



ALTON TOWERS

A Case Study Analysis

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Executive Summary

The following report has been prepared for the Management Team of Alton Towers Resort, a subsidiary of Merlin Entertainments Group, in preparation for their upcoming Business Plan meeting. The report will analyse the managerial effectiveness and the organisational performance of the company and will focus on two key areas. An ***Environmental Analysis*** has been conducted through a PESTLE and SWOT report and will identify some of the internal and external risks that face the organisation and offer recommendations on how to improve and minimize these risks. In addition, a ***Performance Management Audit*** will take a closer look at two key areas. The first area focuses on the Financial Performance of the organisation and will analyse the company's overall performance based on the financial statements for 2015-2016. The second area will look at Human Resources and will evaluate the effectiveness of the current management and human resources system. The main intent of this report is to help the company in further strengthening its business operations in order for the company to remain competitive.

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Introduction

Merlin Entertainment is a global leader in location based, family entertainment and is Europe's number one and the world's second largest visitor attraction operator (annualreports.co.uk, 2018). It is an industry that has seen rapid growth with the development of parks ranging in size, capacity, products and entertainment offerings (Milman, 2010). With a diverse portfolio and strong brands that include Legoland, the Dungeons, Sea Life Centres and Madam Tussauds, the company is well on its way to achieving the company's vision of becoming "the worldwide leader in branded, location based entertainment" (merlinetnertainments.biz, 2019). The company has delivered memorable experiences to more than 67 million visitors through its iconic global and local brands and the commitment and passion of its 29,000 employees (annualreports.co.uk, 2018). The company's strategic vision is "to create a high growth, high return, family entertainment company based on strong brands and a global portfolio that is naturally balanced against the impact of external factors (merlinetnertainments.biz, 2018). This vision is evident with operations in 25 countries across four continents offering a variety of strong branded entertainment that includes Legoland, the Dungeons, Sea Life Centres, Madam Tussauds (annualreports.co.uk, 2018). However, to spite strong branding and geographical diversification, Merlin remains behind its global competitor, Walt Disney Park and Resorts.

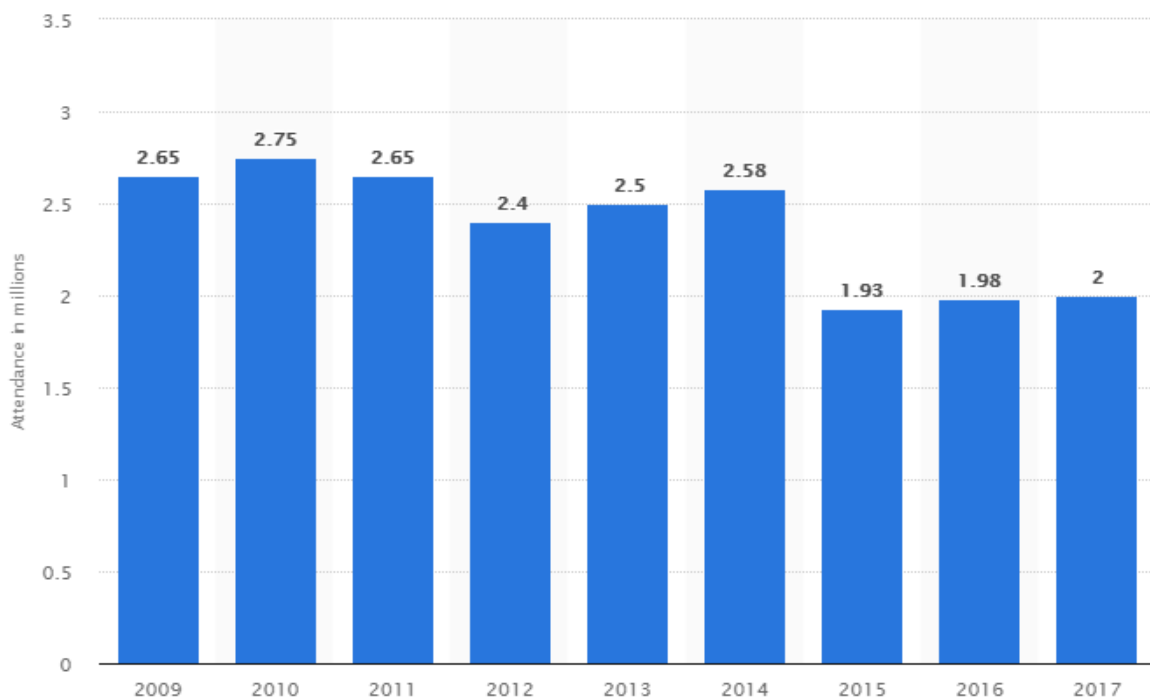
Alton Towers Resort is the focus of this report. It ranked third in the UK's top ten amusement parks behind Paultons Park and Blackpool Pleasure Beach (Whitehead, 2018). It is situated approximately 2.5 hours from London and approximately 1 hour from Birmingham (Google Maps, 2019). With this in mind, attention has turned to Resort Theme Parks (RTP) where investment is on transforming theme parks into destination resorts (londonstockexchange.com, 2018). The trend towards shorter, more frequent breaks has increased demand and supported the growth of themed on-site accommodation within its theme parks (ONS, 2016).

