turnover ratio} &= \text{operating income} / \text{average net fixed assets} \\ \text{Net fixed assets} &= (\text{net at the beginning of the period} + \text{net at the end of the period}) / 2 \end{aligned} \quad (11)$$

$$\text{Fixed assets turnover days} = 360 / \text{fixed assets turnover rate} \quad (12)$$

$$\text{Fixed assets to income ratio} = \text{average net fixed assets} / \text{sales revenue} \quad (13)$$

A higher fixed asset turnover ratio indicates better utilization efficiency and management quality. The fixed asset turnover days represent the average time required to convert fixed assets into cash within a fiscal year, measured in days. More frequent turnover cycles result in shorter days, while fewer cycles lead to longer days.

2.2.5. Total asset turnover ratio

Total asset turnover ratio calculation formula:

$$\text{Total asset turnover ratio} = \text{operating income/average total assets} \quad (14)$$

$$\text{Total asset turnover days} = 365 / \text{total asset turnover rate} \quad (15)$$

$$\text{Average total assets} = (\text{total assets at the beginning of the period} + \text{total assets at the end of the period}) / 2 \quad (16)$$

Generally speaking, the more times an asset is turned over or the less days it takes to turn over, the faster its turnover speed and the stronger its operating capacity.

3. ANALYSIS OF OPERATION CAPACITY OF ANHUI GOLDEN SEED WINE CO., LTD

3.1. Overview of Golden Seed Wine Co., LTD

3.1.1. Introduction of Anhui Golden Seed Wine Co., LTD

Anhui Jinzhongzi Liquor Co., Ltd. (Jinzhongzi), a subsidiary of Anhui Jinzhongzi Group Co., Ltd., was listed on the Shanghai Stock Exchange on August 12, 1998 under the stock code SH600199. As one of China's top 100 food industry enterprises, it specializes in baijiu production and biochemical pharmaceuticals [6]. The company operates five premium baijiu brands: "Jinzhongzi", "Zhongzi", "Zui Sanqiu", "Hetai", and "Yingzhou".

Company development:

July 1949--July 1950 Established in Longwangtangji, one of the first state-owned wineries in New China —— State-owned Fuyang County Winery

From August 1950 to March 1964, it was relocated to Fucheng —— Fuyang County Winery for the first time.

April 1964--1992 moved to the present site —— Fuyang County Winery was relocated and renamed again

From 1993 to 1998, he founded Anhui Golden Seed Group Co., LTD

During the period of industrial integration from 2004 to 2009, it successively withdrew from the yellow cattle industry and divested ancillary industries such as optoelectronics and expressways.

From 2010 to 2019, during the transformation and upgrading stage, two trademarks "Golden Seed" and "Zui Sanqiu" won the title of "China Famous Trademark", and Yingzhou Jia Wine was rated as a "Time-honored Chinese Brand" product by the Ministry of Commerce.

From July 2022 to now, historic breakthroughs have been made in reform and adjustment, and China Resources Group has settled in Jinzongzi Group.

3.1.2. Financial position of Anhui Golden Seed Wine Co., LTD

(1) Profit statement

Table 1. 2018-2024 Profit Statement of Anhui Golden Seed Wine Co., LTD. (Unit: 10,000 yuan)

	2024.12. 31	2023.12. 31	2022.12. 31	2021.12. 31	2020.12. 31	2019.12. 31	2018.1 2.31
gross revenue	92518.46	146942.7 4	118575.1 7	121128.6 2	103792.9 4	91410.2	131456 .45
Total operating costs	118524.7 6	147390.3 2	137073.6 6	139378.5 3	122935.4 2	105584.3 7	120365 .69
operating profit	- 25539.67	-499.15	- 17197.61	- 16753.29	3807.51	-13347.4	12943. 35
total profit	- 25228.16	344.63	- 16637.47	- 16323.72	4486.01	- 13309.69	13095. 77
income tax	481.30	2315.52	1971.28	223.19	-2572.74	7065.92	2819.5 3
Net profit belongs to the parent company	- 25758.96	-2206.96	-18712.2	- 16640.79	6940.61	- 20449.78	10188. 88

Analyzing financial data from 2018 to 2024 reveals that, except for 2018 and 2020, the company's operating profits remained negative throughout the remaining years, indicating insufficient revenue to achieve profitability. In 2024, Jinzhongzi Liquor reported operating revenue of 925.1846 million yuan, marking a significant 37.04% decline compared to 2023. Additionally, the company saw decreases in total operating costs, operating profit, total profit, and net profit attributable to parent companies. Specifically: Total operating costs decreased by 19.58% year-on-year to 118.52476 million yuan; Operating profit fell by 25.22816 million yuan (a decrease of 25,042.52 million yuan); Total profit dropped by 25.22816 million yuan (down 255.7279 million yuan); and Net profit attributable to parent companies decreased by 235.52 million yuan.

