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Introduction

Marriott International is a well-known hotel chain that has up to thirty different brands of hotels, which cater to guests all around the world. Marriott International leads that way and sets an example for a lot of other hotels to follow. In terms of technology, Marriott is one of the first and leading hotels introducing technology into guest experience at their hotel.

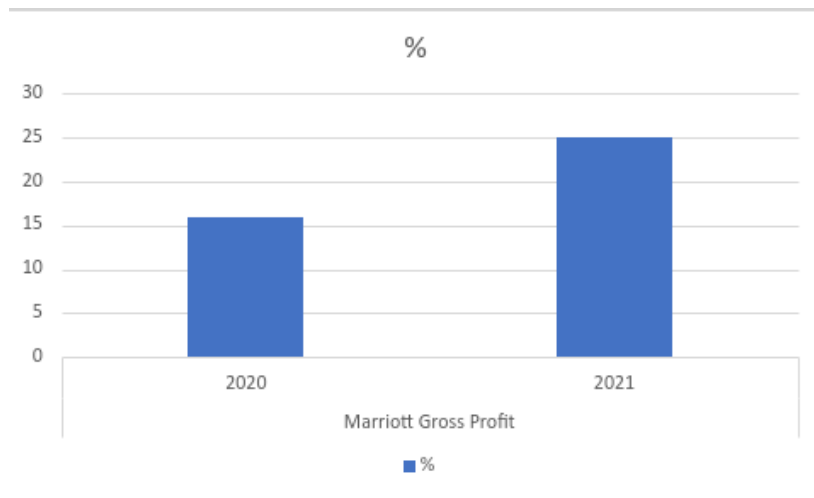
Financial Analysis Trend

Profitability Ratio

Gross Profit

To achieve the gross profit, the calculation would be the gross profit divided by sales (X) time 100. This measures the value that the company is adding to the products, goods, and services needed to produce the service of the business (Barrow, 2008, p.76). In 2020-12-31 it was $\text{£ } 1,459 / 9,112 = 0.160 \times 100 = 16$ percent. And in 2021-12-31 the figures were $\text{£ } 2,801 / 11,056 = 0.253 \times 100 = 25$ percent.

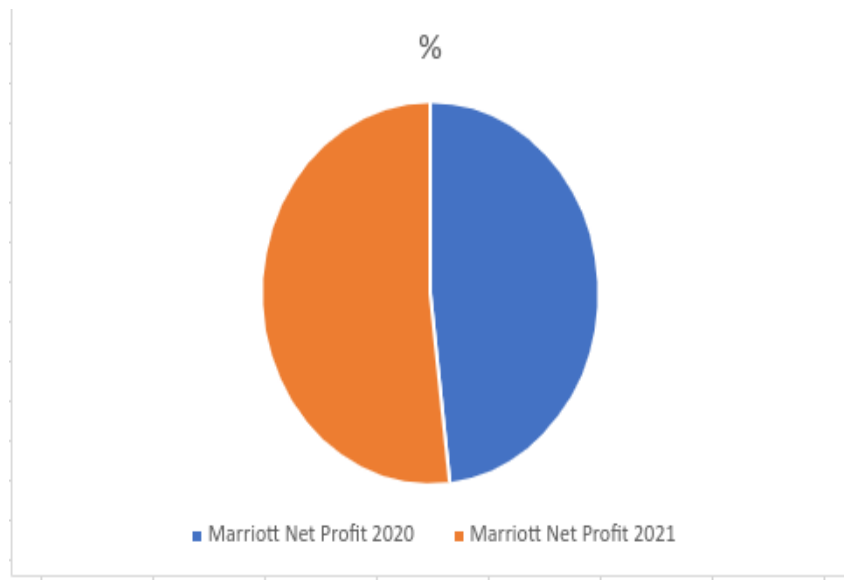
Gross Profit Chart



Net Profit

Dividing the net profit by sales and multiplying it by 100 will give the percentage. This measures how well the business is been run (**Barrow, 2008, p.76**). In 2020-12-31, Marriott's net profit was $\text{£}10,571 / 9.112 = 1.160 \times 100 = 116$ percent compared to 2021 calculations net profit was $\text{£}13,857 / 11,056 = 1.253 \times 100 = 125$ percent.