An Environmental analysis and a Performance Management audit on Alton Towers has highlighted some of the potential risks to the organisation and offers strategic recommendations to minimize these risks

Environmental Analysis

An environmental analysis can aid Business Managers and Decision-makers through the planning and development process and can help identify the external and internal elements that can affect an organisations performance (Gillespie, 2007). A PESTLE and SWOT analysis on Alton Towers shows how a micro and macro-environment can affect the way an organisation conducts business (Haughey, 2008). In a macro environment, individuals such as shareholders, customers and vendors have control over certain aspects of the company's operation (Gillespie, 2007). In contrast, an organisation has little control over the external elements such as politics, the economy, society or technology in a macro-environment (Gillespie, 2007). According to Euromonitor International, statistics indicated a significant increase in US tourism and leisure spend where the projected forecast for 2025 is expected to reach \$944bn in comparison to 2015 where the total spend was \$629b (Euromonitor, 2018). Statistics also revealed an increase in UK short holiday breaks where the capital annual growth rate (CAGR) increased by 5% in 2016 and indicated that 7.4m favoured this type of holiday (ONS, 2016). Figure 1 shows the attendance numbers at Alton Towers (Statista, 2019). In 2015, attendance dropped due to the accident on the Smiler roller coaster and the Paris Terror attacks. Although some situations are beyond the control of an organisation, these two incidents are an example of how consumer confidence can have a detrimental effect on the business. One of the challenges that faces Alton Towers is trying to recover its damaged reputation.

Attendance at Alton Towers theme park in the United Kingdom (UK) from 2009 to 2017* (in millions)



(Figure 1)

PESTLE ANALYSIS

A PESTLE analysis is a strategic business tool used by organisations to discover, evaluate, organise and track macro-economic factors, which can affect a business. It examines the opportunities and threats due to Political, Economic, Social, Technological, Legal & Environmental factors. The results from the analysis can also encourage strategic planning processes and contribute to market research. Figure 2 is a summary of a PESTLE analysis conducted on Alton Towers and is explained below.



(Figure 2)

Political

These factors are generally politically motivated and include things such as government policies, political stability and instability, foreign exchange trade policy, trade restrictions, labour environmental and consumer protection laws etc. A political factor affecting Alton Towers Resort was the increase of the UK living wage, which was due to rise by 3.1%. (Hellier, 2015). The increase will have a direct impact on the wage budget due to the company employing around 2000 people. British households faced increasing pressure from higher living costs that saw inflation rates rise sharply following the EU referendum in 2016. Brexit uncertainty has also caused a loss of approximately £900 per household since the Brexit vote (Partington, 2018).