(2) Balance sheet

Total assets in 2024 stood at 319,519.88 million yuan, marking an 8.09% decrease from the previous year. The total assets registered 319,470.04 million yuan in 2018 and showed a steady upward trend from 2018 to 2021, reaching 386,577.57 million yuan. However, this growth pattern reversed as total assets declined annually until 2024, settling at 319,519.88 million yuan. Total liabilities increased by 6.87% year-on-year to 100,998.02 million yuan in 2024, with fluctuating growth observed during the 2018-2024 period. Shareholders' equity experienced a gradual decline after rising steadily from 2018 to 2020, dropping to 218,521.86 million yuan in 2024—a 13.67% decrease compared to the previous year.

Table 2. Balance Sheet of Anhui Golden Seed Wine Co., LTD. (Unit: RMB 10,000) 2018-2024

	2024.12. 31	2023.12. 31	2022.12. 31	2021.12. 31	2020.12. 31	2019.12. 31	2018. 12.31
Asset classes	-	-	-	-	-	-	-
monetary resources	36670.89	50731.09	51064.11	88766.85	101328.75	127264.47	79543.48
circulating assets	200608.81	218860.98	211358.16	261748.77	251095.21	230208.11	197066.37
non-current assets	118911.06	128764.74	128092.04	124828.81	134698.55	134180.99	122403.67
total assets	319519.88	347625.72	339450.2	386577.57	385793.76	364389.11	319470.04
Liability items			-	-	-		
cash liabilities	88192.25	78369.48	67325.18	95157.98	78730.8	60129.81	68303.70
money borrowed for long term	-	-	-	-	-	-	-
non-current liability	12805.77	16134.21	16649.33	17030.18	16871.86	20978.66	16416.86
gross liabilities	100998.02	94503.69	83974.51	112188.16	95602.66	81108.47	84720.56
Equity items for shareholders	-	-	-	-	-		
Paid-up capital (or share capital)	65779.68	65779.68	65779.68	65779.68	65779.68	65779.68	55577.50
undistributed profit	20268.38	46027.34	48234.3	66946.5	81918.88	75689.43	94160.87
owner's equity	218521.86	253122.03	255475.69	274389.41	290191.1	283280.64	234749.48

(3) Cash flow statement

Table 3. Cash Flow Statement of Anhui Golden Seed Wine Co., LTD. (Unit: 10,000 yuan) 2018-2024

a particular year	Net cash flow from operating activities	Net cash flow from investing activities	Net cash flow from financing activities
2024.12.31	-30395.37	-2829.21	21346.39
2023.12.31	8930.70	-6382.12	-6278.00
2022.12.31	-46185.32	5228.32	7158.32
2021.12.31	-45611.29	33011.77	-2490.04
2020.12.31	-16028.78	3756.03	-707.97
2019.12.31	-17492.76	-4331.27	56530.01
2018.12.31	-18429.04	-1914.05	-255.78

From 2018 to 2024, the net cash flow from operating activities remained negative throughout most years, with only a brief positive period in 2023. The net cash flow showed slight growth between 2018 and 2020, but plummeted to a recent low of -461,853,200 yuan by 2022. In 2024, Jinzhongzi Liquor Company's net cash flow from operating activities dropped to -303,953,700 yuan, marking a year-on-year decrease of 393,260,700 yuan.

The cash flow from investment activities showed significant fluctuations between 2018 and 2022, peaking at RMB 330.1177 million in 2021, primarily attributed to large-scale asset disposals or investment gains. After 2023, the trend shifted to net outflows, indicating increased reinvestment efforts. The net outflow expanded further to RMB 63.8212 million in 2023, suggesting potential acquisitions of long-term assets or expansion into new projects. Subsequently, the net outflow decreased to RMB 28.2921 million in 2024.

In 2018, the net outflow from financing activities amounted to RMB 2.5578 million, likely attributable to debt repayment or dividend distributions. In 2019, the net cash flow from financing activities surged to RMB 565.3001 million, possibly due to Jinzhongzi Liquor Co., Ltd. replenishing capital through equity financing or large-scale borrowing. However, investment activities did not increase proportionally in 2020, suggesting this funding might have been used to offset operating losses. From 2021 to 2024, the cash flow from financing activities exhibited significant volatility, with a net inflow of RMB 213.4639 million in 2024, representing a year-on-year increase of RMB 276.2439 million.

