

FINANCIAL MANAGEMENT

SBMA7100

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SECTION A

INTRODUCTION

Introduction of William Hill Plc:

William Hill Plc is one of the biggest online gaming as well as betting providers company in UK and in Spain and Italy the company ranked 3rd in providing online betting services. The company has offered almost a million opportunities of betting in every week and also provide wide range of gaming products.

Furthermore, company has also provides a lot of online casino games opportunities. One of the exclusive and very popular platform among the customers called Vegas platform and this platform especially popular in our sports betting customers.

One of the most important factor in the company's growth is the use of technology i.e. mobile phones. The company have its own app which supported by Inroad as well as IOS through the use of these app customers can bet whenever they want to.

Introduction of Paddy Power Betfair Plc:

Paddy power is one of the leading consumer brands in Europe, they have multichannel betting operator and the web site called paddypower.com which covers almost 600 stores located in UK as well as Ireland.

And company is also known by its growing online customer base well known for its cheeks. The company also owns the UTV channel called TVG which operates alongside with the online betting, The TV channel use to provide relevant analysis about race and all and guide our customers on betting purpose.

The company is also operates in Australia as in Australia betting market is growing really fast. The company is one of the biggest giant in the betting industry and their aim is to grow further worldwide.

CURRENT RATIO

Current ratio of William Hill Plc (Appendix 1) has increased from 0.517 in 2015 to 0.823 in 2017 and Quick Ratio has also increased by almost the same amount this shows the better liquidity performance of the company as compare to previous years but company still failing below the ideal ratio therefore company need to increase its liquidity ratio otherwise company will face cash flow difficulties in meeting its operational expenses.

Whereas current ratio of Paddy Power Plc has increased from 0.820 in 2015 to 1.122 in 2017 and Quick ratio has also increased by the same amount as company don't have any inventory in

stock, this shows the better performance of the company as compare to previous years but the current ratio of Paddy Power Plc is still falling below the ideal ratio whereas their quick ratio is greater than ideal ratio therefore company needs to increase its current ratio otherwise there is a possibility that company will face difficulty in meeting their operating expenses in near future.

ACCOUNTS RECIEVABLE/PAYABLE

Analysis of William Hill Plc

Accounts receivables turnover of William Hill Plc (appendix 2) has increased from 5303 days in 2015, 9083 days in 2016 and 8582 days in 2017, this shows the poor performance of the company as it indicates that the company's recovery department have failed to collect its debts on time and which might lead to a huge bad debt expense. Inventory turnover is not applicable to William Hill Plc as they don't have any inventory in the stock in 2016 and 2017 while in 2015 company have very little inventory but due the unavailability in remaining years' analysis is not possible as there is no data for comparison.

Accounts payable turnover of William Hill Plc has increased from 215 days in 2015, 200 days in 2016 and 367 days in 2017, this shows the good performance of the company as the late payment results in company able use this amount somewhere else to earn some profit which ultimately enhance the company's performance.

Asset turnover of William Hill Plc has increased from 246 days in 2015, 244 days in 2016 and 260 days in 2017, this shows the good performance of the company as this indicates that the company is able to generate more sales from the use of the assets and it also indicates that the company using its assets more effectively as compare to previous years.

Analysis of Paddy Power Plc

Accounts receivable turnover of Paddy Power Plc (appendix 2) has increased from 12105 days in 2015, 14064 in 2016 and 12251 days in 2017, this shows the poor performance of the company as it indicates that the company's recovery department have failed to collect its debts on time which might leads to huge amount of bad debt expense. Inventory turnover is not applicable to Paddy Power Plc as they don't have any inventory in the balance sheet in each go the year.

Accounts payable turnover of Paddy Power Plc has increased from 410 days in 2015, 501 in 2016 and 453 days in 2017, this shows the good performance of the company as the company able use this amount somewhere else to earn some profit which ultimately enhances the performance of the company.