Economic

This area focuses on the economic forces that impact on the success of the organisation and include factors such as economic trends, growth rates, seasonal factors, international exchange rates, consumer disposable income, unemployment rates, taxation and interest rates etc. The year 2017 reflected a return to healthy growth with significant capital expenditures in the industry, both in traditional attractions, attraction-adjacent hotels, and new, IP-branded indoor attractions. With stabilized global economies, and significant planning occurring now for future investment, prospects look good for the industry in the short- to mid-term (Teaconnect.org, 2017). The sudden fall in the pound also drove up the cost of importing goods to Britain (Partington, 2018). The financial report for 2016 indicated that cost pressures were building because of tighter labour markets in London and the South East (annualreports.co.uk). Legislation driven cost pressure rose in the UK leisure industry, which included the introduction of the national living wage, the apprentice levy and a significant increase in business rates. However, the decrease in interest rates has risen the amount of disposable income available making it profitable for Alton Towers.

Social

This area involves the social attitudes, behaviours and trends that impact on the organisation and a particular target markets. It includes attitudes, behaviours and trends such as money, customer service, imports, religion, population growth, demographics, immigration etc. For example, media coverage regarding the accident that happened on the Smiler roller-coaster back in 2015, discouraged people from going to the park which resulted in lower attendance numbers.

Technological

Technology revolves around the way the company makes, distributes and markets their product and services. This involves technology and communications infrastructure, legislation around technology, consumer access to technology, competitor technology and development, emerging technologies, automation, research, innovation etc.

Legal

The Government enforces many regulations relating to health and safety that Alton Towers must abide by. These regulations are significant to all theme parks within the UK (HSE, 2007). Alongside the government-enforced regulations, Alton Towers has adapted to the working laws that include staff undergoing a criminal background check (Alton Towers, 2014).

Environmental

These factors have only really come to the forefront in the last fifteen years or so. They have become important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, carbon footprint targets set by governments (this is a good example where one factor could be classed as political and environmental at the same time). These are just some of the issues marketers are facing within this factor. More and more consumers are demanding that the products they buy are sourced ethically, and if possible from a sustainable source. An example of an environmental factor that may affect Alton Towers Resort are the rules and regulations surrounding the building of new rides and ensuring that any construction/running is not damaging the environment.

SWOT ANALYSIS

A SWOT analysis is useful in analysis is an acronym for Strengths, Weaknesses, Threats and Opportunities. It has been useful in analysing the internal factors (strengths and weaknesses) and the external factors (opportunities and threats) of Alton Towers (Murray-Webster, 2010). It has also been valuable in identifying risks and gaining an insight into the company's competitors and market positioning to assist in strategic decision-making (Boone & Kurtz, 2013). It can also provide an insight into the internal and external factors that can impact the performance of Alton Towers and therefore look at ways of optimising performance, find new opportunities, manage the competition and maximizing the return on resources employed. Below is a SWOT analysis summary conducted on Alton Towers (Figure 3).

<u>STRENGTHS</u> • Strong Brand Name. • Appeals to a large demographic of people. • Offers a variety of quality and well known rides • Excellent marketing team • Effective website design	<u>WEAKNESSES</u> • Seasonality Levels • Location of the park. • Technical issues with rides • Pricing more expensive than competition
<u>OPPORTUNITIES</u> • Introduction of products and services.. • Form strategic relationships • Create seasonal events • Invest in transportation services.	<u>THREATS</u> • Possibility of technical faults • New developments and innovations from competition. • Stringent Government legislations

(Figure 3)

Strengths

Having a strong brand recognition has allowed the company to charge a premium price compared to its competitors in the same industry. This has also allowed the company to penetrate different customer segments which allows them to diversify other revenue streams. The organisations wide geographic presence has enabled the group to remain competitive enabling them to deliver efficient services to its customers. Also, over the years, Merlin has ventured into various business outside the service sector which has allowed the company to diversify into other revenue streams sectors other than the recreational and service sector.

