

CORPORATE FINANCE





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CORPORATE FINANCE (LCMB7005)

almost all of your references are irrelevant see list below

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Part A – Brief Overview

i) A brief history of the organization

The company, British American Tobacco (BAT) started its journey in the year 1902 and formed a joint venture enterprise of the American Tobacco Company of the US and the Imperial Tobacco Company of the UK (BAT, 2023). Between 1904-1911, the company realized the phase of rapid expansion and developed its operations across Sweden, India, Belgium, Egypt, Indonesia, East Africa and other different parts of the world. The dynamic capital distribution strategy, which went into effect in 2021, gives us the freedom to consider socioeconomic and monetary patterns in order to produce value over the long term. BAT unleashed its Low-Carbon Transitions Plan in 2022 as part of its ongoing affirmation of the UN-backed Race to Neutral Creativity. This meaningful composition describes the steps the company will take to encounter its climate goals. This involves being Net Zero along its value chains by 2050 at its current pace and decreasing overall emissions across its production chain by 2030 from the beginning of 2020.

The company demonstrated over the past year that it has the flexibility needed to adjust to an evolving outside setting. As a Board, it is an obligation to ensure that BAT keeps satisfying its requirements of clients, shareholders, and other users. The inquiry into suspected violations of the National Tobacco Control Act and the Nigerian Market and Consumer Protection Act (the Act) came to an end with a charge of £79 million. The company is continuing to deleverage, with the revised net debt to accommodated earnings from operations ratio falling from 2.99 times to 2.89 times, notwithstanding the currency disadvantage on borrowing (finance.yahoo.com, 2023). Total financing (including lease obligations) got from £39,658 million in 2021 to £43,139 million in 2022 as a result of the comparative feebleness of the pound versus the US dollar (a currency headwind of £3,911 million), this more than counterbalance the net repayments of the amount borrowed in the year.

ii) Outline of the key corporate events across the last five years

The journey of the company continues with ups and downs and in the year 2019, BAT gets listed in the Dow Jones Sustainability Indices (DJSI) for the 18th time in a row and gets identified as one of the industry leaders in the DJSI's World Index. Jack Bowles took over the responsibility of CEO of the company in the same year (BAT, 2023a). Jack has set an evolutionary strategy in the company in 2020 that revolves around the aspect of reducing the impact of the operations on the health of individuals and offering customers less risky and

enjoyable products. BAT has a comparable devotion to conserving the environment. In the last month of 2022, the COP-15 UN Species Conference occurred in Canada, and BAT signed Industry for Nature's Demand for the preservation and restoration of species together with over two hundred other top organizations. Everyone at BAT strives to maintain outstanding performance and quick advancement have displayed since A Better "Tomorrow™" mission began in 2019 and this is because the business has undergone a metamorphosis.

Part B - Financial Performance of British American Tobacco

In this report, the competitor selected for BAT is Imperial Brands and the ratio analysis regarding leverage and liquidity would be performed for both organizations and the comparison related to these ratios would be done along with the theories of capital structure and the relevant implications. The overview of the capital structure theories is mentioned and the annual average of the share return for the last five years would be done and the connection between the return and leverage would be identified.

i) Evaluate and calculate the liquidity and leverage ratios of BAT for the last five years

Liquidity Ratios

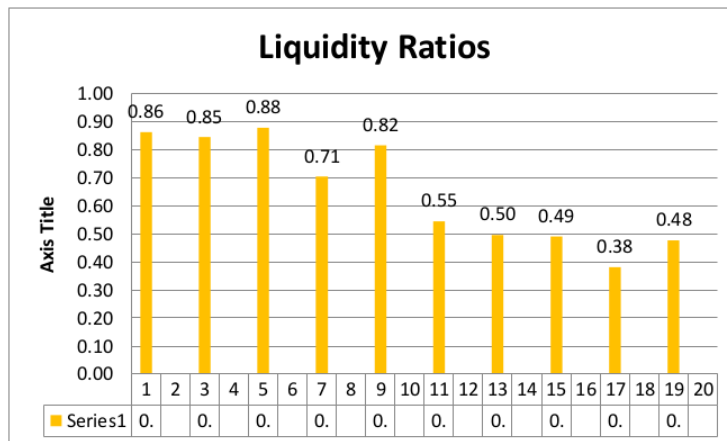
<i>British American Tobacco p.l.c.</i>				
Year	Current Ratio	Formula	Amount	Ratio
2022	Current Assets	(Current Assets /Current Liabilities)	£ 1,54,09,000.00	0.86
	Current Liabilities		£ 1,78,53,000.00	
2021	Current Assets		£ 1,28,07,000.00	0.85
	Current Liabilities		£ 1,51,44,000.00	
2020	Current Assets		£ 1,36,12,000.00	0.88
	Current Liabilities		£ 1,54,78,000.00	
2019	Current Assets		£ 1,32,74,000.00	0.71
	Current Liabilities		£ 1,88,23,000.00	
2018	Current Assets		£ 1,26,10,300.00	0.82
	Current Liabilities		£ 1,54,34,860.00	