Asset turnover of Paddy Power Plc has decreased from 642 days in 2015, 203 days in 2016 and 128 days in 2017, this indicates the poor performance of the company as the company's assets

fails to generate that much sales as compare to previous years and also fail to used assets more effectively as compare to previous years.

GROSS PROFIT MARGIN

Analysis of William Hill Plc

Gross profit margin of William Hill Plc (appendix 3) has decreased from 76% in 2015, 76% in 2016 and 75% in 2017 this is very nominal decreased but this shows the poor performance of the company as the decrease in gross profit margin indicates that the company is making expensive purchases as compare to previous years, Management should consider this as the purchases is an integral part on any company.

Operating profit margin of William Hill Plc has decreased from 14% in 2015, 14% in 2016 and -3% loss in 2017 this is a serious decreased in profit by 17% from 2015 to 2017 and shows the poor performance of the company. Furthermore, the gross profit margin is only decreased by 1% while the operating profit margin has decreased by 17% this shows that company needs to put strong controls on their expenses and there must be a check and balance on the expenses and every expense must be authorized by relevant person.

Net profit margin of William Hill Plc has decreased from 12% in 2015, 10% in 2016 and -8% loss in 2017 this is a serious decreased in profit by 17% from 2015 to 2017 and shows the poor performance of the company. Furthermore, the gross profit margin is only decreased by 1% while the operating profit margin has decreased by 17% and net profit margin has decreased by 20% this shows that company is mainly financing through debt financing, although it is cheaper source of finance but it leads to a high finance cost.

Return on equity has decreased from 16% in 2015, 16% in 2016 and -8% in 2017 this is a huge decreased in return and shows the poor performance of the company as the company fails to generate return to their shareholder's on their investment and which may lead to a dissatisfaction of shareholder's.

Return on capital employed has decreased from 13% in 2015, 11% in 2016 and -2% in 2017 this shows the poor performance of the company as this is major decreased and it indicates that the company fails to generate return on the invested capital.

Analysis of Paddy Power Plc

Gross profit margin of Paddy Power Plc (appendix 3) has increased from 76% in 2015, 77% in 2016 and 77% in 2017 this is very nominal increase but this shows that the company is in the growing stage and it also indicating that the company is purchasing cheaper than previous years which is good sign in terms of savings but company should make sure that it will not impact on the quality of the product or services that company is providing to its customers.

Operating profit margin of Paddy Power Plc has decreased from 16% in 2015, 1% in 2016 and 14% in 2017 this shows the poor performance of the company as compare to 2015 but showing a great performance as compare to 2016. Furthermore, by comparing 2015 to 2017 the gross profit margin has increased by 1% while the operating profit margin has decreased by 2% this shows that company needs to put strong controls on their expenses and there should be an authorized person which ultimately responsible for every expense.

Net profit margin of Paddy Power Plc has decreased from 14% in 2015, -0.37% in 2016 and 12% in 2017 this shows the poor performance of the company as compare to 2015 but shows an excellent performance as compare to 2016 and by comparing 2015 company should put focus on it before there will be serious decrease in net profit like 2016 where the company became loss making. Furthermore, the gross profit margin has increased by 1% while the operating profit margin has decreased by 2% and net profit margin has also decreased by 2% showing that company there is a problem in company's operating expenses, company needs to investigate this.

Return on equity has decreased from 66% in 2015, -0.13% in 2016 and 5% in 2017 this is a huge decreased and shows the poor performance of the company as the company fails to generate return to their shareholder's on their investment which leads to dissatisfaction of shareholders. Return on capital employed has decreased from 63% in 2015, 0.3% in 2016 and 5% in 2017 this shows the poor performance of the company as this is major decreased and it indicates that the company fails to generate return on the invested capital.