Weaknesses

Alton Towers faces high levels of seasonality. There are also mixed reviews on Trip Advisor where some customers perceive the theme park as being poor value for money (Tripadvisor.co.uk, 2019). The most expensive ticket at Drayton Park costs £28 per adult (Manor, 2019) whereas Alton Towers charges £56 per adult (Altontowers.com, 2019). Therefore, the ticket price at Alton Towers, is double the price of its competitor. However, some customers would argue that you are getting value for money in terms of rides. To encourage visitors to the theme park, promotional tickets and vouchers on cereal boxes, handwash and gels can be found on the various packs (Moneysavingexpert.com, 2019). Also, the rollercoaster accident in 2015 led to the company loosing many of its loyal customers and is reflected in the annual figures (annualreports.co.uk, 2015).

Opportunities

Despite the accident in 2015, customers have regained confidence and this is indicative in the attendance figures shown in Figure (Statista, 2019). There is also the potential to form strategic relationships with other companies such as restaurant businesses in catering and forming a collaboration with an entertainment company will help keep growth up. Customers have indicated that they would like more restaurants with cultural variances as well as healthy food options.

Threat

Although the group is still a leader in product innovation in the recreational activities segment, the company faces competition on both an international and local level and therefore, must endeavour to stay ahead of their competitors. There is also a shortage of skilled human resources where the nature of this business type is high in staff turnover. The changing political environment is also a threat where Brexit is impacting business. Pressures from the competition is also being faced

Financial Ratios

Financial Ratios can help us to analyse a company's financial performance and is classified into three main groups; profitability, liquidity and gearing.

The hospitality industry is a large field and includes smaller fields such as theme parks (Investopedia, 2019). Generally companies within the hospitality industry have a lot of long-term liabilities in the form of debt, along with current liabilities. Therefore, it is important for organisations within this industry to have a low debt ratio, where the long term assets greatly outweigh the debt used to purchase them. A debt ratio of less than 35% is considered good. Analysing financial statements can help us to assess the profitability and financial stability of an organisation by comparing one year with the next.

The financial statements for Merlin Entertainment have been analysed for the year 2015 and 2016 (Appendix 1, 2) and the results are summarised and discussed in the following section.

Analysis and Key Performance Indicators

SUMMARY OF PROFITABILITY ANALYSIS

PROFITABILITY	2015	2016
Gross Profit	84.90	84.42
Net Profit Margin	13.30	14.48
ROCE	7.05	7.29
Asset Turnover	0.52	0.49
Fixed Asset Ratio	0.52	0.49
Working Capital Turnover	426.00	1547.00

Figure 1

The profitability ratios indicate the financial health and performance of a company and can indicate whether it is generating enough profits for its shareholders. It is a good indicator of how well the company is managing its expenses (Gross Profit and Net Profit) and how well the company is using capital employed to generate a return (ROCE). Fig 1 indicates the gross profit and net profit margins are at an acceptable standard and suggest that the business in

being run well to spite an increase in the operating expenses for both years. The reason for these favourable results could largely be due to the nature of the business where the majority of sales is cash. However, the Return on Capital employed (ROCE) is well below the industry average of 20% and could indicate that the business is not using its business assets efficiently. This can be seen with the decrease in both the asset and fixed assets turnover that suggests that the company is not using its fixed assets efficiently to generate sales. Overall, it is a profitable company showing an upward trajectory.

SUMMARY OF LIQUIDITY ANALYSIS

LIQUIDITY	2015	2016
Current Ratio	1.01	0.71
Quick Ratio	0.89	0.90
Debtor Days	365	365
Creditor Days	79	99

Figure 2

The liquidity ratios involve the organisations ability to generate cash quickly in order to pay its debts or expenses. The current ratio highlights how quickly cash can be obtained to settle debts or pay expenses. However, the organisation may set its own objectives or benchmarks. Figure 2 shows the organisation has a low ratio which is below the acceptable standard. This would indicate that the company would have difficulty in paying its debtors. The company has increased its net assets and there is also a corresponding increase in its liabilities. This is of some concern because if debts did come due, the organisation would have difficulty in paying them. Therefore, the organisation needs to pay attention to this by increasing its assets and decreasing its liabilities. It can also be seen that debtors are taking too long to pay their debts. This result is unacceptable and can have a detrimental effect on the business in the long term. 30-36 days is the acceptable standard. But this would need to be checked against other businesses in the same line of business.

