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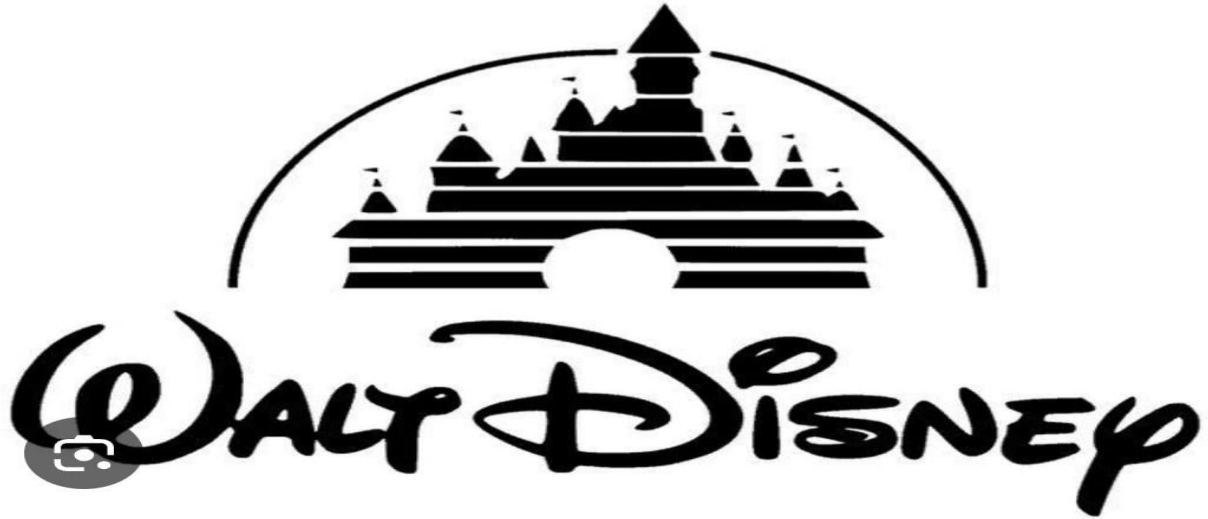
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Part a) A brief history of your selected company including its industry, business model, market place and major competitor(s). Review major events over the past five years e.g. change of directors, profit warning, legal issues, M&A, or any strategic changes you consider material to this companies results. MENTION ATLEAST ONE EVENT FOR EVERY YEAR.

INTRODUCTION

Disney Brother Cartoon Studio, the predecessor to the Walt Disney Company, was established in 1923 and is a player in the animation sector. The rise of the entertainment business globally has been largely attributed to the company's growth. The country's economic progress has benefited greatly from the expansion of the entertainment industry. Walt Disney was deeply linked to the vision and goals of the nobleman who gave rise to the company's name, even before it expanded to become the most well-known and lucrative entertainment conglomerate in the world, with a valuation of over 203 billion dollars (The Wealth Record, 2021). As it is today, the business is among the top mass media companies in the globe. The Walt Disney Company, as of 2018, has four main business segments: consumer products and interactive media, media networks, parks and resorts, and studio entertainment (The Walt Disney Company, 2018) . In terms of producing and distributing entertainment and knowledge, the company hopes to be a world leader. With a wide range of brands under its belt, Walt Disney helps the firm achieve its objective of setting itself apart from the competition by creating profitable, innovative, and unique entertainment for its global audience. The company currently owns and runs amusement parks, publishing, theaters, cable and broadcast television networks, music sections, and merchandise (Citi.Columbia.edu, 2013). The company's outstanding performance over the years has been largely attributed to these major categories. (Bose, 2023).



Source Information- <https://magzoid.com/designers-pick-november-2021-logo-of-walt-disney/>

BUSINESS MODEL AND MAJOR COMPETITORS

The characters and tales of Disney serve as the foundation for its brands. Cinemas and other entertainment venues that pay distribution fees get to screen Disney films for audiences. Disney makes use of its brands to license companies to use its characters on their products after a movie becomes a commercial success. Theme parks allow guests to relive the magic of Disney films. It all revolves around the Disney brands, from the programs to the mementos. Disney offers a wide range of value propositions and revenue streams, making its business model scalable. Apart from film production, Disney's core competencies are brand building and protection. The corporate strategy of Disney was undergoing revision. Their distribution channels, product offerings, income sources, and geographic scope have all expanded. While going into detail about the numerous sorts of models, this article will describe the major events that have happened since it started. (Disney's Business Model).