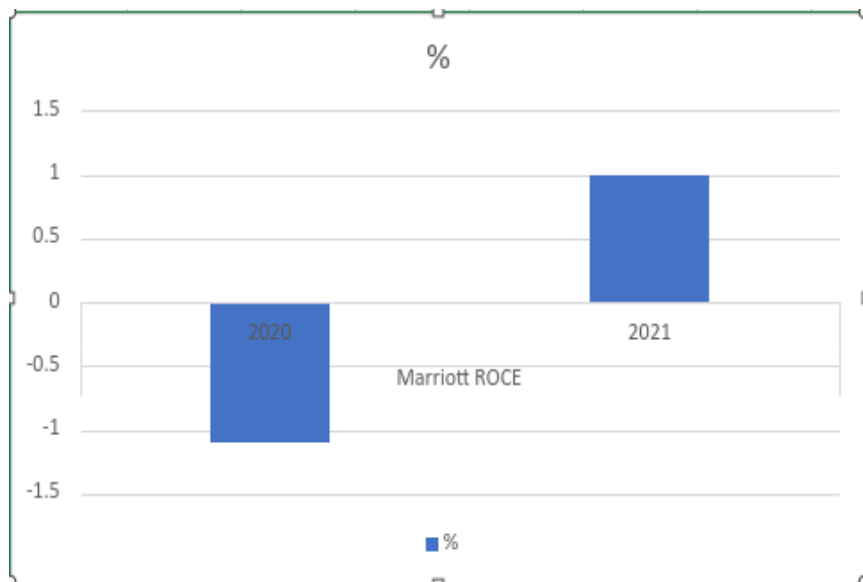
Net Profit Chart



ROCE

This is calculated by dividing the profit before interest by total assets less current liabilities. “ROCE is a key measure of the quality of a company’s operation” (Hall, 2018, p.64). For example, in 2020-12-31 Marriott’s profit before interest was £466/24,701B-24,271B= -1,1% compared to 2021 profit before interest was £1,180/25,553B-24,139B= 1.0% (Macro Trends, 2022).

ROCE Chart

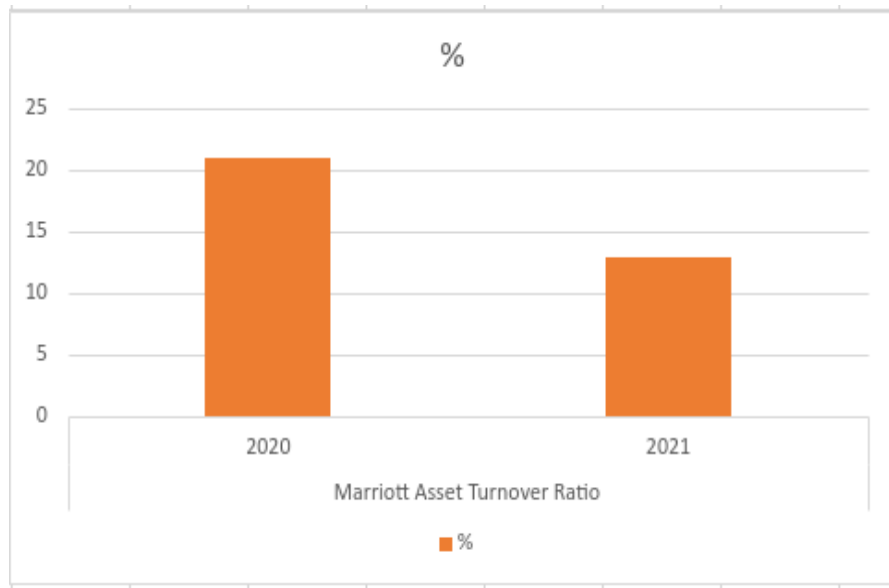


Assets Turnover Ratio

Total assets Turnover

It is calculated by dividing sales turnover by total assets minus current liabilities. “Turnover ratios help assess the asset efficiency of the company. They are also known as activity ratios and determine how effectively a firm utilise its assets to generate revenue” (Bhardwaj, 2019). For example, in 2020-12-31 Marriott’s sales were £9,112/24,701B-24,271B= 21 times compared to 2021 sales was £11,056/25,553B-24,139B= 13 times (Macro Trends, 2022).