SUMMARY OF GEARING ANALYSIS

GEARING	2015	2016
Debt Ratio	0.58	0.56

Figure 3

The gearing ratio measures the company's ability to pay its debts. It is calculated by taking the total debt and dividing it by the total assets. The low ratios in Figure 3 show the organisation would have no difficulty in paying its debts. This low ratio could also allow the organisation to borrow money to enable it to grow. This could mean that the company has more equity than debt and therefore could have room to grow through possible loans.

Overall, the business is stable and shows good profit. Although cash sales are significantly higher than their credit sales, the company's debtor day ratio is also quite high. This could possibly be improved with their credit contracts or debt collection systems to reduce this. Once again, this would need to be checked against industry practices.

SMART objectives

Objectives set out what a business is trying to achieve and is important in guiding an individual, a team or an organisation in the right direction (CMI, 2011). Objectives should be SMART – Specific, Measureable, Achievable, Realistic and Timely. Alton Towers has based its SMART objectives based on their (1) Vision to become the world wide leader in branded, location based entertainment and (2) their strategy to create a high growth, international, family entertainment company with strong brands and a portfolio that is naturally hedged against external factors such as weather or localised market conditions (annualreports.co.uk, 2018). The companies objectives are evident through strong recognisable brands as well as strategic positioning where the company plan to position all their theme parks as short break destinations in order to optimise their market reach and asset utilisation (annualreports.co.uk). The organisations priority is to deliver memorable experience to its millions of visitors underpinned by constantly monitored visitor satisfaction, high customer service and health and safety standards.

Human Resources

People are at the heart of all the company does where the employees are valued just as much as the guest is. People make Merlin a great place to work where the company wants to attract, retain, celebrate and reward those who share the company's passion for putting smiles on people's faces (annualreports.co.uk, 2018). The company invests in the development and training of their employees throughout the business. Innovative thinking and big ideas is also encouraged by Merlin that allows employees to fulfil their potential. As an organisation, 27,000 employees work for Merlin (Merlinentertainment.biz, 2019).

Alton Towers runs as one business and employs approximately 2000 staff. Many of these employees are local and live within a 20-mile radius and transport was available for those living in the surrounding towns and villages. However, in 2015 Merlin had a sharp drop in visitors following the accident on the Smiler rollercoaster. As a result, 190 employees would be made redundant ((Hellier, 2015). Although there are a few departments that are specific to either the Theme Park or Hotel Resort. However, shared functions include Finance, Sales and Marketing, Entertainment, Corporate Events, Retail, Food & Beverage, Security.

(1) Recruitment & Selection

The recruitment process is simple and straightforward and is done in three stages. Stage one consists of an online application and if successful, the candidate will then proceed to stage two, where they will be shortlisted within 14 days to attend an interview at an Assessment Centre which may involve additional stages. This is a chance for the candidate to show how well they interact and communicate with people and to see if they possess the skills they are looking for. At the third and final stage, the candidate will be advised if they are successful.

(2) Equality & Diversity

The Equality Act 2010 legally protects people from discrimination in the workplace and in the wider society. It replaced previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations (Gov.uk, 2013). Not only is this important in the workplace. But also with Merlins guests. As a result of listening

to recommendations from its visitors, Alton Towers has now invested in two new facilities that will make the park much more accessible and inclusive (Merlin Backstage, 2017). According to the Head of Product Excellence at Alton Towers Resort, Wayne Burton said: "Making Alton Towers more accessible is something our visitors care deeply about. We've received some incredibly useful suggestions from both our guests and our external consultant, and we've now translated those recommendations into practical solutions. We hope that many more people will now find Alton Towers not only incredible and wonderful, but also inclusive and accessible" (Merlin Backstage, 2017).