Disney didn't have the end user in mind when he started producing cartoons in the early 1920s. He was drawing good cartoons for the movie studios, not for individual viewers, like Mickey Mouse and Donald Duck. Animators, who produced the cartoons, were Disney's primary source of funding at the time, and he would receive payment for the movies they produced. Disney's primary concentration would henceforth be on producing animated cartoons based on other people's stories, but the real success arrived in 1928 with the release of Mickey Mouse, the company's first original character, and the company started producing sound-added films at an additional expense. All kids, even adults, around the world grew enamored with Mickey Mouse, making him a huge hit. In the 1950s, there is a

notable change. His first priority was to start making animated and feature-length films. It is possible to say that the value proposition has changed as a consequence. Presenting the most compelling narrative was the aim here. Second, and maybe most importantly, he started airing his show on TV networks, which at the time was a feasible distribution channel as he moved a little further away. He thus expanded his clients. He also inaugurated the original Disneyland in 1955. It was a historic event, and it was evident how his value proposition had changed. (Bose, 2023).

The Walt Disney Company has fierce rivalry in every field. A few of the largest rivals for theme parks and resorts are Six Flags, Universal Parks and Resorts, and Merlin Entertainment. As there is little variation in prices, businesses compete by offering distinctive customer experiences and themes that set them apart. Rivals diversify their services and goods in the market by introducing new dining options, rides, infrastructure, and other attractions. Disney's rivals in the remaining segments include some well-known names like these:

1. Using a variety of media, CBS creates and delivers content to viewers throughout the world.

In addition to cable networks, Time Warner Inc. provides motion picture entertainment.

3. Apart from producing movies, Lionsgate also offers services for digital distribution, video entertainment, and television programming.

4. Initially, Sony Pictures was a technology company that expanded into the media, entertainment, gaming, music, and film sectors.

5. On thousands of internet-connected devices, Netflix streams critically acclaimed TV shows, films, animations, and documentaries.

The cheaper entertainment options, such movies and zoos, among other entertainment scenes, pose a threat to the Walt Disney Company that is rather high. Though clients cannot get the Disney experience from rivals, the company is still important because it offers distinctive offerings that differentiate it from rivals in the industry. Furthermore, viewers may become weary of streaming video and choose to pursue other hobbies, thus the site constantly releases fresh content with a substantial marketing budget. (Bose, 2023)

Review major events over the past five years e.g. change of directors, profit warning, legal issues, M&A, or any strategic changes you consider material to this companies results.
MENTION ATLEAST ONE EVENT FOR EVERY YEAR.

Disney began as a small animation studio and has since expanded to become a global entertainment powerhouse with a wide range of products in its library that include books, movies, TV shows, video games, theme parks, and more. (Tyler, 2023).

A. 2019-Disney joined the streaming space with the launch of Disney+ at the height of the streaming wars. At the time of debut, the portal featured more than 7000 TV episodes and 500 films from Disney's many studios, including Pixar, Marvel, Star Wars, and National Geographic. Disney+, in addition to licensed content, has given the studio a new outlet for original content distribution. This was helpful during the COVID-19 pandemic as it allowed the release of movies that were not allowed to be shown in theaters. There are 60 countries where Disney+ is accessible, and every month, new films and TV series are added to the collection. Disney is now undeniably a significant and important force in the entertainment world, having grown beyond simply controlling the animation genre. (Tyler, 2023)

B. 2020- Following a four-year delay, Bob Iger announced his retirement. His resignation as CEO of Disney was announced on February 25, 2020. Immediately taking over day-to-day management of the company was his hand-selected successor, Bob Chapek, who was Disney's parks chairman at the time. Iger's spacious office at the company's Burbank, California headquarters was to be turned over to the new CEO, the Disney board recommended. (Sherman, 2023).

C. 2021- Its 50th anniversary was celebrated on October 1, 2021, making history this year. Walt Disney World has entered 2021 with amazing ease thanks to a number of other causes, even as the 18-month celebration continues. The theme park resort in Orlando, Florida was open year-round, while its counterpart in California did not open with rides and attractions until April 2021. With the ongoing coronavirus outbreak, travel restrictions, and supply chain issues making for another challenging year, Walt Disney World is nevertheless hitting important milestones in 2021. Until 2021, the resort complex remained operational, which was its main advantage. In the event that needed, this allowed guests to create their own bubble within the Walt Disney World Resort. The majority of the year has seen the parks remain packed, despite changes to the face-covering regulations. The reservation calendars for park passes have not shown any guest availability for a number of days. (duBois, 2021).

D. 2022- Notable companies around the world include The Walt Disney Company (TWDC). Having successfully opened three movie studios, five cruise ships, twelve theme parks, and more, TWDC had a busy year in 2022. It had multiple CEO changes, opened new theme park attractions, and of course, released blockbuster films and streaming series. The organization's future effects from 2022 cannot be ignored, especially as 2023 draws near. (duBois, 2022).