Year	Quick Ratio	Formula	Amount	Ratio
2022	Current Assets- Inventories	(Current Assets- Inventories /Current Liabilities)	£ 97,38,000.00	0.55
	Current Liabilities		£ 1,78,53,000.00	
2021	Current Assets- Inventories		£ 75,28,000.00	0.50
	Current Liabilities		£ 1,51,44,000.00	
2020	Current Assets- Inventories		£ 76,14,000.00	0.49
	Current Liabilities		£ 1,54,78,000.00	
2019	Current Assets- Inventories		£ 71,80,000.00	0.38
	Current Liabilities		£ 1,88,23,000.00	
2018	Current Assets- Inventories		£ 73,69,460.00	0.48
	Current Liabilities		£ 1,54,34,860.00	

Table 1: Liquidity Ratios of BAT

(Source: Self-Created)

According to the above table the ratio analysis has been done of British American tobacco while liquidity ratios are considered by the current ratio and quick ratio for the five consecutive financial years. In order to identify the current assets and liability position of the company, the current ratio has been evaluated while the ratios are 0.86, 0.85, 0.88, 0.71 and 0.82 respectively for the five consecutive financial years.



The current ratio is 0.86 in the financial year of 2022 which indicates the company needs to improve its current assets but the current liability is high as compared to the current assets. On the other hand, the liquidity ratio has been calculated for the same company while quick ratios are calculated after finding out current assets, inventories, and current liabilities (Gartenberg *et al.* 2019). The quick ratio is computed as 0.55 0.5 0.49 0.38 and 0.48 from the 2022 and 2018 financial years.

Leverage Ratios

<i>British American Tobacco p.l.c.</i>				
Year	Debt To Equity Ratio	Formula	Amount	Ratio
2022	Debt	(Debt /Equity)	£ 4,31,39,000. 00	0.57
	Equity		£ 7,53,68,000. 00	
2021	Debt		£ 8,90,86,000. 00	1.33
	Equity		£ 6,71,01,000. 00	
2020	Debt		£ 10,80,14,000.00	1.72
	Equity		£ 6,26,73,000. 00	
2019	Debt		£ 9,64,24,000. 00	1.51
	Equity		£ 6,39,02,000. 00	

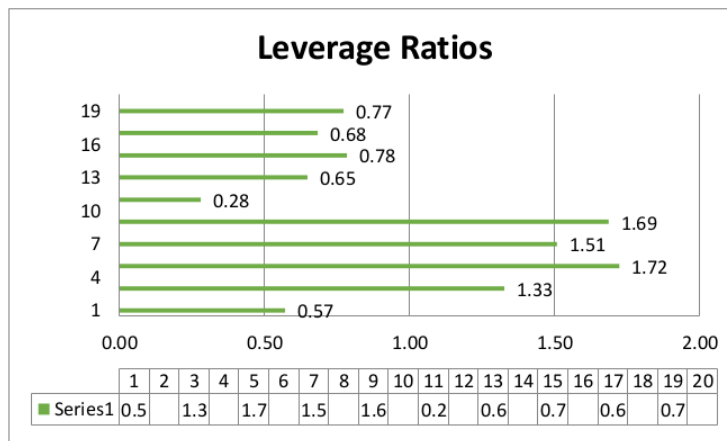
2018	Debt		£ 9,16,02,800. 00	
	Equity		£ 5,43,16,700. 00	1.69
Year	Debt To Total Assets Ratio	Formula	Amount	Ratio
2022	Debt	(Debt /Total Assets)	£ 4,31,39,000. 00	
	Total Assets		£ 15,35,46,000.00	0.28
2021	Debt		£ 8,90,86,000. 00	
	Total Assets		£ 13,73,65,000.00	0.65
2020	Debt		£ 10,80,14,000.00	
	Total Assets		£ 13,76,90,000.00	0.78
2019	Debt		£ 9,64,24,000. 00	
	Total Assets		£ 14,10,05,000.00	0.68

2018	Debt	£ 9,16,02,800. 00	
	Total Assets	£ 11,84,44,200.00	0.77

Table 2: Leverage Ratios of BAT

(Source: Self-Created)

The leverage ratios have been computed for British American tobacco while the ratios for five financial years are 0.57, 1.33, 1.72, 1.51 and 1.69 as a debt to equity ratio for the five consecutive financial years. The debt to equity ratio is 0.57 respectively which indicates the company has limited and financial concerns are very high for the company. On an adjusted, standard basis, a higher rate of interest on debt outstanding that year caused net finance expenditures to rise 2.5% in 2021 (2021: down 4.5%).