(3) Performance Management

Performance management in business is defined as a "strategic and integrated approach to increase the effectiveness of companies by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Managers use performance management to align company goals with the goals of teams and employees in an effort to increase efficiency, productivity and profitability. Figure 1 are the KPI results from the 2018 annual reports (merlinentertainments.biz, 2018). The KPI's highlight an increase in visitor numbers and financial figures. As a group, Merlin also made good strategic progress in delivering organic growth as well as welcoming 67 million visitors whilst reporting strong guest KPI's. Growth was driven primarily by new business development where 644 accommodation rooms were opened. Figure 2 indicates excellent kpi results where customer and employee satisfaction is ranked quite high.

HIGHLIGHTS AND KPIs

67.0m

VISITORS

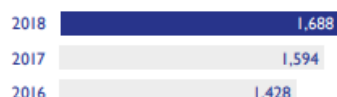
+1.4%



£1,688m

REVENUE

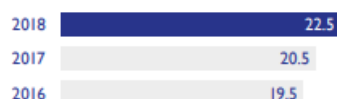
Reported growth +5.9%
Organic growth +5.2%
Like for like growth +1.8%



22.5p

BASIC EPS

+9.5%



95%

How we report our results

Details on the period under review and performance measures used are set out in the Financial and Operating Review on page 33. We use certain 'alternative performance measures' in our reporting in order to present our trading performance in the most helpful and meaningful way; that section explains the measures used and why we use them.

Executive Directors' remuneration is linked to certain KPIs, as indicated by the following symbol . More details on Directors' remuneration are set out in the Directors' Remuneration Report on pages 74 to 89.

Terms used throughout this document are defined in the Glossary on pages 156 to 157.

£327m

UNDERLYING
OPERATING PROFIT 

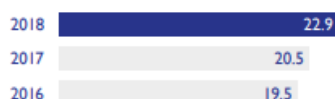
Reported growth +1.3%
Organic growth +3.4%



22.9p

ADJUSTED EPS 

+11.7%



86%

£323m

TOTAL OPERATING
PROFIT

£285m

PROFIT BEFORE TAX

8.9%

RETURN ON
CAPITAL EMPLOYED 



0.03

Figure 1. 2018 Annual Report

VALUE CREATED FOR STAKEHOLDERS

CUSTOMERS

- Guest satisfaction constantly monitored at each attraction to drive improvement, with a continued focus on 'Top Box', 'Net Promoter' scores and social media engagement

95%
**GUEST
SATISFACTION**

EMPLOYEES

- Around 28,000 employees at peak season committed to delivering memorable experiences

 **Find out more on pages
42 to 47**

86%
**EMPLOYEE
ENGAGEMENT**

COMMUNITIES

- Merlin's attractions operate responsibly at the heart of their communities, contributing to the local economy
- We partner with two charities to provide children with memorable experiences and to protect the marine environment

 **Find out more on pages
54 to 57**

>100k
**MERLIN'S
MAGIC
WAND
VISITS**

INVESTORS

- We aim to deliver returns, long term value and dividend growth to shareholders

8.0p
**DIVIDEND
PER SHARE**

Figure 2

Conclusion

All in all, to spite declining figures in 2015 due to the rollercoaster accident and a volatile market place where interest rates and terrorism attacks took place and affected the tourism industry in general, Merlin has still managed to recover and has experienced excellent kpi's and net profit results. Consumer confidence is slowly being restored with the introduction of new rides and innovative new products that has helped keep the Merlin group ahead of the competition. However, continual improvement and keeping an eye on the competition and other markets is necessary if Merlin is to continue on this upward trend.

While weather, tourism, and political issues have slowed growth this year, new investments and operational improvements, along with strong leisure consumption globally, will ensure the company continues on a steady growth path over the long term. .