E. 2023- Although the Mouse House had a difficult year, Disney celebrated its 100th anniversary in 2023. CEO Bob Iger flipped the script in an attempt to right the ship Mickey, returning to the C-suite (at least until the end of 2026) and implementing a round of huge layoffs and other cost-cutting and strategic measures. Iger claimed to have been "fixing a lot of problems that the company has had and dealing with a lot of challenges," attributing some of the difficulties to "decisions that were made by my predecessor," ousted CEO Bob Chapek. (Spangler, 2023).

A critical review of the company's financial performances covering the following four points : Calculation of financial ratios for the most recent financial year, one from each of the following types: profitability, liquidity, gearing and efficiency; briefly discuss your results.

A. Leverage (gearing) ratio : Balance Sheet

1. 2019b) Debt to Capital Ratio = Total Debt / T

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 8,857 / 1,02,852$$

$$= 0.086$$

otal Debt + Total Equity

$$= 8,857 / 8,857 + 1,02,852$$

$$= 0.079$$

2. 2020

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 6,495 / 97,512$$

$$= 0.066$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 6,495 / 6,495 + 97,512$$

$$= 0.062$$

3. 2021

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 6544 / 1,02,224$$

$$= 0.064$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 6,544 / 6,544 + 1,02,224$$

$$= 0.060$$

4. 2022

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 3,721 / 1,08,378$$

$$= 0.034$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 3,721 / 3,721 + 1,08,378$$

$$= 0.033$$

5. 2023

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 5,107 / 1,13,012$$

$$= 0.045$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 5,107 / 5,107 + 1,13,012$$

$$= 0.043$$

B. Liquidity Ratio : Balance Sheet

1. 2019

a) Current Ratio = Current Asset / Current Liability

$$= 23,527 / 31,341$$

$$= 0.750$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 23,527 - 1,649 / 31,341$$

$$= 0.698.$$

c) cash ratio = cash / current liability

$$= 5,444 / 31,341$$

$$= 0.173$$

2. 2020

a) Current Ratio = Current Asset / Current Liability

$$= 33,080 / 26,628$$

$$= 1.242$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 33,080 - 1,583 / 26,628$$

$$= 1.182$$

c) cash ratio = cash / current liability

$$= 17,917 / 26,628$$

$$= 0.672$$

3. 2021

a) Current Ratio = Current Asset / Current Liability

$$= 31,474 / 31,077$$

$$= 1.01$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 31,474 - 1,331 / 31,077$$

$$= 0.96$$

c) cash ratio = cash / current liability

$$= 15,962 / 31,077$$

$$= 0.513$$

4. 2022

a) Current Ratio = Current Asset / Current Liability

$$= 27,208 / 29,073$$

$$= 0.936$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 27,208 - 1,742 / 29,073$$

$$= 0.876$$

c) cash ratio = cash / current liability

$$= 11,618 / 29,073$$

$$= 0.399$$

5. 2023

a) Current Ratio = Current Asset / Current Liability

$$= 29,761 / 31,139$$

$$= 0.955$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 29,761 - 1,963 / 31,139$$

$$= 0.892$$

c) cash ratio = cash / current liability

$$= 14,182 / 31,139$$

$$= 0.455$$

C. Profitability Ratio : income statement

1. 2019

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 23,259 / 69,422$$

$$= 0.33$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 15,877 / 69,422$$

$$= 0.22$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 10,425 / 69,422$$

$$= 0.15$$

2. 2020

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 15,946 / 65,125$$

$$= 0.244$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 3,577 / 65,125$$

$$= 0.054$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= (2,832) / 65,125$$

$$= -0.043$$

3. 2021

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 17,258 / 67,387$$

$$= 0.25$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 3741 / 67,387$$

$$= 0.05$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 2,024 / 67,387$$

$$= 0.03$$

4. 2022

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 23,154 / 82,580$$

$$= 0.279$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 6766 / 82,580$$

$$= 0.08$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 3,193 / 82,580$$

$$= 0.03$$

5. 2023

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 24,080 / 88,454$$

$$= 0.27$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 8,744 / 88,454$$

$$= 0.98$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 2,354 / 88,454$$

$$= 0.02$$

D. Efficiency Ratio:

1. 2019

a) Asset Turnover = Sales / Total Asset

$$= 69,422 / 1,93,984$$

$$= 0.357$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 69,422 / 64,018$$

$$= 1.08$$

2. 2020

a) Asset Turnover = Sales / Total Asset

$$= 65,125 / 2,01,549$$

$$= 0.32$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 65,125 / 71,643$$

$$= 0.90$$

3. 2021

a) Asset Turnover = Sales / Total Asset

$$= 67,387 / 2,03,609$$

$$= 0.33$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 67,387 / 74,775$$

$$= 0.90$$

4. 2022

a) Asset Turnover = Sales / Total Asset

$$= 82,580 / 2,03,631$$

$$= 0.40$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 82,580 / 77,221$$

$$= 1.06$$

5. 2023

a) Asset Turnover = Sales / Total Asset

$$= 88,454 / 2,05,570$$

$$= 0.43$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 88,454 / 82,053$$

$$= 1.07$$

Calculation Method: Self Creation

Source Information of the above calculated annual ratios: <https://www.wsj.com/market-data/quotes/DIS/financials/annual/balance-sheet>

Critically evaluate the ratios you calculated using academic references.