Net financing expenses were £1,641 million in 2022, up 10.5% from 2021 (£1,486 million vs. £1,745 million in 2020), although there was a decline. On the other hand debt to total asset, ratio has been computed as 0.28, 0.65, 0.78, 0.68 and 0.77 from the 2022 to 2018 financial years and that also indicates the company has limited debt (Maqbool and Zameer, 2018). Additionally, the calculated level ratios debt to equity ratio and debt to total asset ratio has been considered while the ratios describe the company as limited to maintaining its financial operations.

ii) Ratio comparison with competitor

Liquidity Ratios

<i>Imperial Brands PLC (IMBBY)</i>				
Year	Current Ratio	Formula	Amount	Ratio
2022	Current Assets	(Current Assets /Current Liabilities)	£ 89,21,000.00	0.80
	Current Liabilities		£ 1,11,39,000.00	
2021	Current Assets		£ 82,07,000.00	0.76
	Current Liabilities		£ 1,08,08,000.00	
2020	Current Assets		£ 96,50,000.00	0.78
	Current Liabilities		£ 1,23,25,000.00	
2019	Current Assets		£ 1,10,88,000.00	0.90
	Current Liabilities		£ 1,23,82,000.00	
2018	Current Assets		£ 96,46,560.00	0.91
	Current Liabilities		£ 1,06,48,520.00	

Year	Quick Ratio	Formula	Amount	Ratio
2022	Current Assets- Inventories	(Current Assets- Inventories /Current Liabilities)	£ 47,81,000.00	0.43
	Current Liabilities		£ 1,11,39,000.00	
2021	Current Assets- Inventories		£ 43,73,000.00	0.40
	Current Liabilities		£ 1,08,08,000.00	
2020	Current Assets- Inventories		£ 55,85,000.00	0.45
	Current Liabilities		£ 1,23,25,000.00	
2019	Current Assets- Inventories		£ 70,06,000.00	0.57
	Current Liabilities		£ 1,23,82,000.00	
2018	Current Assets- Inventories		£ 60,13,580.00	0.56
	Current Liabilities		£ 1,06,48,520.00	

Table 3: Liquidity Ratios of Imperial Brands PLC

(Source: Self-Created)

The Imperial Brand's PLC considered a major computer of British American tobacco while the liquidity ratios considered current ratio and quick ratio to identity file current assets and liability position of the company. The current ratio of imperial brands PLC has been computed as 0.80 0.76 0.78 0.90 and 0.91 for the five consecutive financial years and that indicates the company has limited liability as compared to its assets. Additionally, the quick ratio has been computed as 0.43, 0.40, 0.45, 0.57, and 0.56 for the 5 financial years.

The calculation represents the Imperial Brand's current ratio as 0.80 and British American Tobacco plc's current ratio as 0.86 which indicates the Imperial Brand heads limited liability as compared to British American Tobacco. For the year 2021, the premium cigar division Cigar Business produced £21 million in net sales, £3 million in adjustment operating earnings, £4 million in adjustment share of (loss)/profit determined through the ownership stake method, and £(2) million in adjusted tax (Ichsan *et al.* 2021). The Superior Cigar Division's participation from that fiscal reporting period is excluded from the 2021 net revenue and adjusted operational profit measures as a result of the division's disposal in October 2020.

Leverage ratios

<i>Imperial Brands PLC (IMBBY)</i>				
Year	Debt To Equity Ratio	Formula	Amount	Ratio
2022	Debt	(Debt /Equity)	£ 1,02,55,000. 00	1.49
	Equity		£ 68,60,000.00	
2021	Debt		£ 1,00,73,000. 00	1.88
	Equity		£ 53,52,000.00	
2020	Debt		£ 1,19,51,000. 00	2.45
	Equity		£ 48,71,000.00	
2019	Debt		£ 1,36,34,000. 00	2.76
	Equity		£ 49,37,000.00	
2018	Debt		£ 1,29,52,300. 00	3.09
	Equity		£ 41,96,450.00	

