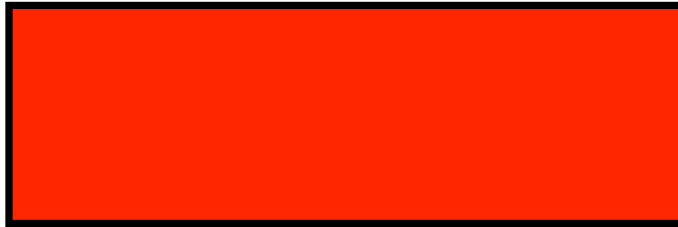


Financial management student



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FINANCIAL MANAGEMENT

*very high similarity but seems only titles
common with other papers*

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why no visual aids?

Part A

A brief history of the chosen company

ok

Unilever PLC is a British Multinational Organization that operates in the consumer packaged goods industry the Organization is part of a long Legacy that started on 2nd September 1929 (Unilever PLC, 2023). The Organization originated with a merger between British soap maker Lever brothers as well as a Dutch margarine producer known as Margarine Unie. The Organization is currently headquartered in London and is also listed on the London Stock Exchange.

Good

Business model

Considering the business model of Unilever, it is important to understand that the Organization has a diverse portfolio of consumer goods and the basis of its revenue is the sale of the consumer products. There is a presence of a large range of categories which includes personal care, edibles, beauty as well as baby products. The Organization follows both B2B and B2C Business models in its supplies. The Organization follows the B2B operational procedure whereas, in the case of selling exporters, it is clearly based on a business-to-customer model of operation (Ahmad *et al.* 2022).

wow "the organisation" sounds like a crime gang, ha!

Market place

It is important to understand that the Organization was initially founded in the UK and is operating in the European continent making sure that it is able to effectively improve its overall presence in the European market (Maulidya *et al.* 2019). Slowly the Organization has been able to effectively improve its growth and currently serves the Global consumer goods market. The Organization is present in the Global industry allowing the company to have higher exposure with a secondary listing on Amsterdam Stock Exchange.

Major competitor

Unilever has been able to have a good amount of market share in the Global consumer goods industry although it is very significant that the firm has also been facing competition with other big Organizations as well. The Organization has directly been affected and has competed with Organizations like Johnson and Johnson as well as Proctor and Gamble. These are the direct competitors of the firm in the Global market. The Organization also faced indirect competition with local producers as well as consumer goods companies in different markets. There is high competition that is faced by Unilever in the consumer goods industry.

Good

Review of major recent events over the past five years

In 2019 and 2020 the Organization was severely affected by the supply chain disruption cost due to the government during the following Era. The Organization was not able to effectively maintain the stock levels of its product in different stores and markets which affected the overall operation and financial efficiency of the firm. In the year 2021 the Organization partners with UK-based Organizations for the implementation of Artificial Intelligence and block chain design within its supply chain and logistical operation (Nasution et al. 2023). This will ensure better management of supplies improving the accessibility of products in the market. In the year 2023, the Organization conducted the largest cloud migration in which Organizations like Accenture Microsoft, and Unilever present ensuring that Unilever operates on the cloud-only platform managing 400 + brands used by 3.4 billion people. Recently the Organization also reported a leadership change when Graeme Pitkethly stated that he will retire by the end of 2024. *little more detail would have helped*

Part B**Calculation of key financial ratios for the past 5 years and Critical evaluation of the ratios calculated**

Profitability ratios

formatting issues for some numbers

Ratio	Formulas	Unilever				
		Year				
		2022	2021	2020	2019	2018
Profitability Ratios	%					
Gross Profit Margin (GPM)	(Gross Profit / Revenue)	18%	17%	16%	17%	16%
Operating Profit Margin (OPM)	(Operating Profit / Revenue)	18%	17%	16%	17%	16%
Net Profit Margin (NPM)	(Net Income / Revenue)	14%	13%	12%	12%	10%
Return on Capital Employed (ROCE)	(operating profit/ Average Total Capital employed)	16%	13%	13%	14%	12%
Return on Equity (ROE)	(Net Income / Average Equity)	38%	34%	34%	43%	42%
Return on Assets (ROA)	(Net income / Average total assets)	11%	9%	9%	9%	8%
Notes (In millions)						
	Net Revenue	€	€	€	€	€
		60,073.00	52,444.00	50,724.00	51,980.00	47,305.50