A. Leverage (Efficiency) Ratios

1. Debt-Equity Ratio:

a) This tendency has significantly decreased over time, suggesting a decrease in the need for debt to fund operations.

b) Less debt to equity indicates a higher likelihood of relief and less risk associated with the financial situation.

c) On the other hand, if the ratio is low, it can also mean that the leverage has not been utilized to its full potential.

2. Debt to capital ratio:

- a) Because of its decreasing swing, this trend is comparable to the debt-to-equity ratio as well.
- b) By examining the percentage of debt within the overall capital structure, this ratio offers an alternative viewpoint.
- c) A reduced ratio implies a low probability of financial danger and security.

B. Liquidity Ratios

1. Current Ratio:

- a) Disney's ability to fulfill short-term commitment is demonstrated by this ratio, which varies but usually stays above one.
- b) Nonetheless, the low ratio in 2019 most likely indicates liquidity issues.
- c) It is evident from the current ratio trend that Disney will eventually experience a liquidity problem. Similarly, the quick acid ratio and cash ratio reflect a similar development.

C. Profitability Ratios

1. Gross Margin:

- a) Though there are variations, they usually stay within a suitable range.
- b) Effective cost control and pricing strategies are indicated by a larger gross margin.

2. Operating Margin:

- a) Demonstrates variability, maybe as a result of changes in operating costs.
- b) An operational margin that is positive typically denotes efficiency in operations.

3. Net Profit Margin:

- a) It has decreased over time, which could be a sign of difficulties managing costs or turning a profit.
- b) Analyzing the company's cost structure and revenue streams more thoroughly is warranted by a declining net profit margin and the negative net profit margin in 2020 indicates that the company has faced a loss which could be a cause for concern.

D. Efficiency Ratios

1. Asset Turnover:

- a) The ability of Disney to form revenue from its assets is indicated.

- b) A greater asset use efficiency over time is suggested by the growing movement.
- c) Though there may be space for more efficiency gains, the ratio is still quite modest.

2. Fixed Asset Turnover:

- a) The statement illustrates the effectiveness with which Disney generates revenue from its fixed assets.
- b) Exhibits swing but stays steady otherwise.
- c) The ratio should be steady or rising since it shows that fixed assets are being used effectively.

All things considered, even if the measures provide light on Disney's financial success, a thorough knowledge of the company's financial health requires taking into account outside variables including market trends, economic conditions, and company-specific initiatives.

C. Comparison of your selected company to a major competitor on the basis of the financial ratios you have calculated.

A. Leverage (gearing) ratio : Balance Sheet

1. 2019

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 14,330 / 62,060$$

$$= 0.230$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 14,330 / 14,330 + 62,060$$

$$= 0.18$$

2. 2020

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 16,115 / 93,404$$

$$= 0.17$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 16,115 / 16,115 + 93,404$$

$$= 0.147$$

3. 2021

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 15,923 / 1,38,245$$

$$= 0.115$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 15,923 / 15,923 + 1,38,245$$

$$= 0.103$$

4. 2022

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 14,854 / 1,46,043$$

$$= 0.10$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 14,854 / 14,854 + 1,46,043$$

$$= 0.92$$

5. 2023

a) Debt to Equity Ratio = total debt(borrowings, loan, debt) / total equity

$$= 18,945 / 2,01,875$$

$$= 0.093$$

b) Debt to Capital Ratio = Total Debt / Total Debt + Total Equity

$$= 18,945 / 18,945 + 2,01,875$$

$$= 0.085$$

B. Liquidity Ratio : Balance Sheet

1. 2019

a) Current Ratio = Current Asset / Current Liability

$$= 96,334 / 87,812$$

$$= 1.09$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 96,334 - 20,497 / 87,812$$

$$= 0.86$$

c) cash ratio = cash / current liability

$$= 36,413 / 87,812$$

$$= 0.414$$

2. 2020

a) Current Ratio = Current Asset / Current Liability

$$= 1,32,733 / 1,26,385$$

$$= 1.050$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 1,32,733 - 23,795 / 1,26,385$$