Year	Debt To Total Assets Ratio	Formula	Amount	Ratio
2022	Debt	(Debt /Total Assets)	£ 1,02,55,000. 00	0.32
	Total Assets		£ 3,23,10,000. 00	
2021	Debt		£ 1,00,73,000. 00	0.35
	Total Assets		£ 2,90,90,000. 00	
2020	Debt		£ 1,19,51,000. 00	0.37
	Total Assets		£ 3,23,10,000. 00	
2019	Debt		£ 1,36,34,000. 00	0.40
	Total Assets		£ 3,37,30,000. 00	

2018	Debt	£ 1,29,52,300. 00	
	Total Assets	£ 2,76,58,600. 00	0.47

Table 4: Leverage Ratios of Imperial Brands PLC

(Source: Self-Created)

In order to calculate the liver is ratios of imperial brands PLC tape to equity ratio and total asset ratio has been considered. The debt to total asset ratio is 1.49 1.88 2.45 2.76 3.09 respectively for the 5 consecutive financial years while the debt to equity ratio of British American Tobacco PLC is 0.57 which indicates British American Tobacco PLC's debt is low as compared to the imperial brand's PLC. On the other hand, the debt to total asset ratio has been calculated as 0.32, 0.35, 0.37, 0.40 and 0.47. The Board approved the beginning of a moving forward buyback plan with an obligation to initially acquire securities with a value of £1 billion throughout 2023 fiscal year after had met the leverage goal set at the conclusion of September 2022. The company also suggests a rise of 1.5% for the year's final payout, bringing the overall amount of dividends paid out to £1.3 billion.

iii) Capital structure theories

Foreign exchange rate susceptibility and fluctuations in national, global, or political climates are discussed in the capital transactional theory. modifications in the demand of their standing, processes, businesses, finances, results of processes, or potential clients of the Group; the consequences of catastrophic injury, illness, or death at work; unfavourable selections by either national or global regulatory bodies. The negative effects of warming temperatures and the transition are to a circular economy, both directly and through indirect means. As per the narration and explanation of Paniagua *et al.* (2018), the sustainability theory justifies only selling everything in accordance with the regulations of the specific nations in which they are available for sale. This Synthesized Achievement and ESG Summary solely employs passive text reference to relate to material found on websites, such as the one designed for BAT.

BAT released its Low-Carbon Conversion Plan in 2022 as part of its ongoing affirmation of the UN-backed Race to Zero autonomous consideration. Confirm that are now in progressing

negotiations with joint administration-distributor partnerships with a goal to close the purchase agreement in 2023, considering the fact that the procedure is still unusual, challenging, and expensive. This crucial paper describes the steps the company will take to meet its objectives related to climate change (Zhou *et al.* 2022). This involves being Net Zero along its value chains by 2050 at its current pace and halving overall emissions over its value chains by 2030 from a baseline of 2020. On March 11, 2022, declared the desire to move business out of Russia as well as Belarus while remaining faithful to all national and international laws.

iv) Calculation of average annual share returns for the past five years

Annual share returns for the past five years of BAT			
Date	Close	Adj Close	Return
01-01-2018	68.1	45.53222	
01-02-2018	59.06	39.488	38.49
01-03-2018	57.69	38.57201	37.57
01-04-2018	54.62	36.98088	35.98
01-05-2018	51.2	34.66534	33.67
01-06-2018	50.45	34.15754	33.16
01-07-2018	54.78	37.60823	36.61
01-08-2018	48.38	33.21443	32.21
01-09-2018	46.63	32.013	31.01
01-10-2018	43.4	29.79549	28.80
01-11-2018	34.87	24.29788	23.30
01-12-2018	31.86	22.20047	21.20
01-01-2019	35.28	25.11873	24.12
01-02-2019	36.74	26.15823	25.16
01-03-2019	41.72	29.7039	28.70
01-04-2019	39.2	28.36271	27.36
01-05-2019	34.67	25.08507	24.09
01-06-2019	34.87	25.22978	24.23

01-07-2019	35.61	26.26341	25.26
01-08-2019	35.1	25.88727	24.89
01-09-2019	36.9	27.21483	26.21
01-10-2019	34.96	25.78402	24.78
01-11-2019	39.61	29.776	28.78
01-12-2019	42.46	31.91843	30.92
01-01-2020	44.05	33.64349	32.64
01-02-2020	39.8	30.39753	29.40
01-03-2020	34.19	26.11285	25.11
01-04-2020	38.15	29.7855	28.79
01-05-2020	40.08	31.29234	30.29
01-06-2020	38.82	30.30859	29.31
01-07-2020	33.55	26.19406	25.19
01-08-2020	33.77	26.83392	25.83
01-09-2020	36.15	28.72509	27.73
01-10-2020	31.88	25.33211	24.33
01-11-2020	35.31	28.59309	27.59
01-12-2020	37.49	30.3584	29.36
01-01-2021	36.55	30.12129	29.12
01-02-2021	35.06	28.89337	27.89
01-03-2021	38.74	31.92611	30.93