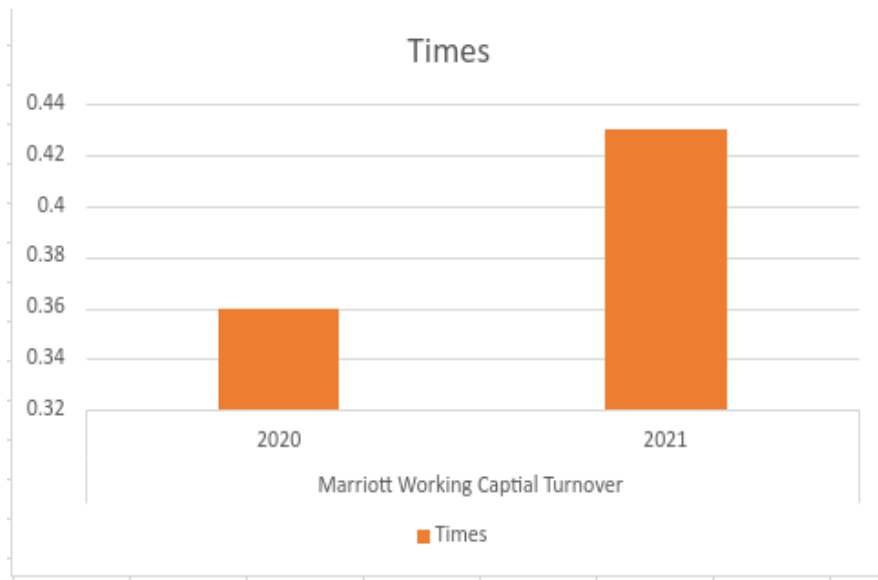
Total Assets Turnover chart



Working Capital Turnover

It is calculated by dividing sales turnover by net current assets. In simple terms, it is how well assets are being used daily (Investors, 2018). For example, Marriott's 20-12-31 sales were $\text{£}9,112 / 24,701\text{B} = 0.36$ times, compared to Marriott's 2021-12-31 sales were $\text{£}11,056 / 25,553\text{B} = 0.43$ times (Macro Trends, 2022).