$$= 0.86$$

c) cash ratio = cash / current liability

$$= 42,379 / 1,26,385$$

$$= 0.33$$

3. 2021

a) Current Ratio = Current Asset / Current Liability

$$= 1,61,580 / 1,42,266$$

$$= 1.135$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 1,61,580 - 32,640 / 1,42,266$$

$$= 0.90$$

c) cash ratio = cash / current liability

$$= 36,480 / 1,42,266$$

$$= 0.256$$

4. 2022

a) Current Ratio = Current Asset / Current Liability

$$= 1,46,791 / 1,55,393$$

$$= 0.94$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 1,46,791 - 34,405 / 1,55,393$$

$$= 0.72$$

c) cash ratio = cash / current liability

$$= 54,253 / 1,55,393$$

$$= 0.34$$

5. 2023

a) Current Ratio = Current Asset / Current Liability

$$= 1,72,351 / 1,64,917$$

$$= 1.045$$

b) quick acid ratio = Current Asset - Inventory / Current Liability

$$= 1,72,351 - 33,318 / 1,64,917$$

$$= 0.84$$

c) cash ratio = cash / current liability

$$= 73,890 / 1,64,917$$

$$= 0.44.$$

C. Profitability Ratio : income statement

1. 2019

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 1,14,986 / 2,80,522$$

$$= 0.409$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 14,742 / 2,80,522$$

$$= 0.05$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 11,588 / 2,80,522$$

$$= 0.041$$

2. 2020

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 1,52,757 / 3,86,064$$

$$= 0.395$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 22,824 / 3,86,064$$

$$= 0.059$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 21,331 / 3,86,064$$

$$= 0.055$$

3. 2021

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 1,97,478 / 4,69,822$$

$$= 0.420$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 24,941 / 4,69,822$$

$$= 0.05$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 33,364 / 4,69,822$$

$$= 0.07$$

4. 2022

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 2,25,152 / 5,13,983$$

$$= 0.43$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 13,511 / 5,13,983$$

$$= 0.02$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= (2,722) / 5,13,983$$

$$= -0.005$$

5. 2023

a) Gross Margin = Gross Profit / Sales (revenue)

$$= 2,70,046 / 5,74,785$$

$$= 0.46$$

b) Operating Margin = Operating Profit / Sales (Revenue)

$$= 37,619 / 5,74,785$$

$$= 0.065$$

c) Net Profit Margin = Net Profit (profit for the year) / Sales (Revenue)

$$= 30,425 / 5,74,785$$

$$= 0.05$$

D. Efficiency Ratio:

1. 2019

a) Asset Turnover = Sales / Total Asset

$$= 2,80,522 / 2,25,248$$

$$= 1.24$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 2,80,522 / 1,44,821$$

$$= 1.93$$

2. 2020

a) Asset Turnover = Sales / Total Asset

$$= 3,86,064 / 3,21,195$$

$$= 1.20$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 3,86,064 / 2,11,101$$

$$= 1.82$$

3. 2021

a) Asset Turnover = Sales / Total Asset

$$= 4,69,822 / 4,20,549$$

$$= 1.11$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 4,69,822 / 2,94,882$$

$$= 1.59$$

3. 2022

a) Asset Turnover = Sales / Total Asset

$$= 5,13,983 / 4,62,675$$

$$= 1.11$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 5,13,983 / 3,49,853$$

$$= 1.46$$

5. 2023

a) Asset Turnover = Sales / Total Asset

$$= 5,74,785 / 5,27,854$$

$$= 1.08$$

b) Fixed Asset Turnover = Sales / Fixed Asset (PPE).

$$= 5,74,785 / 3,96,801$$

$$= 1.44$$

Calculation Method- Self Creation

Source Information of the above calculated ratios: <https://www.wsj.com/market-data/quotes/AMZN/financials/annual/balance-sheet>

The financial ratios offered in several categories will be used to compare Walt Disney (DIS) with Amazon (AMZN):

1. Leverage (Gearing) Ratios- The debt-to-equity ratios of both corporations show a downward trend between 2019 and 2023, suggesting a decrease in the reliance on debt financing over time. On the other hand, Disney's leverage ratios seem higher than Amazon's, indicating that Disney depends more on debt than Amazon does to support its operations. This suggests that Disney might be more financially vulnerable than Amazon because of its larger leverage.

2. Liquidity Ratios - Over the years, both companies have shown variations in their liquidity ratios, such as their cash, quick acid, and current ratios. Disney and Amazon both keep their current ratios above 1, which is indicative of enough liquidity to meet short-term obligations.

Disney, on the other hand, often has slightly higher liquidity ratios than Amazon, indicating a more robust short-term cash situation.