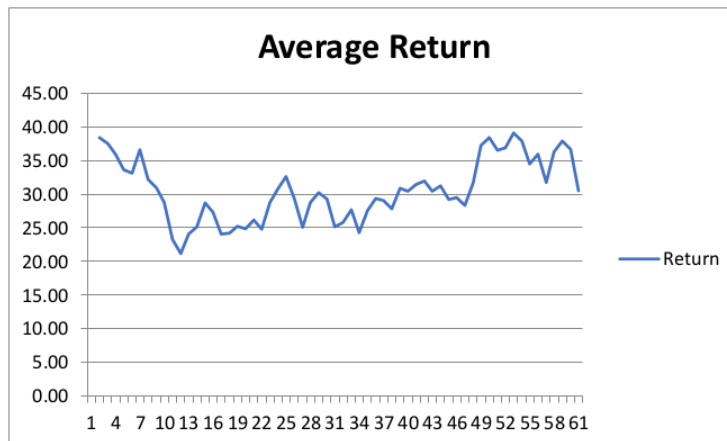
01-04-2021	37.51	31.50672	30.51
01-05-2021	38.67	32.48107	31.48
01-06-2021	39.31	33.01865	32.02
01-07-2021	37.45	31.45633	30.46
01-08-2021	37.69	32.27336	31.27
01-09-2021	35.28	30.20971	29.21
01-10-2021	34.92	30.51319	29.51
01-11-2021	33.65	29.40346	28.40
01-12-2021	37.41	32.68896	31.69
01-01-2022	42.97	38.30816	37.31
01-02-2022	44.24	39.44038	38.44
01-03-2022	42.16	37.58604	36.59
01-04-2022	41.78	37.91288	36.91
01-05-2022	44.24	40.14519	39.15
01-06-2022	42.91	38.93828	37.94
01-07-2022	39.17	35.54446	34.54
01-08-2022	40.05	37.00346	36.00
01-09-2022	35.5	32.79958	31.80
01-10-2022	39.62	37.3601	36.36
01-11-2022	41.27	38.91599	37.92
01-12-2022	39.98	37.69956	36.70

Average Return	30.58
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Table 5: Calculation of Five years monthly share returns of BAT

(Source: Self-Created)

Revenue climbed by 55% (from 2021) as the consequence of an internationally recognised company sustaining its position as the global leader in share of value and a recently introduced product that now exists in 24 markets and obtained the No. 2 value shares in the contemporary items that are disposable sector in the UK and France. According to board acceptance, the organization plans to raise the payment of dividends per share by approximately 8% yearly. The organization plans to distribute 15–25% of its revenue from operations to shareholders, and it will have the discretion to determine whether or not to do so largely through distributions or through an assortment of buybacks and distributions. subsequently is not always easy, as developments over the past few years have revealed (Hasan *et al.* 2018). However, with help, are certain that BAT will keep evolving quickly and providing value to an assortment of stakeholders for a very long time to come.



The average return was evaluated as 30.58, which has been calculated on a monthly basis for the past five financial years of British American Tobacco. As per the opinion of Augustyn *et al.* (2021), while the liquidity ratios took into account the current ratio and quick ratio to identify the company's current assets and liability situation, The Imperial Brand's PLC was regarded as a significant computer of British American tobacco. The Group's payment of dividends tactics is to pay out 65% of its projected future earnings, which are computed using normalized diluted revenue per share, according to the definition and converted from revenues per company in the Commentary on the Account of the aforementioned Annual Report and

Form 20-F 2022. For further information on the Group's dividends, please refer to pages 103 of the yearly report and Form 20-F 2022. In the fourth equal annual payment of 57.72p per common share, which is due in May 2023, the month of August 2023, November 2023, and February 2024, the Board will pay a split compensation of 230.90p per regular share of 25p.

v) Determination of the relationship between leverage and return

Financial leverage is the end result of using money borrowed as an alternative source of finance while making investments that broaden a company's asset foundation and provide returns on risky investments. The level of debt that an organization utilizes for financing its assets is another measure of leverage. As opined by Alexopoulos *et al.* (2018), leverage is an implement employed by entrepreneurs to significantly boost earnings on an investment. Leverage may be employed by companies to fund what they maintain. In other words, interchanges can employ debt financing to complete acquisitions of corporation operations in an endeavour to improve shareholder value instead than disseminating shares to raise money. The engagement of separate types of debt or borrowed money, or benefit, is an investing method that seeks to enhance the envisioned return on the acquisition.