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Appendix

Merlin Entertainments – Consolidated Statements of Financial Position

PROFIT AND LOSS ACCOUNT at 31st December

	2015		2016	
	£m	£m	£m	£m
Sales Revenue				
Cash Sales		1,202,000,000		1,371,000,000
Credit Sales		76,000,000		86,000,000
Less: cost of goods sold				
Opening stock		34,000,000		30,000,000
Credit Purchases		189,000,000		233,000,000
Less: Closing Stock		<u>(30,000,000)</u>		<u>(36,000,000)</u>
		193,000,000		227,000,000
Gross Profit		<u>1,085,000,000</u>		<u>1,230,000,000</u>
Sundry Income		6,000,000		3,000,000
Less: Expenses				
Rent		87,000,000		93,000,000
Finance Costs		40,000,000		46,000,000
Marketing		68,000,000		75,000,000
Other Operating Expenses		162,400,000		157,400,000
Taxation		57,000,000		66,000,000
Salaries		327,000,000		382,000,000
Equity Dividends		64,000,000		67,000,000
Depreciation		111,000,000		131,000,000
Loan Interest		<u>4,600,000</u>		<u>4,600,000</u>
		921,000,000		1,022,000,000
Net Profit for the Year		<u>170,000,000</u>		<u>211,000,000</u>

Balance Sheet at 31 December

	2015		2016	
	£m	£m	£m	£m
Fixed Assets (at net book value)		2,475,000,000		2,958,000,000
Current Assets				
Stocks		30,000,000		36,000,000
Debtors		76,000,000		86,000,000
Cash at Bank		152,000,000		215,000,000
Cash in Hand		<u>2,000,000</u>		<u>3,000,000</u>
		260,000,000		340,000,000
Current Liabilities				
Trade Creditors		41,000,000		63,000,000
Accruals		180,000,000		223,000,000
Tax Payable		22,000,000		39,000,000
Other Payables		<u>14,000,000</u>		<u>14,000,000</u>
		257,000,000		339,000,000
Net Current Assets		3,000,000		1,000,000
Total Assets Less Current Liabilities		2,478,000,000		<u>2,959,000,000</u>
Long - Term Liabilities				
Bank Loans		1,003,000,000		1,147,000,000
Other Payables		235,000,000		283,000,000
Finance Leases		82,000,000		88,000,000
		<u>1,320,000,000</u>		<u>1,518,000,000</u>
		1,158,000,000		1,441,000,000
Represented by:				
Capital		988,000,000		1,230,000,000
Profit for the Year		170,000,000		211,000,000
		1,158,000,000		1,441,000,000

2019 SEASON

VALID BETWEEN 27TH MARCH - 31ST OCTOBER 2019

	Pre-book your tickets online or through our call centre	
	Pre-booked online or through our call centre (Up to midnight the day before your visit)	On the day
Aged 12-59	£28	£39
Aged 4-11	£24	£29
Aged 60+	£26	£30
Aged 2-3	£8	£8
Under 2's	Free	Free
4 for £95*	£95	Not available
4 for £130*	Not available	£130
Disabled/Carer - Adult (each)**	£24	£29
Disabled - Child**	£22	£28
Expectant Mother**	£26	£30

*Valid for any age combination with one 18+ to accompany groups aged 4-11.

**Only available to book via our sales team, please call on 01827 287979. Price per person. Please [click here](#) for phone line opening times.

(Appendix 1)