	Cost of Sales		€	€	€	€	€
			49,318.00	43,742.00	42,421.00	43,272.00	39,823.50
	Gross Profit		€	€	€	€	€
			10,755.00	8,702.00	8,303.00	8,708.00	7,482.00
	Net Profit		€	€	€	€	€
			8,269.00	6,621.00	6,073.00	6,026.00	4,928.00
	Capital Employed(Total Assets - Current Liabilities)		€	€	€	€	€
			52,394.00	50,317.00	47,067.00	43,828.00	41,164.50
	Equity		€	€	€	€	€
			21,701.00	19,746.00	17,655.00	13,886.00	11,863.00
	Total Assets		€	€	€	€	€
			77,821.00	75,095.00	67,659.00	64,806.00	59,725.00
	Interest		€	€	€	€	€
			818.00	491.00	728.00	821.00	776.00

ok tables need to be properly labelled

	Distributable Profit		€	€	€	€	€
			8,269.0	6,621.0	6,073	6,026	4,928
			0	0	.00	.00	.00

Considering the profitability ratio, it is a ratio that shows the existing profitability of an Organization. The profitability ratios that have been calculated for Unilever will show the profit margins as well as returns that are generated by the business conducted. Firstly, there has been a calculation of the gross profit margin which shows that the Organization's gross profit margin has increased by 2% from the year 2018. In the year 2018, it was 16% whereas in the year 2022, it was 18%. It is important to understand that the Organization has also been able to have a 4% increase in the net profit margin because in 2018 it was 10% whereas in the year 2022, it is 14% showing a gradual increase (Efendi, 2021). The return on capital employed generated by the Organization has also increased by 4% in the year 2018 it was 12%, in the year 2020 it was 13% and now it is 16%. This shows that the amount of capital employed yields better returns every year which is positive for the company. On the other hand, it is also very significant that the return and equity for the company decreased by 4% in the year 2018. It was 42% in the year 2020 it was 24% although in the year 2022, it is 38%. This shows that there has been a gradual decrease in the returns on the equity that is employed within the operations. Lastly, it is important to understand that the return on assets of the Organization has increased by 3% in the year 2018 it was 8% in the year 2021 it was 9% and now it is 11% showing a gradual increase. The overall Profitability of the Organization is very significant showing that the company is achieving financial growth.

Liquidity ratios

good discussion supported by details

Ratio	Formulas	Unilever				
		Year				
		2022	2021	2020	2019	2018
Liquidity Ratios						
Current Ratio	(Current Assets / Current Liabilities)	0.8	0.7	0.8	0.8	0.8
Acid Ratio	(Current Assets - Inventories)/ Current Liabilities	0.5	0.5	0.6	0.6	0.6
Cash Ratio	Cash and Cash equivalent / Current Liabilities	0.2	0.1	0.3	0.2	0.3
Notes (In millions)	Current Assets	€ 19,157.00	€ 17,401.00	€ 16,157.00	€ 16,430.00	€ 14,930.00
	Current Liabilities	€ 25,427.00	€ 24,778.00	€ 20,592.00	€ 20,978.00	€ 18,560.50
	Inventories	€ 5,931.00	€ 4,683.00	€ 4,462.00	€ 4,164.00	€ 3,429.50

	Cash		€	€	€	€	€
			4,326.0	3,415.0	5,548	4,185	4,796
			0	0	.00	.00	.00

Considering the liquidity ratio of the Organization it is important to understand that the firm needs to identify the liquidity ratio for the purpose of identifying the existing financial strength and stability of the company (Liu *et al.* 2022). The liquidity ratio that has been calculated for Unilever shows the amount of assets present within the Organization to allow the firm in covering its liabilities. It is very important for an Organization to have higher assets compared to liabilities which will ensure the highest strength and balance. Looking at the current ratio of the Organization which is ideally required to be 2:1, the Organization has had the same level of current ratio at 0.8 from the year 2018 to 2022. This means that the amount of current liabilities present within the Organization is higher compared to that of current assets which is not a positive sign for the Organization's stability. It is important to understand that the quick ratio of the Organization which is also known as the acid ratio shows that the acid ratio was 0.6 in 2018 and 0.5 in 2022. It is important for the Organization to also considered that the cash within the Organization has decreased because the cash ratio of the Organization in the year 2018 was 0.3 and in the year 2022 it is 0.2 with shows that there has been a decrease in the cash Assets of the Organization which is not a positive sign for the financial stability and balance that is present in the Organization.