Leveraging financial resources is intended for increasing the potential rewards of a project. When everything is clarified as "highly leveraged," it indicates that there is better additional indebtedness than equity in a company, asset, or transaction. Leverage will also increase the possibility of negative risk in the unlikely circumstance that the venture is unsuccessful. By looking at the percentage of its possessions that were acquired using a loan, a business may assess its leverage. The equity-to-assets ratio may be calculated by multiplying the total debt-to-total-assets proportion by one (Xie *et al.* 2019). To determine how much indebtedness a business is using in an attempt to increase profits, a variety of leverage monetary metrics are implemented.

Part C – Discuss the current largest investment activity made by British American Tobacco in the last five years

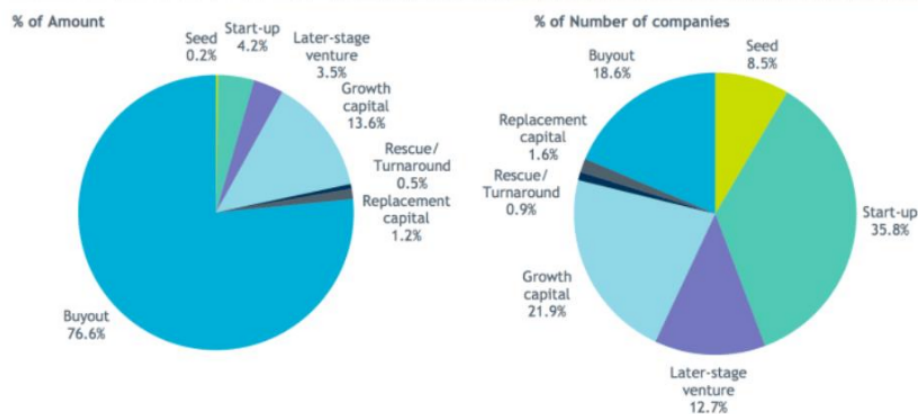
The company, BAT has announced the investment it has made in one of the leading cannabis companies in Germany, Sanity Group GmbH along with another enterprise entirely owned by the BAT group and acquired a minority stake in the Sanity Group in 2022 (BAT, 2023b). This investment has been made as a complementary to the other agreements made by BAT. The investment in the Sanity Group has provided an additional dimension to the expansion activities

in Europe other than nicotine.

i) Purpose, aims and expected outcomes of this investment

The aims of this investment mainly include the determination of how the business catchment could be spread to encourage the financial and operational growth of BAT. Even if there are increasingly in important methods for storing money, they are able to still be divided into three categories based on security, income, and expansion (Amit *et al.* 2022). Individuals are able to promote the future viability of the business, the environment and larger society by tackling hazards and possibilities associated with climate change across the entirety of the supply chain. In comparison to the potential benefits of more dangerous investments, the rewards are really low. This is often referred to as "opportunity risk." Those who choose for the safest options may lose significant rewards. These financial instruments include bills from the Treasury (T-bills), contracts of deposit (CDs), commercial paper, and lenders' acceptance slips, ranging in risk level between highest to lowest. Additionally, there is a certain amount of danger associated with interest rates. In other words, may invest funds into a bond that yields 1% and afterward watch when inflation increases to 2%. Consumers just lost income in terms of actual purchasing power (Geddes *et al.* 2018). The financial sector is another place to find really sound investments.

2015 - Market statistics - % of Amount & Number of companies



Additionally, endorse living comfortably after retirement and it takes an array of long-term and short-term expenditures to invest in financial goals. Individuals may be sure that be ready for unanticipated crises by buying. Equity investments, for example, can shield assets from the consequences of inflation. Because investment evolves along with the investor's intended

objectives regardless of whether this sort of investing is different from retired investing (Benlemlih and Bitar, 2018). The dynamic capital distribution strategy, which went into effect in 2021, gives us the freedom to consider socioeconomic and monetary patterns in order to produce value over the long term. The investment may be used to increase employment income and assist in getting the goods wanted. Investing is mostly done to build wealth. The money invested in New Classes is driven by continual attempts for value from the combustibility sector.