Working Capital Turnover Chart

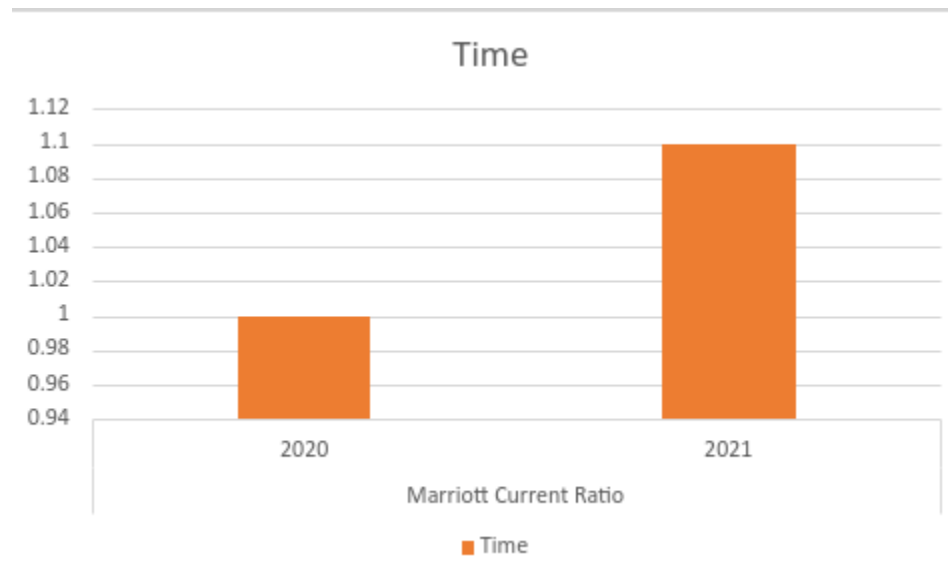


Liquidity

Current Ratio

Calculations to get the current ratio, the current assets are divided by the current liabilities, for example in 2020-12-31 Marriott's current assets/ current liabilities were $\$24,701\text{B}/\$24,271\text{B} = 1.0$, compared to Marriott's 2021-12-31 current ratio was at $\$25,553\text{B}/\$24,139\text{B} = 1.1$ (Macro Trends, 2022) which is better than 2020, but below the acceptable average of 1.5 which need a closer look into. Hence the current ratio figure does not offer much information in terms of being able to pay off liabilities, but how larger the current assets are than the current liabilities to tell if the company would be able to pay the liabilities (Barrow, 2008, p.76).

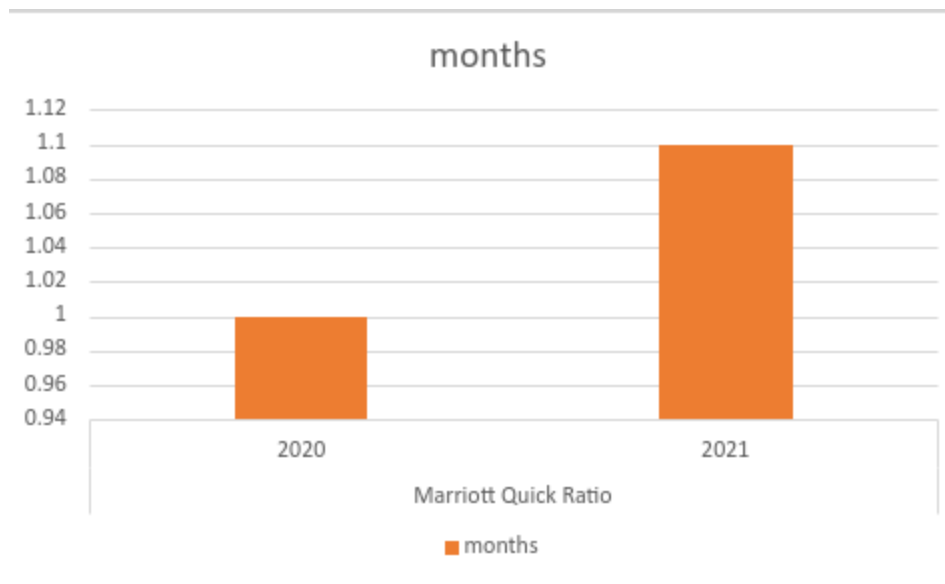
Current Ratio chart



Quick Ratio

To calculate the Quick ratio, also known as (liquid ratio), is “A ratio used for assessing the liquidity of a company” (Oxford Reference, 2016) it is the current assets –stock/ current liabilities to get the total figure for example in Marriott’s 2020-12-31 Quick ratio was $\$24,701\text{B}-5\text{M}/24,271\text{B}= 1.0$ compared to Marriott’s 2022-12-31 quick ratio which was $\$25,553\text{B}-5\text{M}/24,139\text{B}= 1.1$ which is better than 2020 and acceptable for a Quick ratio (Macro, Trends 2022).