In general, the financial situation of Golden Seed Wine is not very ideal.

3.2. Calculation of Operation Capacity Indicators of Golden Seed Wine Co., LTD

3.2.1. Current Asset Turnover Ratio

Based on the balance sheet and profit statement, it can be calculated that:

The average balance of current assets in 2024 = $(200608.81+218860.98)/2 = 209,7348,950$ yuan

2024 current asset turnover ratio = operating income/average balance of current assets = $92518.46/209734.895=0.44$ times

By the same calculation, we can get:

Current asset turnover ratio in 2023 =0.68 times

Current asset turnover ratio in 2022 =0.50 times

In 2021, the current asset turnover ratio was 0.47 times

The current asset turnover ratio in 2020 is 0.43 times

In 2019, the current asset turnover ratio was 0.43 times

In 2018, the current asset turnover ratio was 0.68 times

3.2.2. Accounts receivable turnover ratio

According to the balance sheet, income statement and accounts receivable calculation formula, it can be calculated as follows:

Accounts receivable turnover ratio in 2024 =10.54 times

Accounts receivable turnover ratio in 2023 =12.91 times

In 2022, the accounts receivable turnover ratio was 10.60 times

In 2021, the accounts receivable turnover ratio was 10.38 times

In 2020, the accounts receivable turnover ratio was 14.01 times

In 2019, the accounts receivable turnover ratio was 10.35 times

In 2018, the accounts receivable turnover ratio was 11.31 times

3.2.3. Inventory Turnover Ratio

According to the balance sheet, income statement and inventory turnover rate calculation formula, it can be calculated as follows:

Inventory turnover ratio in 2024 =0.4 times

Inventory turnover ratio in 2023 =0.63 times

Inventory turnover ratio in 2022 =0.65 times

Inventory turnover ratio in 2021 =0.75 times

Inventory turnover ratio in 2020 =0.83 times

Inventory turnover ratio in 2019 =0.74 times

Inventory turnover ratio in 2018 =1.02 times

3.2.4. Fixed asset turnover ratio

According to the balance sheet, profit statement and fixed asset turnover rate calculation formula, it can be calculated as follows:

The fixed asset turnover ratio in 2024 is 1.15 times

The fixed asset turnover ratio in 2023 is 2.16 times

In 2022, the fixed asset turnover ratio was 1.85 times

2021 fixed asset turnover ratio =1.95 times

2020 fixed asset turnover ratio =1.79 times

The fixed asset turnover ratio in 2019 was 1.76 times

2018 Fixed asset turnover ratio =2.48 times

3.2.5. Total asset turnover ratio

According to the balance sheet, profit statement and fixed asset turnover rate calculation formula, it can be calculated as follows:

The average balance of total assets in 2024 = (the balance of assets at the beginning of the period + the balance of assets at the end of the period) /2=(319519.88+347625.72)/2= 333,5728 million yuan

In 2024, the total asset turnover ratio = operating income/total assets average balance = 92,518.46 /333572.8=0.28 times

By the same calculation, we can get:

Total asset turnover in 2023 =0.43 times

Total asset turnover in 2022 =0.33 times

In 2021, the total asset turnover ratio was 0.31 times

Total asset turnover in 2020 =0.28 times

In 2019, the total asset turnover ratio was 0.27 times

4. ANALYSIS AND EVALUATION OF OPERATION CAPACITY OF ANHUI GOLDEN SEED WINE CO., LTD

4.1. Analysis and Evaluation of Current Assets Turnover Ratio

Table 4. Current Asset Turnover Ratio

Current assets turnover (times)	2024	2023	2022	2021	2020	2019	2018
gold seeds	0.44	0.68	0.50	0.47	0.43	0.43	0.68
Moutai	0.72	0.67	0.57	0.52	0.55	0.58	0.59
Wuliangye	0.57	0.58	0.57	0.59	0.58	0.57	0.57
Luzhou Laojiao	0.65	0.77	0.84	0.89	0.92	0.99	0.88

Jinzhongzi's current working capital turnover ratio has shown gradual improvement since 2019, yet it still trails behind its 2018 level. The industry standard for this metric is 1.0. Notably, Jinzhongzi's ratios remained below 1 throughout the 2018-2024 period. A five-year consecutive underperformance in this key indicator suggests either inefficient asset utilization or insufficient sales revenue. Compared to China's three leading liquor giants, Jinzhongzi's working capital turnover rate remains relatively low, indicating a need for strategic optimization in this critical operational aspect.