Gearing ratios

good discussion and calcs but you do need to cite source

Ratio	Formulas	Unilever				
		Year				
		2022	2021	2020	2019	2018
Gearing Ratios						
Debt-to-Equity Ratio (D/E)	(Total Debt / Total Equity)	1.09	1.16	1.29	1.70	1.95
Debt-to-Assets Ratio	(Total Debt / Total Assets)	0.30	0.30	0.34	0.36	0.39
Gearing	(Total debt / (Total debt + Total Equity))	0.52	0.54	0.56	0.63	0.66
Interest Coverage	(EBIT / Interest)	73.44	106.81	69.68	63.31	60.96
Notes (In millions)						
	Capital Employed(Total Assets - Current Liabilities)	€ 52,394.00	€ 50,317.00	€ 47,067.00	€ 43,828.00	€ 41,164.50
	Equity	€ 21,701.00	€ 19,746.00	€ 17,655.00	€ 13,886.00	€ 11,863.00
	Debt	€ 23,713.00	€ 22,881.00	€ 22,844.00	€ 23,566.00	€ 23,131.50

	Total Assets		€	€	€	€	€
			77,821.00	75,095.00	67,659.00	64,806.00	59,725.00
	Interest		€	€	€	€	€
			818.00	491.00	728.00	821.00	776.00
	Distributable Profit		€	€	€	€	€
			8,269.00	6,621.00	6,073.00	6,026.00	4,928.00

Considering the gearing ratio, the following ratio shows the financial leverage and risk that is associated with the capital structure. It is significant that the debt-to-equity ratio of the firm shows the amount of debt and equity that is there within the firm. The calculation of the debt to equity ratio of the firm is 1.09 in the year 2022 and in the year 2018, it was 1.9. It shows that the debt to capital has decreased although it is still higher than the equity capital of the firm. The debt to asset ratio shows that in the year 2022, the debt to asset ratio was 0.30 whereas in the year 2018, it was 0.39 which means a decrease in assets financed through debt. The gearing ratio of the firm in the year 2022 was 52% whereas it was 66% in the year 2018. This shows a decrease in financial risk although the capital structure of the firm had high debt leverage. At last, the interest coverage ratio of the firm is 71 whereas in the year 2018, it was 61 days. This shows that the company is trying to improve the financial leverage of the firm.

Efficiency ratios

same comments as above

Ratio	Formulas	Unilever				
		Year				
		2022	2021	2020	2019	2018
Efficiency	Days					
Asset Turnover Ratio	(Total sales/ Average assets)	0.8	0.7	0.7	0.8	0.8
Days of Sales Outstanding (DSO)	(Average Receivables /Net Revenue)x365	42.9	37.7	35.5	47.0	43.5
Days of Inventory on Hand (DOI)	(Average Inventory /Cost of Sales)x365	43.9	39.1	38.4	35.1	31.4
Days of Payables (DOP)	(Average Payables /Cost of Sales)x365	133.4	124.0	121.6	124.6	117.5
Cash Conversion Cycle (CCC)	DSO + DOI - DOP	-46.6	-47.2	-47.7	-42.4	-42.6
Notes (In millions)						
	Inventories	€	€	€	€	€
		5,931.00	4,683.00	4,462.00	4,164.00	3,429.50

	Accounts Receivables		€	€	€	€	€
			7,056.0 0	5,422.0 0	4,939 .00	6,695 .00	5,636 .50
	Net Revenue		€	€	€	€	€
			60,073. 00	52,444. 00	50,72 4.00	51,98 0.00	47,30 5.50
	Cost of Sales		€	€	€	€	€
			49,318. 00	43,742. 00	42,42 1.00	43,27 2.00	39,82 3.50
	Accounts Payables		€	€	€	€	€
			18,023. 00	14,861. 00	14,13 2.00	14,76 8.00	12,82 2.50
	Capital Employed(Total Assets - Current Liabilities)		€	€	€	€	€
			52,394. 00	50,317. 00	47,06 7.00	43,82 8.00	41,16 4.50
	Total Assets		€	€	€	€	€
			77,821. 00	75,095. 00	67,65 9.00	64,80 6.00	59,72 5.00
	Distributable Profit		€	€	€	€	€
			8,269.0 0	6,621.0 0	6,073 .00	6,026 .00	4,928 .00