GEARING RATIO

Analysis of William Hill Plc

Gearing ratio has increased (appendix 4) from 35% in 2015, 37% in 2016 and 40% in 2017, this shows the poor performance of the company and due to this increase company will face difficulty in obtaining finance as due to this increase company will be considered as a risky company in the eyes of the investors and the investors are always try to invest in less risky company. Furthermore, if the company successfully receive the loan than the company have to bear its finance cost which will ultimately decreases the profit of the company.

Interest cover has decreased from 5 times in 2015, 4.5 times in 2016 and (1) in 2017 this shows the poor performance of the company as the company will not be able to meet its interest expenses which will lead to a dissatisfaction of debt holders and they will not invest further in the company in future.

Debt to equity ratio has increased from 93% in 2015, 99% in 2016 and 122% in 2017 this shows the poor performance of the company. Although the debt is a cheaper source of finance as compare to equity but to this high percentage of Debt Company have to bear a Hugh finance cost which will ultimately decrease the profit of the company.

Analysis of Paddy Power Plc

Gearing ratio has decreased (appendix 4) from 75% in 2015, 5% in 2016 and 2% in 2017, this shows an excellent performance of the company and due to this decrease company will be able attracts new investors as they considered this company as a less risky company and company can able to obtain finance at lower interest rate but company should be careful as the company previously have very high percentage of gearing.

Interest cover has decreased from 63 times in 2015, 3 times and 49 in 2017 this shows the poor performance of the company as compare to 2015 but showing a great performance as compare to 2016. By comparing 2015, company should put strong focus on it otherwise, there will be a question in future on company's ability to meet its interest expenses.

Debt to equity ratio has decreased from 725% in 2015, 16% in 2016 and 12% in 2017 this shows a good performance of the company and due to this decrease company have to bear less finance cost as compare to last years and it will ultimately affect the company's profit.

BASIC EARNINGS PER SHARE

Analysis of William Hill Plc

Basic earnings per share ratio (appendix 5) is 21.6 in 2015, 18.9 in 2016 and 9.7 in 2017 this shows the poor performance of the company as the EPS ratio has decreased by almost 12 times which would be further decreased due to the issuance of outstanding shares.

On the other hand Diluted EPS has also decreased from 2015 to 2017 which also shows the poor performance of the company.

P/E Ratio in 13 in 2015, 15 in 2016 and 29 in 2017 this shows the good performance of the company as this reflects the investors' confidence, this shows that the investors' confidence has increased as compare to previous years.

Analysis of Paddy Power

Basic earnings per share (appendix 5) is 2.4 in 2015, -0.07 in 2016 and 2.6 in 2017 this shows the good performance of the company as compare to previous years specially 2016 in which earning per share goes below 0, but company should consider whether there is any outstanding share in issue because this will negatively impact on the company's earnings per share.

Furthermore, Diluted EPS has also increase by the same amount almost which also shows the good performance of the company.

P/E ratio is 29 in 2015, -979 in 2016 and 26 in 2017 which shows the good performance of the company as this reflects the investors' confidence, this shows that the investors' confidence has increased as compare to previous years.

PART B

Definition of Risk Aversion

It is a concept where a person faced uncertainty about the decision and he have to decide how to react on that uncertainty (Holt and Laurie, 2002). And when the person needs to take investment decision, a person may decide to invest in the project which has low risk regardless the low percentage of return. Those individuals who tends to bear low risk and low rewards are considered as risk averse individuals and those individuals who wants to bear more risk in order to get more return are considered as risk takers individuals.

Importance of Risk Aversion

It is universally accepting in a financing and investing that the relationship between assets and liabilities in the portfolio of investors should be considered in order to design the portfolio as per the investors perspective of risk and this phenomenon is called modern portfolio (Epstein and Zin, 1991). In other words, this modern theory of portfolio is the formula that explains what the need to diversify the portfolio is and as mentioned above that the assumption that investors are risk averse is the concept of modern portfolio theory.