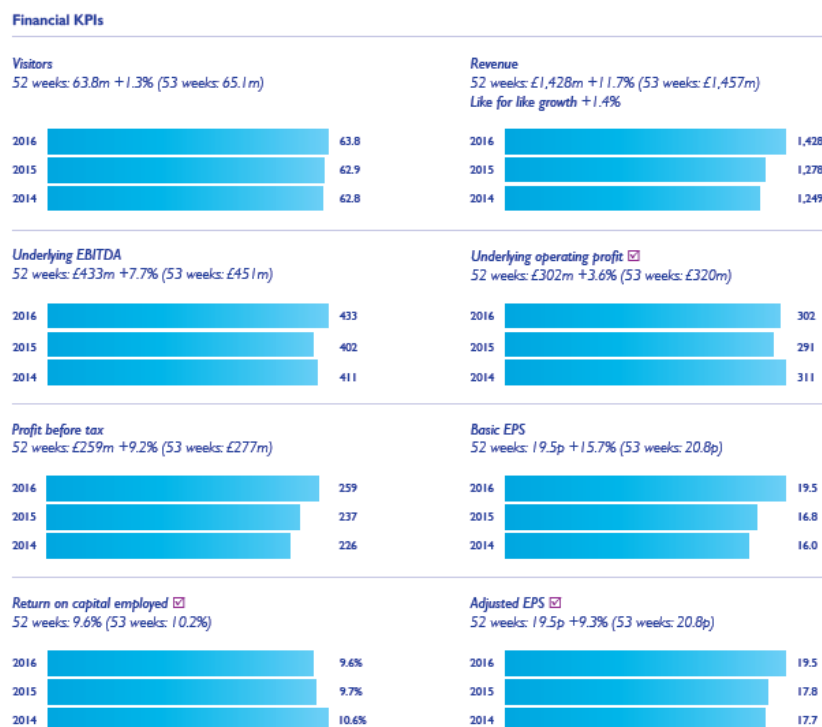
THEME PARK TICKETS

One Day Ticket	On the day	5+ Days in advance
Adults (12+ years)	£56.00	£33
Children (3-11 years)	£48.00	£27.50
Groups 7+ (per person)	£56.00	£32
Children (under 3 years)	£0	£0

Drayton Park



Financial KPI's 2015



Financial KPI's 2016

1 Gross Profit = Gross Profit/Sales x 100 = %

2015	1,085,000,000	1,278,000,000	84.90	✓
2016	1,230,000,000	1,457,000,000	84.42	

2 Net Profit Margin = Net Profit/Sales x 100

2015	170,000,000	1,278,000,000	13.30
2016	211,000,000	1,457,000,000	14.48

3 ROCE = Profit before Interest/Total Assets - Current Liabilities x 100 = %

2015	170,000,000	4,600,000	174,600,000	2,478,000,000	7.05	
2016	211,000,000	4,600,000	215,600,000	2,959,000,000	7.29	low

Should be 20% depending on T/O

4 Asset Turnover = Sales/Total Assets - Current Liabilities

2015	1,278,000,000	2,478,000,000	0.52	ok
2016	1,457,000,000	2,959,000,000	0.49	

5 Fixed Assets Ratio = Sales Turnover/Fixed Assets

2015	1,278,000,000	2,475,000,000	0.52
2016	1,457,000,000	2,958,000,000	0.49

6 Working Capital Turnover = Sales/Net Current Assets

2015	1,278,000,000	3,000,000	426.00
2016	1,457,000,000	1,000,000	1457.00

7 Current Ratio = Current Assets/Current Liabilities

2015	260,000,000	257,000,000	1.01
2016	240,000,000	339,000,000	0.71

8 Quick Ratio = Current Assets - Stock/Current Liabilities

2015	260,000,000	30,000,000	230,000,000	257,000,000	0.89
2016	340,000,000	36,000,000	304,000,000	339,000,000	0.90

9 Debtor Days = Debtors x 365/Sales = *days**

2015	76,000,000	365	27,740,000,000	76,000,000	365
2016	86,000,000	365	31,390,000,000	86,000,000	365

10 Creditor Days = Creditors x 365/Purchases - * days**

2015	41,000,000	365	14,965,000,000	189,000,000	79
2016	63,000,000	365	22,995,000,000	233,000,000	99

11 Debt Ratio = Total Debt/Total Assets

Total Debt = Current Liabilities+Long Term Liabilities

Total Assets = Fixed Assets+Current Assets

2015	257,000,000	1,320,000,000	1,577,000,000	Total Debt	
	2,475,000,000	260,000,000	2,735,000,000	Total Assets	0.58
2016	339,000,000	1,518,000,000	1,857,000,000	Total Debt	
	2,958,000,000	340,000,000	3,298,000,000	Total Assets	0.56