Finance Question

Name

Course

Instructor’s Name

Date

Question 1

b). Analysis of the Ratios

The company's current ratio in 2019 is higher than that in 2018. This implies that the company's liquidity was higher in 2019 than in 2018. Also, the company's current ratio is higher than the industry averages; this means that the company's operations are optimal. The company's inventory turnover is constant for both 2018 and 2018, this implies that the company's efficiency was constant during the two years; the company should work on its promotional strategies to improve its sales revenues. Their operating profit margin increased from 23.19% in 2018 to 27.60% in 2019. The company's profitability in 2019 was higher than in 2018. However, the company's profitability is still below the industry's averages. The company has not reached the industry's profitability; therefore, they should minimize expenses and increase their revenues.

The company's gearing ratio decreased in 2019 compared to 2018. This ratio was also below the industry's average in 2019. A company with a low gearing ratio could not be taking expansion opportunities when interest rates are low, ultimately losing out on growth opportunities that their competitors may take.

c) Limitations

The gearing ratio isn't a complete indicator of a company's health; it's only a part of the story. The data utilized in the analysis is based on the company's own published prior results. As a result, the study indicators are not always indicative of future firm performance. The information given by the corporation in its financial accounts is the basis for ratio analysis. This data could be modified by the management team to show a greater performance than it has.

Question 2 Part B

a)

i. Retail is likely to face problems in managing its debts levels.

ii. The company has also faced a decline in consumer spending which affects its income flow.

iii. Retail has also faced disruptions in the supply chain due to the halt in production.

iv. Problems with transportation of the products to the markets. The COVID pandemic resulted in lockdown which hindered transportation of the retail products.

v. Also, the company incurred high storage costs due to low inventory turnover.

b)

a. Cash flow enables a company to settle debts, reinvest in its business, return money to shareholders, pay expenses, and provide a buffer against future financial challenges.

b. Cash flow informs the company of its level of liquidity and financial position.

c. Selling on credit can result in bad debts since there is no guarantee that the customers will payback. Bad debts lead to a loss in the income statement.

Question 3 Part A

Job description

Finance business partners are accountants that collaborate with other company divisions to provide financial data, tools, analysis, and insight to directors, confronting their thinking, assisting them in making better decisions, and driving corporate strategy. One must have outstanding interpersonal skills, including the ability to develop strong connections and communicate effectively. This will help to convey financial concepts to non-finance people. This position requires excellent business acumen, as well as analytical and project management skills. The levels of competencies required for this position include financial management, data, and digital technology, and consultancy.

The function and skills of a typical financial professional have evolved drastically in today's world. CFOs today require a finance professional who can execute analytics, evaluate cloud computing, and understand their market. This presents significant challenges for finance managers, as they must carefully study, analyze, and comprehend how to plan future expenditures to meet the company's needs without jeopardizing the client's needs.