Looking at the efficiency ratio of the Organization the first ratio that has been calculated is the asset turnover ratio, the Asset turnover ratio of the Organization has remained the same at 0.8 which shows that the efficiency of the Organization has been consistent throughout the 5 years. It is important to understand that the days of sales outstanding for the Organization have also decreased which means that there has been a slight increase in the efficiency of the firm to manage its receivables. It should be considered that the days on inventory calculated in 2022 is 43.9 days whereas 31.4 days were recorded in the year 2018. This shows that there has been a decrease in managing the financial efficiency of the firm to manage the inventory of the company. It is important to consider that day of payables of the firm is 133 days whereas the days of payables in the year 2018 is 117 days showing a decrease in the efficiency of the firm. Lastly, the cash conversion cycle of the firm is negative 46 days in the year 2022 which was 42 days in the year 2018. This shows that the overall financial efficiency of the firm has decreased which is not a positive sign for Unilever. *good*

Comparison to a major competitor

P&G is a major competitor of Unilever in the Global consumer goods industry the following Organization is operating in the consumer goods market and directly competes with Unilever in multiple product categories (Khatun, Haque and Rahman, 2021). This is why the comparison of both the Organization's financial ratio will make sure that there is the identification of the financial performance of Unilever.

Profitability ratios

how did you source P&G data?

Ratio	Formulas		Year	
			Unilever	P&G
Profitability Ratios	%			
Gross Profit Margin (GPM)	(Gross Profit / Revenue)		18%	22%
Operating Profit Margin (OPM)	(Operating Profit / Revenue)		18%	22%
Net Profit Margin (NPM)	(Net Income / Revenue)		14%	18%
Return on Capital Employed (ROCE)	(operating profit/ Average Total Capital employed)		16%	18%
Return on Equity (ROE)	(Net Income / Average Equity)		38%	32%
Return on Assets (ROA)	(Net income / Average total assets)		11%	13%
Notes (In millions)				
	Net Revenue		€ 6 0,073.00	€ 8 0,187.00
	Cost of Sales		€ 4 9,318.00	€ 4 2,157.00

	Gross Profit		€ 1 0,755.00	€ 1 7,813.00
	Net Profit		€ 8, 269.00	€ 1 4,793.00
	Capital Employed(Total Assets - Current Liabilities)		€ 5 2,394.00	€ 8 4,127.00
	Equity		€ 2 1,701.00	€ 4 6,854.00
	Total Assets		€ 7 7,821.00	€ 117,208. 00
	Interest		€ 8 18.00	€ 4 39.00
	Distributable Profit		€ 8, 269.00	€ 1 4,793.00

Comparing the profitability ratio of both the Organizations it is very significant that the Profitability of P&G is considerably higher in profit margins. The gross profit margin of Unilever is 18% whereas that of P&G is 22%. The net profit margin of the Organization is 14% whereas for the competitor it is 18%. The return on capital employed for Unilever is 16% whereas per P&G it is 18%. Considering the return on equity it can be stated that you deliver a better return on equity at 38% when compared to that of P&G at 32%. The return on assets for Unilever is 11% and for the competitor, it is 13%. Overall it is very significant that the

ok

profitability of P&G is better when compared to that of Unilever the Organization has a better margin of profit as well as overall returns that are generated (Wen and Zhu, 2019).

Liquidity ratios

Ratio	Formulas			
			Year	
			Unilever	P&G
Liquidity Ratios				
Current Ratio	(Current Assets / Current Liabilities)		0.8	0.7
Acid Ratio	(Current Assets - Inventories)/ Current Liabilities		0.5	0.4
Cash Ratio	Cash and Cash equivalent / Current Liabilities		0.2	0.2
Notes (In millions)	Current Assets		€ 1 9,157.00	€ 2 1,653.00
	Current Liabilities		€ 2 5,427.00	€ 3 3,081.00
	Inventories		€ 5, 931.00	€ 6, 924.00
	Cash		€ 4, 326.00	€ 7, 214.00

The liquidity ratio of Unilever is slightly better when compared to that of P&G this is because the Organization has a better current ratio of 0.81 compared to that of its competitor at 0.7. The Organization also has a better acid ratio of 0.5 and compared to that of 0.4. The cash ratio of the Organization is similar to that of P&G at 0.2. This means that the liquidity status of Unilever is better when compared to that of its competitor in the market. Although the differences are not very large Unilever has an edge over its competitor in the market in terms of financial strength and stability. This will allow the Organization to make sure that it is able to effectively improve its performance and is able to stably outgrow its competitors like P&G in the market.