As a result, the accomplishments of that division of the company continue to be an important variable in its development. As per the narration and explanation of Cowling *et al.* (2020) the Board has chosen to continue with caution at the moment. As work to minimize leveraging more quickly toward the centre of the planned 2-3x corridor, this will increase company stability while continuing to support prospective financial adaptability. The Board has chosen to prioritize fortifying the financial position in view of the additional expenditures planned for 2023 that will help velocity change as well as the uncertain macro environment, rising interest rates, and unanswered regulatory and legal issues.

ii) Investment size and financial sources for this investment

Adopted financing options include using a combination of debt as well as equity sources of funding, with a focus on generating investment capital from exterior borrowers and creditors. The upgrade was made in order to boost inventiveness, hasten shareholder dividends, and make it easier to realize its goal of turning. The value of the business, development, and overall returns on investment may all be significantly impacted by the success of capital assets (Du and Zhang, 2018). Successful strategies are developed by top organizations with a clearly defined capital plan allocation. Along with the benefits of diversification, it contributes to keeping asset risk and volatility within the required range and seizes opportunities that present themselves during economic and economic fluctuations.



Sources bringing corporate involvement, whether monetary or strategic sources are required

onerous funding, typically in the form of financing from banks and finance. Debt Financing Debt can be described as funds that the firm borrowed from lenders and for which it is responsible for paying interest. Companies must pay back their funding over time including interest. As cited by Taghizadeh-Hesary and Yoshino (2019), the main investment source for a business's first-stage Seed capital, Early-stage seed capital revolves around a concept that sows a seed for a fledgling business's growth. This funding may come from a number of places. Investments may be broadly divided into two main groups: equity and loans.

The main means through which to obtain items, services, or experiences is through the exchange of funds in commercial transactions. As a result, finding a source of funding is a two-way process. In order for them to expand their operations by entering new markets or areas, organizations frequently need to acquire outside financing or cash (Gompers *et al.* 2020). Companies look for capital for use in projects that will yield a dividend; in other words, capital will enable the expansion of operations which will produce results. Retained profits, loan capital, and ownership stakes are a few of the greatest locations to seek finance. In this post, Each of these avenues of financing and what they signify for businesses. For businesses to expand and engage in new endeavours, they need to attract finance.

Corporations usually try to generate a profit by selling products and services at a price higher than what it takes for them to produce them. The retained earnings decline when payments of dividends to shareholders increase. The executive team has the option to determine whether to distribute all or a portion of the company's profits to stakeholders. This is the most essential source of funding for every business and, ideally, the main way that its operation generates revenue. Retained earnings (RE) are the net revenue that remains after costs and commitments. Because the corporation retains retained earnings as opposed to paying dividends to the shareholders, retained earnings are significant. As cited by Harford *et al.* (2018), retained profits rise when businesses make a greater amount of money, enabling them to draw from a larger pool of investment.

iii) Micro and macro-level feasibility of the respective investment

Micro

Although a study of feasibility may help mission administrators weigh the benefits and risks of beginning a course of action, there are still lots of things to learn before moving forward. Recovery on purchase, a metric used to evaluate a company's success, demonstrates that the company will generate sufficient revenues to justify the expenditure. The analysis's goal is to identify potential problems and hiccups that could arise when the endeavour is being

investigated. A project or plan's feasibility is taken into consideration during feasibility into account (Cumming and Zhang, 2019). Many other important factors, such as the community's conviction and the surrounding context, may be found to be on either side of the fence.

A feasibility study examines how feasible the proposed project or plan is. The practicality of a project is examined in a feasibility study in order to figure out its likelihood of success. The analysis is intended to uncover possible concerns and challenges that could develop when the undertaking is being pursued. External investors provide equity money that incurs no expenses but any tax advantage (Maluccio, 2020). In order to grow their operations into new markets or areas, corporations frequently need to acquire outside finance or funds. They might use it to ward off rivals or invest in study and development (R&D).

Macro

When determining the level of shareholder pay, the Board considers a variety of factors, including the macroeconomic environment, core company earnings, and revenue sources, the current financial situation, anticipated future expenditures and divestments, and current liabilities. The Board considers a number of factors when calculating the amount of shareholders' remuneration, including the BAT Plc's core firm profits and cash flows, the present balance sheet, prospective investments and disposal plans, and existing commitments. It is thought that placing an emphasis on lowering the destruction of the environment and maybe increasing the use of resources that are renewable is connected to the macro-level feasibility. The macroeconomic climate, solid performance of the company and potential clients, accounting bravery, capital restraint, advice from advisers and opinions from various stakeholders, as well as the net debt payback milestone, was among the variables mentioned above (Chakraborty *et al.* 2018). The performance of the company in 2021 as compared to 2020, cash flow, and the general economic environment have all been considered by the Board. The microenvironment, solid performance of the company and potential clients, balance sheet bravery, capital restraint, advice from advisers and comments from other stakeholder groups, as well as the total debt payback as a turning point, were among the aforementioned factors. Effective approaches are put together by top organisations with a clearly defined resource plan assignment. Effective approaches are developed by top organizations with an established capital plan allocation. The success of investments in the capital may have a big impact on an organization's relevance, encourage growth, and boost overall returns on investment (Schanzenbach and Sitkoff, 2020). The value of the business, development, and overall returns return on investments may all be significantly impacted by the success of capital assets.