3. Profitability Ratios- The profitability ratios of both companies show annual variations. Disney's gross margin has slightly increased, but Amazon's has been mostly steady. Both businesses experience variations in their operating margin, with Disney exhibiting greater fluctuations. Both businesses see fluctuations in their net profit margins, with Disney's net profit margin generally being lower than Amazon's. This implies that when compared to Disney, Amazon might be more profitable from its operations.

4. Efficiency Ratios- Regarding asset turnover and fixed asset turnover, both businesses exhibit different efficiency ratios. When it comes to asset usage, Disney typically maintains greater asset turnover ratios than Amazon. Amazon may be more adept at producing revenue from its fixed assets than Disney, based on the fact that Amazon's fixed asset turnover ratios are marginally lower than Disney's. In comparison to Disney, this suggests that Amazon might operate more efficiently.

All things considered, Amazon and Disney exhibit strength in several domains, such as efficiency and liquidity, but when it comes to lower leverage and higher profitability ratios, Amazon's financial performance seems more consistent and organized. To fully compare the two businesses, it is necessary to take into account qualitative aspects, industry dynamics, and general economic conditions when analyzing these financial figures.

D. Recommendations on improving the finances of the company. Be sure to add reference details noted in Part A that will support your recommendations.

A comprehensive strategy addressing multiple facets of the company's financial performance is needed to improve The Walt Disney Company's financial management.

Founded by Walt Disney and Roy O. Disney in 1923, the Walt Disney Company is a multi-segment operation that includes consumer items, interactive media, parks and resorts, studio entertainment, and media networks. Production and distribution of top-notch entertainment material for a variety of media, such as TV, movies, theme parks, and digital streaming services, are the main components of its business strategy.

Recommendations on improving financial management.

1. Revenue Stream Diversification- Disney should diversify its revenue streams beyond subscription fees in order to increase profitability. Disney+ has been tremendously effective in making money through all of its streams, and it should continue in that manner in order to avoid competition (Larsen, 2024).

2. Cost optimization- The idea of value is important to cost minimization, and procurement and finance departments can agree on this standpoint. Profitable growth, long-term sustainability, compliance, and the customer experience are the sources of business value. Value is not found in quick profits, but rather in developing strong connections with suppliers, careful procurement, and ongoing cost-cutting initiatives (Fair Markit, 2023).

3. Strategic Investments- The Walt Disney Company has unveiled the specifics of its strategic reorganization, which will put the company's streaming division on a path to long-term growth and profitability, empower creative leaders and ensure that they are accountable for all aspects of their businesses globally, and refocus the organization on creativity. The organization, Disney Entertainment, ESPN, and Disney Parks, Experiences and Products, will be divided into three main business groups that work together with immediate effect. Developing creative development, marketing, technology, sales, and distribution strategies, as well as ensuring global company efficiencies, will fall under the complete operational and financial purview of each business segment's leaders (The Walt Disney Company, 2023).

4. Risk Management- Hazard identification and mitigation constitute the process of risk management. Risk management has the potential to reduce expenses, and optimize outcomes. Five common strategies for managing risk are avoidance, retention, transferring,

sharing, and loss reduction. Each technique aims to address and reduce risk while understanding that risk is impossible to eliminate completely. (Yu, 2024)

5. Stakeholder Communication- According to The Walt Disney Company, collaborating with stakeholders improves the capacity to resolve problems. Walt Disney is able to provide value for shareholders by finding answers to some of its biggest problems by maintaining open channels of contact with stakeholders. Walt Disney actively seeks out input from stakeholders, learns from them, and gives them information to help them comprehend the company's goals and actions. Walt Disney regularly communicates with stakeholders through conferences and events, working groups and workshops, conference calls, letters, in-person and online meetings, and more (The Key Communicator, 2014).

6. Capital Structure- Any commercial operation needs capital to survive. In addition to helping businesses fulfill their short- and long-term financial needs, it lets stakeholders know that the company is headed in the correct direction. Businesses can raise funds by issuing debt or stock. The term "capital structure" refers to the combination of the two that often exists in a firm (Bryant, 2019).

7. Prioritize Customer Experience and Brand Loyalty- High-quality client experiences are essential for a business to thrive. They have a better chance of attracting new clients, retaining existing ones, turning a profit, and eventually remaining in company if they are successful at this. The exchanges that take place between a client and a business during the course of their partnership are referred to as customer experience. The two components that comprise the customer experience are the customer's perception and their engagement with a brand (Indeed, 2022).

Part C. Assume that the company you selected has been researching the prospects for a range of new investment opportunities. The cash flow details of two promising projects (which are mutually exclusive) are given below.