good

Gearing ratios

Ratio	Formulas		Year	
			Unilever	P&G
Gearing Ratios				
Debt-to-Equity Ratio (D/E)	(Total Debt / Total Equity)		1.09	0.49
Debt-to-Assets Ratio	(Total Debt / Total Assets)		0.30	0.19
Gearing	(Total debt / (Total debt + Total Equity))		0.52	0.33
Interest Coverage	(EBIT / Interest)		73.44	182.66
Notes (In millions)				
	Net Revenue		€ 6 0,073.00	€ 8 0,187.00
	Cost of Sales		€ 4 9,318.00	€ 4 2,157.00
	Accounts Payables		€ 1 8,023.00	€ 1 4,882.00
	Gross Profit		€ 1 0,755.00	€ 1 7,813.00

	Net Profit		€ 8, 269.00	€ 1 4,793.00
	Capital Employed(Total Assets - Current Liabilities)		€ 5 2,394.00	€ 8 4,127.00
	Equity		€ 2 1,701.00	€ 4 6,854.00
	Debt		€ 2 3,713.00	€ 2 2,848.00
	Total Assets		€ 7 7,821.00	€ 117,208. 00

The gearing ratio of both Organizations has been calculated for the purpose of identifying the amount of financial leverage and risk associated with both the capital structure. The debt-to-equity ratio of Unilever is 1.09 whereas for P&G it is 0.49. This shows that the amount of Debt capital present within Unilever is higher compared to that of its competitor. The debt-to-asset ratio of Unilever is 0.3 whereas for its competitor it is 0.19. This shows that the amount of assets presents within Unilever that are financed through debt is higher when compared to that of P&G (Shaikh *et al.* 2022). The gearing ratio of the Organization is 0.52 whereas for the competitor it is 0.33. Comparing the gearing ratio, it is clear that the amount of financial risk and leverage associated with the capital structure of Unilever is higher when compared to that of P&G.

Efficiency ratios

*this is good discussion
but still need to cite
source for your
competitor data*

Ratio	Formulas			
			Year	
			Unilever	P&G
Efficiency	Days			
Asset Turnover Ratio	(Total sales/ Average assets)		0.8	0.7
Days of Sales Outstanding (DSO)	(Average Receivables /Net Revenue)x365		42.9	23.4
Days of Inventory on Hand (DOI)	(Average Inventory /Cost of Sales)x365		43.9	59.9
Days of Payables (DOP)	(Average Payables /Cost of Sales)x365		133.4	128.9
Cash Conversion Cycle (CCC)	DSO + DOI - DOP		-46.6	-45.5
Notes (In millions)				
	Inventories		€ 5, 931.00	€ 6, 924.00
	Cash		€ 4, 326.00	€ 7, 214.00
	Accounts Receivables		€ 7, 056.00	€ 5, 143.00

	Net Revenue		€ 6 0,073.00	€ 8 0,187.00
	Cost of Sales		€ 4 9,318.00	€ 4 2,157.00
	Accounts Payables		€ 1 8,023.00	€ 1 4,882.00
	Total Assets		€ 7 7,821.00	€ 117,208. 00
	Distributable Profit		€ 8, 269.00	€ 1 4,793.00

Comparing the efficiency ratio of both the Organizations it can be stated that the Asset turnover ratio of P&G is better at 0.7 when compared to that of Unilever at 0.8. The days of outstanding sales are also better than P & G at 23 days whereas in the case of Unilever, it is 42 days. The days of the inventory on hand is 43.9 days in the case of Unilever Where for its competitor it is 59 days which means that the financial efficiency of Unilever in managing inventory is better when compared to its competitor in the market. Now considering the days of payable it is very significant that the days of payable of P&G is slightly better by 5 days when compared to that of Unilever in the market. Lastly, the cash conversion cycle shows that there is a light difference between the two companies with P&G having a cash conversion cycle that is 1 day more efficient when compared to that of Unilever (Easton *et al.* 2021).