4.2. Analysis and Evaluation Of Accounts Receivable Turnover Rate

Table 5. Accounts receivable turnover ratio

Accounts receivable turnover (times)	2024	2023	2022	2021	2020	2019	2018
gold seeds	10.54	12.91	10.60	10.38	14.01	10.35	11.31
Moutai	4307.61	3632.83	11854.51	-	-	-	-
Wuliangye	2229.55	2126.07	1481.15	1252.90	651.58	382.90	337.95
Luzhou Laojiao	2190.46	2583.95	6639.71	13164.28	1681.96	1105.01	1423.51

The average accounts receivable turnover ratio across all sectors is 7.8. A value above 15.2 indicates good performance, while over 24.3 signifies excellent performance. The table shows that the accounts receivable turnover ratio for the five-year period from 2018 to 2024 consistently exceeded the average but remained below optimal levels, indicating room for improvement. Compared with three other liquor companies in the same industry, Jinzhongzi's accounts receivable turnover ratio is significantly lower. Therefore, enhancing Jinzhongzi's accounts receivable turnover ratio has become a top priority.

4.3. Analysis and Evaluation of Inventory Turnover Rate

Table 6. Inventory Turnover Ratio

Inventory Turnover (times)	2024	2023	2022	2021	2020	2019	2018
gold seeds	0.40	0.63	0.65	0.75	0.83	0.74	1.02
Moutai	0.27	0.28	0.28	0.29	0.30	0.30	0.29
Wuliangye	1.15	1.21	1.21	1.20	1.10	1.00	0.94
Luzhou Laojiao	0.31	0.33	0.39	0.49	0.68	0.89	0.97

The industry standard for liquor companies' inventory turnover ratio is 0.7. Jinzhongzi maintained an inventory turnover rate around 0.7 from 2018 to 2023, but saw a downward trend between 2020 and 2024. This decline indicates that the company's time to sell goods and convert inventory into cash has extended, resulting in excess stock. While Jinzhongzi's inventory turnover data remains relatively

strong compared to peers in the industry, the downward trend necessitates proactive measures to maintain profitability.

4.4. Analysis and Evaluation of Fixed Assets Turnover Ratio

Table 7. Fixed asset turnover ratio

Fixed asset turnover ratio (times)	2024	2023	2022	2021	2020	2019	2018
gold seeds	1.15	2.06	1.85	1.95	1.79	1.76	2.48
Moutai	8.18	7.45	6.67	6.30	6.05	5.62	4.83
Wuliangye	14.32	15.86	13.54	11.54	9.57	8.81	7.58
Luzhou Laojiao	3.52	3.46	2.96	2.76	3.96	12.41	12.09

The standard fixed asset turnover ratio is generally considered to be 1.85. From 2018 to 2023, Jinzhongzi maintained a relatively high turnover rate around this benchmark, indicating effective asset utilization and sound management practices. However, the company's fixed asset turnover ratio dropped significantly in 2024, falling to 1.15. Compared with other liquor enterprises, Jinzhongzi's lower fixed asset turnover rates between 2018 and 2024 suggest substantial room for improvement in this critical metric.

4.5. Analysis and Evaluation of Total Asset Turnover

Table 8. Total asset turnover ratio

Total asset turnover (times)	2024	2023	2022	2021	2020	2019	2018
gold seeds	0.28	0.43	0.33	0.31	0.28	0.27	0.41
Moutai	0.60	0.56	0.49	0.45	0.48	0.50	0.50
Wuliangye	0.50	0.52	0.51	0.53	0.52	0.52	0.51
Luzhou Laojiao	0.47	0.53	0.53	0.53	0.52	0.61	0.62

From 2018 to 2024, the total asset turnover rate of Golden Seed is about 0.3, which is the lowest compared with other wine enterprises in the same industry, indicating that the enterprise's capital liquidity is insufficient and it needs to be improved urgently.

5. COUNTERMEASURES TO IMPROVE THE OPERATION ABILITY OF ANHUI GOLDEN SEED WINE CO., LTD

5.1. Optimal Countermeasures for Current Assets Turnover

The turnover rate of enterprise current assets is not high enough. On the one hand, it may be because of insufficient utilization of current assets. We can make reasonable short-term investment and use current assets to invest in some stocks and bonds with strong liquidity to increase the use of current assets and obtain the income from investment of current assets.