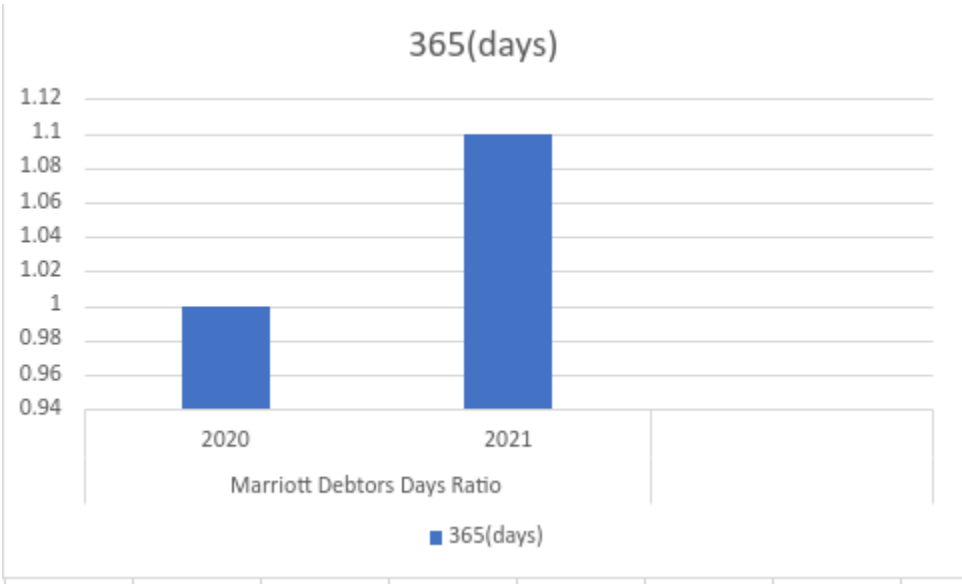
Quick Ratio Chart



Debtors Days

Debtors' days are calculated by debtors multiple by 365 divided by credit sales, it determines how many days it takes for the company to receive payments from debtors (Barrow, 2008, p.76) For example, Marriott's 20-12-31 Debtors $24,1302 \times 365 / 5,9791 = 147$ days (about 5 months), compared to Marriott's 2021-12-31 Debtors $7,1697 \times 365 / 6,9914 = 374$ days (about 1 year) (Macro Trends, 2022).

Debtors Days



Gearing

Financial Analysis Trends

Profitability

Profitability refers to the company's ability to achieve profit on their investment in the company assets or stocks. Hence profitability ratios also determine the quality of the competitive nature of the business and its management and the success or failure of the company (Abdul, 2017, p.86).

The profitability ratio consists of 5 ratios that show the financial strengths or weaknesses of the business. Gross Profit figures for the end of 2020 were at £1.459B, a 54.65 % decrease from the previous year. "As early as 18 March 2020, 18 countries mandated quarantine for incoming travelers from high-risk regions such as China" (Hoffman, Weldon, and Habibi, 2022) to help combat the deadly outbreak of Corona Virus, Covid-19. Which forces a stall of all operations of businesses. Gross profits at the end of 2021, figures were at £2.801B, 91.98 % from 2020. It is important to note 2021 activity, trends, and behaviors to keep the percentage high or consistent. Net Profit was at a decline in 2020 and 2021 annual net profit of \$ -0.2670B, 120.97% decline from 2019 and, annual net profit of \$1.099B 511.61 % from 2020. Hence both years have poor performances in terms of percentage and need improvements. ROCE percentage for 2020-12-31 was – 1.1, way below average, further investigation needs to make sure the use of company equipment to meet guests and clients' needs in uncertain situations. In 2021-12-31 the ROCE Percentage was at 1.1% another year's low which signals that it needs to be improved. Hence to get more information about the low percentage it needs to be compared to other companies in the same industry. The 20-12-31 Total Assets Turnover was 21 times, compared to 2021's average of 13 times the activity in 2020 must be revisited to note what behaviors and positives occur. Marriott's Working Capital ratio in 20-12-31 was at an average of 0.36 times, compared to 2022-12-31 the Working Capital ratio was at 0.43 times which shows an increase from 2020 (Macro Trends, 2022).

Liquidity

Liquidity refers to converting assets into cash; it is the business choice to keep it for future challenges in this way, so the business can re-boost with safe keeping on the converted assets or venture on a new investment (Oxford Reference, 2016).