- PAYBACK PERIOD

Years	Cash flow – A	Cumulative Cash flow
Year 0	-5000	-5000
Year 1	2500	-2500
Year 2	2000	-500
Year 3	1000	500
Year 4	-442	58

Payback Period = 2.5 years for Project A

Years	Cash flow – B	Cumulative Cash flow
Year 0	-1000	-1000
Year 1	1500	500
Year 2	1000	1500
Year 3	1000	2500
Year 4	-470	2030

Payback Period = 0.67 or 8 months for Project B

Calculation Method: Self Creation

- Accounting Rate of Return (ARR):

ARR is the average annual profit expressed as a percentage of the initial investment.

For Project A:

Average annual profit = $(2500 + 2000 + 1000 + -442) / 4 = 1264.5$

ARR for Project A = $(1264.5 / 5000) * 100 = 25.29\%$

For Project B:

Average annual profit = $(1500 + 1000 + 1000 - 470) / 4 = 757.5$

ARR for Project B = $(757.5 / 1000) * 100 = 75.75\%$

Calculation Method: Self Creation

- Net Present Value (NPV)

1. Project A

NPV of Project A = $-5000 / (1+0.0075)^0 + 2500 / (1+0.0075)^1 + 2000 / (1 + 0.0075)^2 + 1000 / (1 + 0.0075)^3 + -442 / (1 + 0.0075)^4 - 5000$

NPV of Project A = $-5000 + (2500 / 1.0075) + (2000 / 1.015025) + (1000 / 1.0226691719) + (-442) / 1.0303391907 - 5000$

NPV of Project A = $-5000 + 2481.38 + 1970.39 + 975 - 429.12 - 5000 = -5002.35$

2. Project B

NPV of Project B = $-1000 / (1 + 0.0075)^0 + 1500 / (1 + 0.0075)^1 + 1000 / (1 + 0.0075)^2 + 1000 / (1 + 0.0075)^3 + (-470) / (1 + 0.0075)^4 - 1000$

NPV of Project B = $-1000 + (1500 / 1.0075) + (1000 / 1.01505625) + (1000 / 1.0226691719) + (-470) / 1.0303391907 - 1000$

NPV of Project B = $-1000 + 1488.83 + 985.16 + 977.83 + (-456.16) - 1000$

NPV of Project B = 995.66

Calculation Method: Self Creation

Evaluate the results of these calculations and recommend with reasons, reflecting all three calculations, which project should be adopted

1. Payback Period- A project's payback period is the amount of time needed to recoup its original expenditure. Even if both projects have a 2.5-year payback period, it's important to comprehend the implications of this time frame. Project B's quicker cash flow, which is particularly noticeable in the first year, allows it to reach this payback period in less time.

2. Accounting Rate of Return (ARR)- As a percentage of the original investment, the average annual profit (ARR) of a project is calculated. In comparison to Project A, which has an ARR of 25.29%, Project B has an ARR of 75.75%. That means that for every dollar invested, Project B makes about 75.75 cents in profit a year, while Project A makes only 25.29 cents. The notable disparity highlights Project B's higher potential for profitability.

3. Net Present Value (NPV)- To assess a project's profitability, net present value (NPV) computes the present worth of cash inflows and outflows. Given that Project B's cash inflows are greater than its cash outflows in present value, it has a positive net present value (995.66), which indicates that it is profitable. If Project A's cash outflows are discounted to their present value, they exceed its cash inflows, as shown by the project's negative net present value (NPV) of -5002.35. It would seem from this that Project B could turn a profit, whereas Project A might end up losing money.

Analysis and Recommendations:

Project B has a better financial performance and greater potential for profitability, as seen by its higher ARR and positive NPV.

Quicker returns on investment are also implied by Project B's shorter payback period, which lowers the risk connected with protracted investment recovery periods.

Furthermore, Project B's positive net present value (NPV) points to the possibility of long-term profitability and value creation, which makes it a more alluring investment choice.

Project B stands out as the obvious candidate for adoption after a thorough analysis of the payback period, ARR, and NPV. With respect to Project A, it is a less attractive investment due to its worse financial measures, which include lower profitability, a longer payback period, and a negative net present value. Therefore, funding Project B would probably result in higher profits and improve the state of the economy overall.