Recommendation on how to improve the financial management of the company

Considering the above financial ratio analysis as well as the recent trends of events that have been present within the Organization there are some recommendations that can be given to improve the financial management of Unilever and they are as follows:

1. One of the trends that have been considered is that of the Organization's investment in the implementation of Artificial Intelligence and block chain design. It is recommended that the Organization must also look forward to implementing Artificial Intelligence and block chain design within the financial management systems of the firm (binti Tsuraya et al. 2023). This will ensure that the Organization is able to effectively improve the accuracy as well as security of financial management data based upon which financial decision can be made efficiently improving the financial performance of the firm.
2. It can be recommended that the Organization needs to improve its liquidity this is because the Organization has currently low levels of current assets when compared to that of current liabilities. Improvement in the investment of current assets will make sure that the company is more stable and is able to increase its overall efficiency in terms of covering liabilities and short-term expenses that are present within the day to day operations of the firm (Setyowati et al. 2023). The Organization will become stronger with better cash reserves as well as other current assets that efficiently cover the current liabilities of the firm.
3. The Organization also needs to improve its current capital structure considering the high leverage and risk associated with the overall financial operations of the firm. High levels of debt severely affect the cost of operation which is also affecting the business performance when compared to that of its competitor in the market. Achieving and optimizing capital structure will make sure that the financial efficiency of the firm is improved and the company is able to outgrow its competitor like P&G.

Part C

Calculate the Payback Period (PBP), Accounting Rate of Return (ARR), and the Net Present Value

Project A

Payback Period (PBP)

Year	Projected Cash flow	Cumulative Cash flow
0	£ (80,000,000.0)	£ (80,000,000.0)
1	£ 25,000,000.0	£ (55,000,000.0)
2	£ 25,000,000.0	£ (30,000,000.0)
3	£ 20,000,000.0	£ (10,000,000.0)
4	£ 55,000,000.0	£ 45,000,000.0
	Payback Period	2.78

Accounting Rate of Return (ARR)

Year	Projected Cash flow
0	£ (80,000,000. 0)
1	£ 25,000,000. 0
2	£ 25,000,000. 0
3	£ 20,000,000. 0
4	£ 55,000,000. 0
Profit	£ 45,000,000. 0
ARR	14%

Net Present Value

Year	Projected Cash flow	Cost of Capital @9.75%)	PV of cash Flow
0	£ (80,000,000.0)	£ 1.00	£ (80,000,000.0)
1	£ 25,000,000.0	£ 0.91	£ 22,779,043.3
2	£ 25,000,000.0	£ 0.83	£ 20,755,392.5
3	£ 20,000,000.0	£ 0.76	£ 15,129,215.5
4	£ 55,000,000.0	£ 0.69	£ 37,909,196.0
		NPV	£ 16,572,847.3

Project B

Payback Period (PBP)

Year	Projected Cash flow	Cumulative Cash flow
0	£ (75,000,000.0)	£ (75,000,000.0)
1	£ 50,000,000.0	£ (25,000,000.0)
2	£ 20,000,000.0	£ (5,000,000.0)
3	£ 20,000,000.0	£ 15,000,000.0
4	£ 20,000,000.0	£ 35,000,000.0
	Payback Period	2.429

Accounting Rate of Return (ARR)

Year	Projected Cash flow
0	£ (75,000,000. 0)
1	£ 50,000,000. 0
2	£ 20,000,000. 0
3	£ 20,000,000. 0
4	£ 20,000,000. 0
Profit	£ 35,000,000. 0
ARR	11.67%

Net Present Value

Year	Projected Cash flow	Cost of Capital @9.75%)	PV of cash Flow
0	£ (75,000,000.0)	1.00	£ (75,000,000.00)
1	£ 50,000,000.0	0.91	£ 45,558,086.56
2	£ 20,000,000.0	0.83	£ 16,604,314.01
3	£ 20,000,000.0	0.76	£ 15,129,215.50
4	£ 20,000,000.0	0.69	£ 13,785,162.18
		NPV	£ 16,076,778.25

Selection

Good

Payback Period (PBP)

The payback period is a financial management technique that helps in identifying the breakeven point of investment that is achieved. It is important to understand that the two projects that have been compared in the current aspect are project A and project B. It is seen that the payback period of Project A is 2.7 whereas for project B it is 2.4. This shows that project B has a lower period that will be taken by the investment to become profitable for the firm. In this project, B can be considered as an efficient investment option when compared to that of Project A.

Accounting Rate of Return (ARR)

Cite sources

Accounting rate of return on average rate of return is a capital budgeting method that is used for the purpose of effectively identifying the returns that will be generated by the investment options in which the Organization is going to invest. Considering the project options that are present for Unilever that can be set that Project A will be returning 14% returns whereas project B will be having a rate of return amounting to 11.6%. This means that the Organization will be able to have a better rate of return in project A and project A will be efficient in terms of gathering higher returns content to that of project B.