Liquidity ratios consist of three ratios that give the management team indications problem areas, potential risk, and assess companies' liquidity. Marriott's current ratio 2020-12-31, was $24,701B/24,271B = 1.0$, compared to 2021 was at $25,553B/24,139B = 1.1$ (Macro Trends, 2022) which is below the acceptable average and needs improvement, such strategies to increase sales and strengthen the quality of the asset and how fast it could be sold. Marriott's quick ratio for 20-12-31 was at 1.0 compared to 2021-12-31 which was 1.1 which is acceptable for a quick ratio, the score needs to be noted as the least and find more effective ways to rise the figure. Debtors' days ratio for 20-12-31 was at a total of 147 days (about 5 months) debtors take to pay the money back which is good compared to 2021-12-31 debtors' days total which was 374 days (about 1 year). Hence Covid-19 must take into accounts, activity and trends are off between years, this could be because of the business have leverage to have in this area due to enable a campaign to bring back customers back by giving them more time to pay their debt

Benefits and Limitations of Ratio Analysis

A financial Ratio has two financial amounts that consist of one nominator and one denominator, the two amounts can be from either the balance sheet or the income statement, for example, current ratio or interest earned. The benefits of ratio analysis are, (1) Financial ratio help assist with the understanding of financial statements, for example, financial ratio help with gaining knowledge of the competition in the same industry by assisting with the benchmarking of their company. (2) Financial statements actors can benefit from financial ratios by identifying conflicts of interest in operating with a company, “liquidity, debt position, or profitability.” (3) It can assess the business performance and predict the future performance of a company. (5) financial ratios also help in assessing the overall risk of the firm. (6) financial ratios can help with borrowing and lending which gives the company control over its activities, it is also used to predict bankruptcy with modeling (Faello, 2015)

(1) Limitations of financial ratios can occur in human error in misstating the numbers, leading to incorrect misreads of income statements. Hence financial ratios can only tell so much, and actors could read too much into the ratios. (2) The financials' accepted principles are not reliable because of the low entry for displays of company's statements of a firm and may mislead firms' comparison between another firm. (3) hypothesis testing is difficult to interpret, and lesser options would be used for firm's tasks (Faello, 2015)

Conclusion

Ratio analysis is imperative to the activities and the decisions making, it is not the core of business strategies but if used correctly and professionally the business can get positive results from ratio analysis. Hence it is vital for the business to invest in programs and training courses around learning and understanding ratio analysis and how to get the best out of it. Technology is another path the business needs to also pay careful attention to because of its advantages and growth potential, a system that enables financial ratio users

to perform their duties accurately. With the financial opportunity and knowledge drawn from ratio analysis, the company needs to keep track of records highs and lows trends of risk to help prepare for uncertain times.

Appendix for Financial statement

Annual Data Millions of US \$ except per share data		2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31	2015-12-31	2014-12-31
Cash On Hand		\$1,393	\$877	\$225	\$316	\$383	\$858	\$96	\$104
Receivables		\$1,982	\$1,768	\$2,395	\$2,133	\$1,973	\$1,695	\$1,103	\$1,100
Inventory		-	-	-	-	-	-	-	-
Pre-Paid Expenses		\$251	\$180	\$252	\$249	\$235	\$230	\$77	\$64
Other Current Assets		-	-	\$255	\$8	\$149	\$588	\$108	\$342
Total Current Assets		\$3,626	\$2,825	\$3,127	\$2,706	\$2,740	\$3,371	\$1,384	\$1,610
Property, Plant, And Equipment		\$1,503	\$1,514	\$1,904	\$1,956	\$1,793	\$2,335	\$1,029	\$1,460
Long-Term Investments		\$387	\$422	\$577	\$732	\$734	\$728	\$165	\$224
Goodwill And Intangible Assets		\$17,999	\$18,164	\$17,689	\$17,419	\$17,751	\$16,868	\$2,394	\$2,245
Other Long-Term Assets		\$604	\$616	\$595	\$587	\$593	\$477	\$223	\$260
Total Long-Term Assets		\$21,927	\$21,876	\$21,924	\$20,990	\$21,106	\$20,769	\$4,698	\$5,223
Total Assets		\$25,553	\$24,701	\$25,051	\$23,696	\$23,846	\$24,140	\$6,082	\$6,833
Total Current Liabilities		\$6,407	\$5,752	\$6,677	\$6,437	\$5,807	\$5,147	\$3,233	\$3,038
Long Term Debt		\$9,333	\$9,203	\$9,963	\$8,514	\$7,840	\$8,197	\$3,807	\$3,447
Other Non-Current Liabilities		\$5,951	\$6,868	\$5,696	\$5,304	\$5,429	\$4,419	\$2,616	\$2,548
Total Long Term Liabilities		\$17,732	\$18,519	\$17,671	\$15,034	\$14,457	\$13,636	\$6,439	\$5,995
Total Liabilities		\$24,139	\$24,271	\$24,348	\$21,471	\$20,264	\$18,783	\$9,672	\$9,033
Common Stock Net		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Retained Earnings (Accumulated Deficit)		\$10,305	\$9,206	\$9,644	\$8,982	\$7,242	\$6,501	\$4,878	\$4,286
Comprehensive Income		\$-342	\$-135	\$-361	\$-391	\$-17	\$-497	\$-196	\$-70
Other Share Holders Equity		-	-	-	-	-	-	-	-
Share Holder Equity		\$1,414	\$430	\$703	\$2,225	\$3,582	\$5,357	\$-3,590	\$-2,200
Total Liabilities And Share Holders Equity		\$25,553	\$24,701	\$25,051	\$23,696	\$23,846	\$24,140	\$6,082	\$6,833