iv) Current progress of investment

The pandemic year of 2020 is certain to be recognized for disrupting all facets of civilization. The company felt inspired by COVID-19 to forge novel paths and explore uncharted regions, whether on regular excursions or in the quiet of everyday activities. The country is able to adapt when global regulations and organizations changed in the years that followed. Additionally, it partnered with the rest of the globe to establish a new norm with an unwavering attitude and dedication to overcoming the epidemic. Yearly report for 2020–2021 has additional details (Latif *et al.* 2018). Prospective investors may find the present cheap price of BAT to be a perfect entry point.

BAT is a passably lucrative way to invest and investors believe it doesn't have significant explosive potential, and based on its price performances thus far, they would agree. Nevertheless, in the long run, it may deliver profitable results. As cited by Keles *et al.* (2020), the fundamental Attention Token price may reach \$0.58 by the end of 2024, in accordance with projections made by crypto currency traders, making BAT coin a possibly lucrative transaction. Consequently, on June 8th, the price of a BAT share increased by 2%, which is an improvement given that the market has decreased by over 10 percent during the previous year. The primary factor in revenue increase, record sales increase for vaping goods has been identified by British American Tobacco.

Strong fresh category revenue expansion paired with increased investment and category-contributing improvements. Despite the fact there are thousands of thousands of businesses around the globe, spread across numerous sectors, there are just a few sources of funding that are open to all organizations. Retained profits, loan capital, and ownership stakes are a few of the most advantageous places to seek finance. Examine each of these kinds of funding and what they indicate for businesses (Trotta, 2018). Corporations typically operate to make a profit by offering goods or services at a price greater than what it costs to make them. This is the most fundamental source of funding for each organization and should additionally be the main way that the organization generates revenue.

BAT will concentrate on the categories of products and customer segments throughout global company that believe have the most chances of long-term sustainable development, guided by a distinctive and data-driven consumer insight platform (PRISM) (Schneider *et al.* 2018). Between their gums and upper lip, clients sandwich a disposable nicotine pouch, releasing

nicotine and flavourings while absorbing nicotine through the connective tissue lining their mouths.

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CORPORATE FINANCE

GRADEMARK REPORT

FINAL GRADE

GENERAL COMMENTS

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Text Comment. almost all of your references are irrelevant see list below

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GRADING FORM: LCMB7005_CFN_A1- JUNE 23-RESIT



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CRITERION A (10%)

[500 words approximately] A brief history of the chosen corporation, including an outline of the key corporate events over the past five years (e.g. any M&A, change of directors, significant increases/decreases of earnings, litigation cases/financial penalties).



Almost all of your references are irrelevant -- resubit this paper. AND NOTE I DOWNLOADED AND READ ALL YOUR REFERENCES

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CRITERION B (50%)

[2,500 words approximately] A critical analysis of the corporation's financial performance. • Calculate and evaluate the corporation's liquidity and leverage ratios for the past 5 years; • Compare the ratios to the ratios of major competitor(s) and/or sector average if possible; A Review the alternative capital structure theories and their implications. • Briefly review the capital structure theories drawing on published empirical research. • Download monthly share prices of the company and calculate average annual share returns for the past five years (use average for 12 months). • Comment on the variation in the capital structure and share returns of the company i.e. Is there association between leverage and return?*



This paper is well written but very bad referencing
-- you will have to resubmit but use appropriate
references

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CRITERION C (40%)

[2,000 words approximately] Select one of the chosen company's largest recent investment activities during the past five years and write on the followings: • The purpose(s), aims and expected outcomes of this investment. • The size of the investment, and how it was financed. • The feasibility of the investment, at both the macro and micro level.



almost all references are irrelevant

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DISCLAIMER

Results are provisional until confirmed by the Examination Board. The mark in this Feedback is given out of 100. However, Late Submissions

and RESIT students will have their marks capped in their Final Result Letter, as according to the University's regulations in place.