Recalculation of NPV:

1. Project A

$$\text{NPV of Project A} = -4500 / (1 + 0.0075)^0 + 2250 / (1 + 0.0075)^1 + 1800 / (1 + 0.0075)^2 + 900 / (1 + 0.0075)^3 - 397.8 / (1 + 0.0075)^4 - 5500$$

$$\text{NPV of Project A} = -4500 + (2250 / 1.0075) + (1800 / 1.015025) + (900 / 1.02258844) + (-397.8 / 1.30154439) - 5500$$

$$\text{NPV of Project B} = -4500 + 2227.27 + 1776.44 + 885.24 - 386.19 - 5500$$

$$\text{NPV of Project A} = 503.76$$

2. Project B

$$\text{NPV of Project B} = -900 / (1 + 0.0075)^0 + 1350 / (1 + 0.0075)^1 + 900 / (1 + 0.0075)^2 + 900 / (1 + 0.0075)^3 - 423 / (1 + 0.0075)^4 - 1100$$

$$\text{NPV of Project B} = -900 + 1350 / 1.0075 + 900 / 1.015025 + 900 / 1.02258844 - 423 / 1.030154439 - 1100$$

$$\text{NPV of Project B} = -900 + 1337.65 + 886.17 + 882.89 - 407.66 - 1100$$

$$\text{NPV of Project B} = 799.05$$

Calculation Method: Self Creation.

After adjusting for the increased initial investments and decreased cash flows by 10%, we find that:

Compared to Project A 503.76, Project B has a greater net present value (NPV) of 799.05. As a result, Project B would be the more advantageous choice monetarily, providing all other things remain similar, because of its larger net present value. But, before deciding on a choice, it's critical to consider additional aspects including risk, cash flow timing, and strategy alignment.

3. Critically discuss the advantages and shortcomings of the PBP, ARR and NPV techniques as ways of evaluating capital projects, please use relevant literature (with proper referencing) to support your discussion.

1. Payback Period- The payback method's main benefit is its ease of use. It is a simple method of comparing multiple projects and selecting the one with the quickest payback period. Nonetheless, there are several theoretical and practical issues with the payback.

Not considering the time value of money is the payback method's biggest drawback. Early-stage project cash flows are given more weight than cash flows that come in later. For two projects with the same payback period, the cash flows from one project may be greater in the early years while the cash flows from the other project may be higher in the later years. When it comes to choosing a project in this case, the payback mechanism is ambiguous. In certain projects, the biggest cash flows might not happen until the payback period is over. These projects might offer better returns on investment than others with shorter payback periods. An undertaking is not necessarily profitable just because it has a quick payback period. An investment would be foolish if a project never turns a profit—that is, if cash flows stop at the payback period or are significantly reduced (Woodruff, 2019).

2. Accounting Rate of Return- It is quite easy to compute the ARR. No intricate or sophisticated computations are required. It is also quite simple to use and comprehend in any circumstance. The management may quickly decide whether to accept or reject any investment proposal based on the calculated annual rate of return thanks to this. For decision-making, they only need to compare it to the RRR. A layman would have no trouble understanding the interpretation because it is so straightforward.

Some of the major draw of accounting rate of return is it ignores the time value of money, Ignores the cash flow, Ignores Risks and Uncertainty (Finance Management, 2024).

3. Net Present Value (NPV)- A dollar today is worth more than a dollar tomorrow because of its earning potential. This is the main advantage of adopting a net present value (NPV), which takes this idea into account. To assess an investment's feasibility, the NPV computation considers the investment's discounted net cash flows.

NPV is calculated by applying the necessary rate of return to discount future cash flows to their present value. As for how to calculate this rate, there are no rules. It is up to the companies to decide how to calculate this percentage, and in certain cases, an incorrect rate of return could have led to an incorrect NPV. Not being able to compare projects of different sizes is another drawback of NPV. As opposed to being a percentage, NPV is an absolute value. It follows that a larger project would always have a higher net present value

(NPV) than a smaller project. Despite having a lower overall NPV value, the smaller project may have returns greater than its investment (WallStreet Mojo, 2024).

4. Discuss non-financial factors management needs to consider.

In addition to the financial argument for an investment, non-financial considerations may also be significant in the decision-making process (INFO.CO.UK, 2011).

Considerations for non-financial aspects include:

- Satisfying statutory requirements both now and in the future, adhering to industry standards, and understanding best practices.
- Raising employee satisfaction and making hiring and retaining workers simpler.
- Strengthening connections with vendors and clients.
- Strengthening your connections with the community and your company's reputation.
- Improving management processes or gaining expertise in new fields are two examples of enhancing your company's capabilities.
- Recognizing and addressing anticipated risks in the future, including safeguarding intellectual property from prospective rivalry.
- Introducing waste-minimization programs or energy-efficient new equipment are two examples of how making environmental improvements can benefit the companies significantly. Reduced expenses, more commercial prospects, and a better reputation among stakeholders—such as suppliers, investors, and customers—are some of these (INFO.CO.UK, 2011).

CONCLUSION

In conclusion, the study reveals that although Disney has slightly better liquidity and more leverage than Amazon, Amazon is still more lucrative. Disney should put strategic investments and revenue diversification first in order to maximize financial gain. Despite having a longer payback period, Project B is the better investment option due to its greater ARR and positive NPV. Integrating financial and non-financial variables is critical for effective decision-making and long-term growth.

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