Annual Data Millions of US \$ except per share data		2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31	2015-12-31	2014-12-31
Revenue		\$13,857	\$10,571	\$20,972	\$20,758	\$20,452	\$15,407	\$14,486	\$14,486
Cost Of Goods Sold		\$11,056	\$9,112	\$17,755	\$17,084	\$1,411	\$12,735	\$12,363	\$12,363
Gross Profit		\$2,801	\$1,459	\$3,217	\$3,674	\$19,041	\$2,672	\$2,123	\$2,123
Research And Development Expenses		-	-	-	-	-	-	-	-
SG&A Expenses		\$823	\$762	\$938	\$927	\$921	\$743	\$634	\$634
Other Operating Income Or Expenses		-	-	-	-	-	-	-	-
Operating Expenses		\$1,051	\$1,375	\$1,417	\$1,308	\$16,537	\$1,248	\$773	\$773
Operating Income		\$1,750	\$84	\$1,800	\$2,366	\$2,504	\$1,424	\$1,350	\$1,350
Total Non-Operating Income/Expense		\$-570	\$-550	\$-201	\$-21	\$478	\$-185	\$-95	\$-95
Pre-Tax Income		\$1,180	\$-466	\$1,599	\$2,345	\$2,982	\$1,239	\$1,255	\$1,255
Income Taxes		\$81	\$-199	\$326	\$438	\$1,523	\$431	\$396	\$396
Income After Taxes		\$1,099	\$-267	\$1,273	\$1,907	\$1,459	\$808	\$859	\$859
Other Income		-	-	-	-	-	-	-	-
Income From Continuous Operations		\$1,099	\$-267	\$1,273	\$1,907	\$1,459	\$808	\$859	\$859
Income From Discontinued Operations		-	-	-	-	-	-	-	-
Net Income		\$1,099	\$-267	\$1,273	\$1,907	\$1,459	\$808	\$859	\$859
EBITDA		\$2,045	\$562	\$2,203	\$2,650	\$2,783	\$1,583	\$1,489	\$1,489
EBIT		\$1,750	\$84	\$1,800	\$2,366	\$2,504	\$1,424	\$1,350	\$1,350
Basic Shares Outstanding		327	326	333	350	375	291	267	267
Shares Outstanding		329	326	336	354	380	296	273	273
Basic EPS		\$3.36	\$-0.82	\$3.83	\$5.45	\$3.89	\$2.78	\$3.22	\$3.22
EPS - Earnings Per Share		\$3.34	\$-0.82	\$3.80	\$5.38	\$3.84	\$2.73	\$3.15	\$3.15

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