Advice

By looking at the ratios and analysis performs in the requirement A it is clearly seen that the Paddy Power company is performing better in three of the four ratios which are Liquidity, profitability and solvency ratios whereas William Hill is only performing better in efficiency ratios. furthermore, William Hill Plc is become loss making company is the year 2017 whereas Paddy Power company is still in profit and as mention in the case that Tim has the perspective of risk averse so that Tim should invest in Paddy Power as the William Hill Plc is seems as risky.

Working capital Management:

Working Capital Management: Almost all the companies use its short-term assets and short-term finances to carry out its day to day operations. Working capital management is the most important part of the financial management.

Working capital can be calculated by using formula which is current liabilities subtract from current assets and current assets frequently changes its form and it is referred as "circulating

capital". There are three type of working capital i.e. Gross and net working capital, permanent working capital and last but not the least variable working capital.

Working Capital Policies: There are three types of policies related to working capital,

First is conservative Approach: Low risk and profitability involves in this strategy and interest rate fluctuation is also low in this strategy.

Second is, **Aggressive Approach**, high risk and profit involves in this type strategies and in this type of strategies the entire working capital is based on variable.

Third, Balance of both called **Moderate working capital**, in this type of Strategy Company maintain the balance between conservative and aggressive strategy and also maintain the balance between variable and fixed.

Level of Investments:

William Hill Plc:

In 2017 William Hill plc's working capital is in negative as the value of current liabilities is higher than company's current assets. Company should put focus on this otherwise company will not able to survive as the company can't able to bear its day to day operating expenses.

Paddy Power:

In 2017 Paddy Power's working capital is 47.1 (current assets-current liabilities) which shows that the company has invest 47.1m in its day to day operations which is far better than William Hill Plc.

Sources of Finance:

Short-term Finance:

There are number of short term sources of finance some of them are listed below:

Trade Credit: In trade credit credit gave to the manufacturers, finish goods supplier etc. Normally it ranges from 20-60 days of credit.

Bank Credit: Banks has also provides the short term finance to its customers in the form of loans, overdraft, discount of bills etc.

Customers Advances: In this type of finance the customers paid the full or half amount in advance so that we can use in order to fulfill their orders.

Medium/Long-term Finance:

There are number of short term sources of finance some of them are listed below:

Loan Stock:

Loan stock is the source of finance against which the company have to pay interest rate for the fixed the percentage and it is normally for the longer term period.

The most common loan stock that used to generate finance is Debentures with fixed or floating charge.

Government Grants:

Government grants is also the type of long term finance, in this type of finance government give grants to the company for some specific project for the specific period with no/very low interest rate.

Weighted Average Cost of Capital:

Weighted average cost of capital is the cost company have to bear in order to obtain capital and it is a combination of both equity source of finance and debt source of finance. Company needs to maintain balance between these two as equity is an expensive source of finance whereas debt is directly related to the company's gearing therefore company needs to maintain balance between these two.

SECTION B

PART A: NPV OF BOTH PROJECT A AND B

Project A:								
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Outflow (Investment)		-160000						
Inflow (Income)			45000	45000	45000	45000	45000	45000
Depreciation			-23333	-23333	-23333	-23333	-23333	-23333
Cash Flow		-160000	21,667	21,667	21,667	21,667	21,667	21,667
Residual value								20,000
Net cash flow		-160000	21,667	21,667	21,667	21,667	21,667	41,667
Discount factor 7%		1	0.9343	0.8734	0.8163	0.7629	0.713	0.6663
Present value		-160000	20,243	18,924	17,687	16,530	15,449	27,763
Net present value (NPV)		-43,405						

Project B:								
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Outflow (Investment)		-220000						
Inflow (Income)			60,000	60,000	60,000	60,000	60,000	60,000
Depreciation			-35000	-35000	-35000	-35000	-35000	-35000
Cash Flow		-220000	25,000	25,000	25,000	25,000	25,000	25,000
Residual value								10,000
Net cash flow		-220000	25,000	25,000	25,000	25,000	25,000	35,000
Discount factor 7%		1	0.9343	0.8734	0.8163	0.7629	0.713	0.6663
Present value		-220000	23,358	21,835	20,408	19,073	17,825	23,321
Net present value (NPV)		-94,182						