Net Present Value

Net present value is a financial management tool that is used for the purpose of identifying the future value of a correct investment based upon which investment decision-making is made by an Organization like Unilever. It is important to understand that the net present value calculated for project A is £ 16,572,847.3 whereas for project B it is calculated to be £16,076,778.25. This means that Project A will be more valuable at the end of the project life when compared to that project B. Following the Organization must be investing in the project A because it will have higher returns as well as value at the end of the project life.

Good

A not a
yes?

Selection and justification

Based on the above analysis and calculations it can be suggested that Project A can be considered to be more valuable when compared to that of Project B which is very significant for the Organizations. Project A also has a high rate of return which is very significant in terms of allowing an Organization to Yield better returns on investment that is done by the investors of the Organization. It is important to understand that the payback period of the organization's project A is higher when compared to that of project B which will be efficient in terms of turning profitable although the value of the following project will be lower when compared to that of the project. Hence the selected project A will be very justified for the Organization because it will be valuable and effective for the firm.

Good

Recalculate NPV and comment appropriately.

Net Present Value

Project A

Year	Projected Cash flow	Cost of Capital @9.75%)	PV of cash Flow
0	£ (89,000,000.0)	1.000	£ (89,000,000.0)
1	£ 25,000,000.0	0.911	£ 22,779,043.3
2	£ 25,000,000.0	0.830	£ 20,755,392.5
3	£ 20,000,000.0	0.756	£ 15,129,215.5
4	£ 55,000,000.0	0.689	£ 37,909,196.0
		NPV	£ 7,572,847.3

Project B

Year	Projected Cash flow	Cost of Capital @9.75%)	PV of cash Flow
0	£ (83,437,500.0)	1.000	£ (83,437,500.0)
1	£ 50,000,000.0	0.911	£ 45,558,086.6
2	£ 20,000,000.0	0.830	£ 16,604,314.0
3	£ 20,000,000.0	0.756	£ 15,129,215.5
4	£ 20,000,000.0	0.689	£ 13,785,162.2
		NPV	£ 7,639,278.3

Comment

Considering the net present value that has been calculated for both projects when the initial investment increases by 11.25%. The net present value that will be calculated for project A is £7,572,847.3 whereas for the project it is £7,639,278.3. Now it can be seen that the net present value for Project B is higher compared to that of Project A hence the selection of project be *B not be!* will be very suitable as it is more valuable and profitable for the company.

Critically discuss the advantages and shortcomings

Payback Period (PBP)

It is important to understand that one of the biggest disadvantages of the Payback period is that it ignores the time value for money aspect when calculating the returns that will be generated for the payback period. This directly has a negative impact on the accuracy of projection because there is volatility as well as inflation present in the market which influences the value of the project undertaken. On the other hand, it is also important to consider that the payback period only looks at when the Organization's project will break even and does not provide a future overview which limits the extent of decision that is made up on the following matrix (Shim, 2022). One of the significant advantages of using a payback period is that it is providing a very simple and comprehensible understanding of the breakeven point which can be effectively used in collaboration with other methods to make an accurate decision. huh?

Accounting Rate of Return (ARR)

Accounting the creator of Return also has the disadvantage of not considering time value for money which creates inaccuracies in the representation of future value of the project that will be generated within the operations. The accounting rate of return also excludes cash flow which is very significant and important data for the purpose of identifying profits. the accounting rate of return has a very beneficial aspect in that it is very easily comparable which allows the management of an Organization to compare different projects and can be used in collaboration with other methods. The accounting rate of return is also very significant in terms of ensuring that there is the identification of profit that will be generated by the Organizations in the operations of the project (Madura, 2020). The accounting rate of return has a subjective selection of which expenditures and revenues to include or exclude that may have an impact on ARR's performance. This may result in the statistic being manipulated or inaccurate projection that can be done.