On the other hand, intensifying market promotion for Golden Seed products can expand market scale and increase market share, thereby boosting revenue while also improving the current assets turnover ratio. The current assets turnover ratio is calculated as the ratio of operating revenue to the average balance of current assets. When all other factors remain constant, increased operating revenue effectively raises the denominator, resulting in a higher current assets turnover ratio.

5.2. Optimization Strategies of Accounts Receivable Turnover

To improve the turnover rate of accounts receivable, we can start from both external and internal aspects.

Externally, we will enhance communication with partners and establish a customer evaluation system. First, by strengthening client interactions, we aim to build stronger collaboration bonds, ensuring clients voluntarily comply with payment agreements to guarantee timely collection of accounts receivable within specified periods. Second, through regular client communications and credit background checks, we will assess financial health and creditworthiness. This will enable us to develop a credit rating system: intensifying cooperation with high-credit clients while reducing engagement or modifying payment terms for low-credit clients. We will also strictly prohibit large-scale accounts receivable transactions and assign dedicated personnel to manage regular debt collection [7].

Internally, we should improve the internal payment recovery mechanism and strengthen the management of accounts receivable to reduce the possibility of bad debts [8]. When sales departments complete relevant orders with outstanding payments, they should arrange sales personnel to track the payments regularly, record the recovery status, and use the recovery performance as one of the performance evaluation indicators for sales personnel.

5.3. Inventory Turnover Rate Optimization Strategy

To optimize inventory management, we should first enhance the system by addressing low inventory turnover rates, which often indicate deficiencies in current control. By establishing information sharing among procurement, production, and sales departments, we can reduce purchases of raw materials for overstocked products, thereby decreasing inventory buildup. Additionally, sales teams should proactively promote underutilized inventory items based on real-time stock data after fulfilling customer orders, effectively minimizing excess stock.

On the other hand, clarifying market demand is crucial for boosting sales. Prolonged inventory buildup often stems from market dynamics. When supply exceeds demand, products tend to pile up in warehouses. Therefore, conducting market research to identify actual needs becomes essential. Manufacturers should produce goods that meet market requirements, plan production quantities rationally, set reasonable pricing, and implement effective advertising campaigns to drive sales while reducing stockpiling.

5.4. Optimization Strategies of Fixed Assets Turnover Ratio

The fixed asset turnover rate remains relatively low compared to industry leaders, which can be improved through dynamic asset monitoring. Implementing real-time asset tracking allows for clear inventory and usage status of each fixed asset, ensuring replacement availability when damaged assets are identified. Meanwhile, idle assets can be reinvested or sold based on their vacancy duration, thereby maintaining stable production operations while enhancing the overall asset turnover efficiency.

5.5. Optimization Strategies of Total Asset Turnover

On one hand, enhancing brand quality is crucial to boost product sales. In today's fiercely competitive liquor industry where brand influence plays a pivotal role, Jinzhongzi has established some brand recognition. However, compared with industry leaders, its visibility still falls short. Therefore, it is essential to strengthen brand development, elevate brand quality, and increase brand awareness. These efforts will ultimately drive product sales growth, enhance revenue streams, and improve asset turnover rates.

On the other hand, improving total asset turnover can be achieved through optimizing asset structure, strengthening asset management, and rationally allocating asset usage. Optimizing asset structure not only enhances overall asset turnover but also reduces risks in specific business operations or markets by diversifying asset allocation, thereby strengthening a company's risk resilience [9].

6. CONCLUSION

Jinzhongzi Co., Ltd. has suffered consecutive losses for four years. In the fiercely competitive baijiu market, enhancing internal operational capabilities has become a top priority. By rationally allocating capital and improving the efficiency of cash flow, accounts receivable, and inventory management, the company can strengthen its operational capacity [10]. This study calculates Jinzhongzi's current assets turnover ratio, accounts receivable turnover ratio, inventory turnover ratio, fixed assets turnover ratio, and total assets turnover ratio. Through horizontal and vertical comparisons, we identify areas for improvement and propose solutions including accelerating market promotion, establishing customer evaluation systems, refining accounts receivable recovery mechanisms, strengthening brand development, implementing dynamic asset monitoring, and optimizing asset structures. These recommendations aim to provide actionable insights for Jinzhongzi's operational enhancement and ensure the company's healthy and sustainable development.

However, due to the non-disclosure of company information and the limited knowledge level of the author, there are still some shortcomings in this article, which will be improved in future study.

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