Payback Period:

Project A:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
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Cash Flows	-160000	21667	21667	21667	21667	21667	21667
Cumulative cash flows	-160000	-138333	-116666	-94999	-73332	-51665	-29998

Payback period is more than the project life

Project

B:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash Flows	-220000	25000	25000	25000	25000	25000	25000
Cumulative cash flows	-220000	-195000	-170000	-145000	-120000	-95000	-70000

Payback period is more than the project life

PART B: ACCOUNT RATE RETURN

Accounting rate of return is used to make budgeting decision (Gordon, 1974). Company use this technique while deciding whether to invest in the particular project or not, the project either for investment or for the acquisition, in other words is used for decision making purpose and it is based on the future expected earnings and it is compared to the cost of capital (Narasimhan, 2017). Furthermore, it is calculated on the average net income which the investor expected to get by its average capital cost and multiply by 100 as it is expressed in percentage.

Formula: $ARR = \text{Average Accounting Profit} / \text{Average Investment} * 100$

Project A:

ARR= (27%)

Project B:

ARR= (42.81)

PART C: EVALUATION OF RESULTS

Net Present Value: The rule of the net present value, project is said to be accepted when the value of net present value is calculated to be positive and when the net present value is negative the project is rejected and in case of selection between two projects, the project is offering high net present value should be accepted as compared to the other project which is making the offer at net present value which is lower. The project A in this case is making an offer of -43405 net present value whereas the other project i.e. project B is making an offer of -94182 of the net present value. As per the general rule of net present value both the project should be rejected as both projects are offering negative net present value but in this case the investor needs to select one project so that the investor should select project A as project A is offering higher net present value as compared to project B and the required investment in project A is also low as compare to project B.

According to the rule of Payback Accept the project which meets your target return or accept the project which has lower payback period. In both projects the payback period is higher than project life is means Hat Company not able to recover its initial investment in its entire life but Project A is recovered almost 82% of the initial investment therefore project A is acceptable.

Accounting Rate of Return: Accounting rate of return is also a decision-making tool for the investors and their decision-making criteria is accepting the project if the project is giving the desired return or highest return. Accounting rate of the Project A's return is 27% in this case whereas the accounting rate of return in Project B is 43%. In this case there is no information of investor desired accounting rate of return therefore project offering highest accounting rate of return should be accepted which Project B in this case which giving highest return as compare to project A.

If the investor wants to take decision on the basis of net present valley than he should invest on project A but if the investor wants to take decision on the basis of accounting rate of return than the investor should accept the project B but the investor should also have considered some non-financial factors before making any decision.

PART D: ADVANTAGES AND SHORTCOMINGS OF THE PAYBACK AND NPV TECHNIQUES

There are many advantages and shortcomings in Net Present Value (NPV) and Payback, some of them are listed below:

Net Present Value (NPV)

Advantages of Net Present Value

Time value of money

In the net present value, the time value of money is said to be considered according to the time value principle which demonstrates that the received cash in future is not worth that much than the cash received today because the money will lose its worth time by time (Brooks, 2015). The net present value method converts the project's future cash flows into today's cash flows by using appropriate discount factor which incorporated the effect of time, which ultimately helps the company to compare projects with different cash flows in different year but converting them into today's value. For example, if you need to choose between a project with heavy cash flows in its first three years and second project with large cash flows from the year five, the one that must be chosen is the one that has the comparatively high net present value.

Ranking capacity

The method of net present value aids in making comparisons in the projects. If the evaluation has to be made for three projects at one time depending on their forecasted cash flows. The calculation is then taken for each outflows and inflows that are expected in the duration of the entire project. The project that is giving highest return after excluding all outflows from inflows will get priority while making the investment decision if the decision is purely on the basis of the financial factors but if the decision is not only on the financial factors and also includes the non-financial factors then other things may effect the decision (Brooks, 2015).