[Cite sources](#)

Net Present Value

The advantage of net present value is that it considers time value for money which is very significant for the purpose of making future projections. This improves the accuracy of the value that is calculated for the future of the project. Net present value considers the cash inflow which makes it a very detailed method for calculating project value. That disadvantage that is related to the following method is that of inconsistencies of assumptions that are made there are several assumptions that must be considered while conducting calculations that tend to directly affect the accuracy of projection and also affect the investment decision. NPV provides a comprehensive picture of the potential value of the project by taking into account all cash flows connected with it, including the initial investment, operating cash flows, and terminal

value. A positive NPV implies that the project is anticipated to provide a value greater than the cost of capital, making it a clear decision rule for project selection (Finkler *et al.* 2022).

ok

Discuss nonfinancial factors that management

Unilever will have to also consider some of the nonfinancial factors while making investment-related decisions. One of the significant factors that must be considered is the regulatory norms that must be complied with by the Organization in selecting a project that will make sure that the firm is able to legally comply with the rule of the land. Consumer demand and behavior is also a very significant nonfinancial factor that must be considered by the management before selecting a project as a selection of a project that is more suitable to the demand will be very beneficial for the firm. Lastly, considering the sustainability and environmental factors will also be very significant in terms of making sure that the firm is able to conduct and choose sustainable project options.

very terse --

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75/100

PAGE 1

Text Comment. very high similarity but seems only titles common with other papers

QM

index of tables

index of tables

PAGE 2

Text Comment. why no visual aids?

PAGE 3

QM

ok

ok

QM

Good

Good

Text Comment. wow "the organisation" sounds like a crime gang, ha!

QM

Good

Good

PAGE 4

Text Comment. little more detail would have helped

PAGE 5

Text Comment. formatting issues for some numbers

PAGE 6

Text Comment. ok tables need to be properly labelled

PAGE 7

Text Comment. good discussion supported by details

PAGE 8

PAGE 9

Text Comment. good discussion and calcs but you do need to cite source

PAGE 10

PAGE 11

Text Comment. same comments as above

PAGE 12

PAGE 13

PAGE 14

Text Comment. good

PAGE 15

Text Comment. how did you source P&G data?

PAGE 16

PAGE 17

Text Comment. ok

PAGE 18

Text Comment. good

PAGE 19

PAGE 20

Text Comment. this is good discussion but still need to cite source for your competitor data

PAGE 21

PAGE 22

Text Comment. slight?

PAGE 23

Text Comment. what would it do with AI and Blockchain?

PAGE 24

PAGE 25

PAGE 26

PAGE 27

PAGE 28

PAGE 29

QM

Good

Good

PAGE 30

QM

Cite sources

Cite sources

Text Comment. A not a, yes?

QM

Good

Good

QM

Good

Good

PAGE 31

PAGE 32

Text Comment. B not be!

PAGE 33

Text Comment. huh?

QM

Cite sources

Cite sources

PAGE 34

QM

ok

ok

Text Comment. very terse --

PAGE 35

PAGE 36

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PART A - CRITERION 1 (10%)

A brief history of the chosen company including its business model, market place and major competitor(s), as well as a review of major

recent events over the past five years (e.g. change of directors, profit warning, legal issue, M&A, or any strategic changes)..



a well written history of the company / key events / etc. Including more details to the company's history would have added value but what was here seems solid

7

PART B- CRITERION 1 (50%)

A critical review of the company's financial performances including • Calculation of key financial ratios for the past 5 years (e.g. profitability, liquidity, gearing, efficiency ratios) • Critical evaluation of the ratios calculated • Comparison to major competitor(s) and/or sector average if possible • Any recommendation on how to improve the financial management of the company (As a guidance, the calculation of ratios contributes to 10 marks, 40 marks to ratio analysis with comparisons to competitors and remaining 10% to future recommendations.)



excellent calculations on display, solid maths, some additional details / sources for points raised would added value, but interpretations were sound

40

PART C- CRITERION 1 (10%)

1. Calculate the Payback Period (PBP), Accounting Rate of Return (ARR) and the Net Present Value (NPV) of the project. Evaluate the results of these calculations and recommend with reasons which project should be adopted.



Solid calcs, clear and well executed. Lack of referencing cost points -- must fully support statement made

6

PART C- CRITERION 2 (20%)

2. Assume the initial investments for each project increase by 11.25%; recalculate NPV and comment appropriately



Solid maths, good concise discussion followed,

18

PART C- CRITERION 3 (5%)

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. Please also address the non-financial factors that need to be considered. (



A well written answer with some good descriptions included but lack of references cost points. Also some nonsensical statements also caused concern

2

PART C- CRITERION 4 (5%)

4. Discuss non financial factors that management needs to consider



A very light discussion of non financial factors, more points would have been welcome and provided a stronger answer

2

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

CRITERION 8