Shortcomings

The Discount Rate

The discount factor is required in the net present value which calculates the net present value by the incorporation of the time value of money through discount factor but it is really difficult to predict accurate discount factor and if the discount factor is wrongly predicting then it will have a huge impact on the project as it is very important factor in the project and any change in this will dramatically change the whole decision (Beeves, 1988).

Technique

One of the most serious disadvantage of the net present value method is that it requires high level of expertise due to its complex calculation. The company needs expertise as the company needs to estimate each and every thing like sales, depreciation, production cost, discount factor, life of the project etc. The company uses discount factor table in order to get accurate discount factor which can also be calculated through formula. The company must locate the correct discount factor for each year transaction and multiply the cash amount by that discount factor. Once the company performs all the relevant calculation, it adds up the total to determine the net present value. This is a very complex technique and requires huge level of expertise.

Prone to forecasting errors

In net present value everything is forecasted and in forecasting there is always a risk of wrong estimation and wrong estimation leads to dramatic change if the result of the product therefore their company needs to put special attention on these forecasted items especially sales, discount factors are included in the vital components of the project.

Use of Assumptions

Net present value has based on a lot of assumptions (forecasting) i.e. forecasted sales, forecasted cost, forecasted depreciation even forecasted life etc. (Quash, 2007). Furthermore, the company also needs to assume the interest rates for the whole project. These assumptions may or may not be realizable. The assumptions that are inaccurate leads to the inaccurate calculations for a project of the net present value.

Payback

Advantages

This concept is said to be simple in terms of understanding and calculating. A person can calculate payback period of any project within minutes and that too without even using the calculator and any other electronic device.

Risk Focus

The analysis is focused on how quickly money can be returned from an investment, which can help the different risk perspective person. Thus, the payback period can be used to compare different projects with different return and different life cycle of the project and able the company to decide on which project they should invest (Judas, 2011).

Liquidity Issue

For those companies who are facing liquidity issues, payback provides ranking of projects that would return money early so that the companies can invest in the project which give early returns and deals with their liquidity issues.

Shortcomings

Profitability Issue

This method is solely focuses upon the time required to return the initial investment, it does not focus on the profitability of a project at all. Hence, this method shows that such a project which has short payback period and has no profitability is a good project rather than the one which has a long-term payback but having substantial long-term profitability and this way company may end up making wrong decision (Arnold, 2005).

Cash flow complexity

The formula is very simple and not able to account for different type of varying cash flows that can arise with the investment. For example, investments may be required at the many stages of the project, such initial investment, operating working capitals etc. Also, there is a possibility that cash outflows may change significantly with every passing time, change due to the change in costumer's demand, change in competition, cultural change and law in order change and alteration.

Time value of money

The method of payback is not much considered by the time value of money while making calculations (Brooks, 2015). Cash earn during the initial years of a project get a higher cash flows than received in later years. There is a possibility that the project have the same payback period, but one project generates more cash flow in its initial years, whereas the other project has higher cash flows in the later years as compare to its initial years. The time value of money is not incorporated by the payback method therefore the payback methods-based decisions the real picture will be observed as different in a significant manner.

Ignore cash flows

The received cash flows after the period of payback is ignored by payback based on that while the remaining years of the project are ignored. The company should consider cash flows and profit after the payback period because there are some projects which loss are initially making but huge profitable in the long run.

PART E

SWOT Analysis

Company should also perform SWOT analysis, by performing SWOT Analysis Company able to identify internal strengths and weaknesses and capable of making analysis of the threats and opportunities that are expected to face (Hay and Castillo, 2006). And after performing SWOT

Analysis Company can set their strategies and objectives accordingly which is beneficial for the company and society as well.

Safety of employees and public

The impact of project on the safety and security of the organizational employees as well as the protection of the society or community is a significant consideration which is non-financial. At times, the projects that are financially viable are not accepted or left out because of the unsafe influence caused on the employees or maybe an adverse effect upon the societal values or environment.

Necessity of maintaining existing product lines

Company should also ensure that the new project will not impact on the existing product lines and company able to maintain existing product lines as it seems many times in the past that due to the new project company lose the focus on its core or existing product lines which causes impact upon the projects that are new and thus it is important for the company to consider the factor.

Availability of manpower and the motivation level

The company should also make sure that there is motivational and enough manpower available to operate the project and equipment that is required to be invested. This is the most important factor which needs to be consider because no matter how much financial viable the project is, if the enough manpower is not available than the project will not be successful in any case and the manpower should be motivated towards the work because demotivated staff itself is a liability.

Availability of raw resources

One of the non-financial factor that has to be listed when it comes in making decision is the availability of raw material and resources, power supply and other basic amenities that are required to conduct the project easily. These are the important factors because without these facilities and resources the financial project will not be able to gain success.

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APPENDIX

Appendix 1:

	William Hill Plc			Paddy Power Bet fair Plc		
Liquidity Ratio's:	2017	2016	2015	2017	2016	2015
Current Ratio	0.823	0.711	0.517	1.123	0.992	0.821
Current Assets/Current Liabilities						
Quick Ratio	0.823	0.711	0.517	1.123	0.992	0.821
(Current Assets-Inventory)/(Current liabilities)						

Appendix 2:

	William Hill Plc			Paddy Power Betfair Plc		
Efficiency Ratio's	2017	2016	2015	2017	2016	2015
Accounts Receivable turnover	8582 days	9083 days	5303 days	12251 days	14064 days	12105 days
(Sales/AVG Accounts Receivable)x365						
Inventory Turnover	N/A	N/A	N/A	N/A	N/A	N/A
(Sales/AVG Inventory)x365						
Accounts Payable Turnover	367 days	200 days	215 days	453 days	501 days	409 days
(Cost of goods sold/AVG Accounts payable)x365						
Asset Turnover	260 days	244 days	246 days	128 days	203 days	642 days
Net sales/Average Total Assets						

Appendix 3:

		William Hill Plc			Paddy Power Betfair Plc		
		2017	2016	2015	2017	2016	2015
Gross Profit/Loss Margin		75%	76%	76%	77%	77%	76%
(Gross profit/net sales)*100							
Operating Profit/Loss Margin		-3%	14%	14%	14%	1%	16%
(Operating profit/net sales)*100							
Net Profit/Loss Margin		-5%	10%	12%	12%	-0.37%	14%
(Net profit/net sales)*100							
Return On Equity		-8%	13%	16%	5%	-0.13%	36%
(Net income/shareholder's equity)*100							
Return on Capital Employed		-2%	11%	13%	5%	0.30%	63%
(EBIT/capital employed)*100							

Appendix 4:

		William Hill Plc			Paddy Power Betfair Plc		
Solvency ratio's		2017	2016	2015	2017	2016	2015
Gearing Ratio's		40%	37%	35%	2%	5%	75%
(Interest bearing debt/shareholder funds interest bearing debt)*100							
Interest Cover		(1) times	4.5 times	5 times	49 times	3 times	63 times
(EBIT/interest expense)							
Debt to Equity Ratio		122%	99%	93%	12%	16%	725%
(Total debts/total equity)*100							

Appendix 5:

	William Hill Plc			Paddy Power Betfair Plc		
	2017	2016	2015	2017	2016	2015
Basic Earnings Per Share(EPS): Profit after tax-pref.dividend/weighted avg. no. of shares Diluted EPS: Profit after tax-pref.dividend/weighted avg. no. of shares+shares issue during the year P/E Ratio: Market price per share/EPS						
	9.70	18.90	21.60	2.60	(0.07)	2.40
	9.70	18.80	21.50	2.60	(0.07)	2.40
	29	15	13	26	-979	29