COVER PAGE AND DECLARATION

	Master of Business Administration (M.B.A.)
Specialisation:	MBA in Information Technology& System Management
Affiliated Center:	CEO Business School
Module Code & Module Title:	MGT570 : Financial management
Student's Full Name:	Ahmed Saif Nasser Al Maqbali
Student ID:	EIU2020285
Word Count:	3559
Date of Submission:	22/11/2021

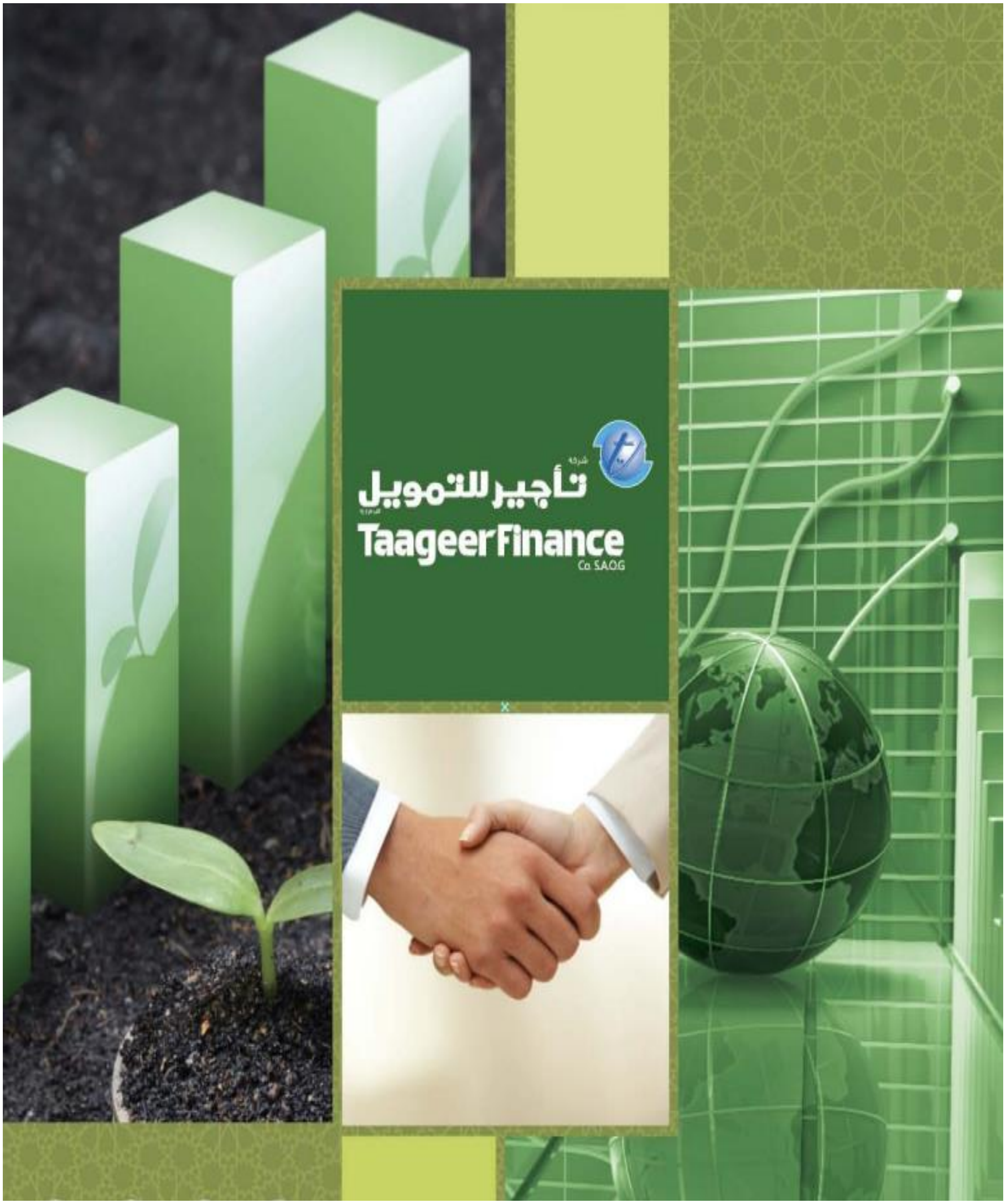
I confirm that this assignment is my own work, is not copied from any other person's work (published/unpublished), and has not been previously submitted for assessment elsewhere.

E-SIGNATURE: AHMED ALMAQBALI

DATE: 22/11/2021

EIU Paris City Campus
Address: 59 Rue Lamarck, 75018 Paris, France | **Tel:** +33 144 857 317 | **Mobile/WhatsApp:** +33607591197 | **Email:** paris@eiu.ac

EIU Corporate Strategy & Operations Headquarter
Address: 12th Fl. Amarin Tower, 496-502 Ploenchit Rd., Bangkok 10330, Thailand | **Tel:** +66(2)256923 & +66(2)2569908 | **Mobile/WhatsApp:** +33607591197 | **Email:** info@eiu.ac



Taageer Finance Corporation SAOG

Contents	pages

1. Introduction

Financial management is a type of management that deals with the planning and control of financial resources. In the twentieth century, financial management became a distinct field of study. It was formerly only used in economics. Its scope as an educational subject has seen several fundamental alterations over time (P, 2021). Financial management was initially mainly concerned with the gathering of finances for business. However, in today's world, financial management encompasses not only the gathering of cash but also their proper utilization. In today's world, financial management examines a company's entire financial picture.

Financial management can be defined as the process of planning, organizing, directing, and controlling an organization's financial activities. "The activity connected with the planning, raising, controlling, and administering of finances used in the business," Guthman and Dougal define financial management as. It is focused with the appropriate acquisition and utilization of funds.

The management of the finance function is referred to as financial management. It is involved with an organization's financial planning, organizing, directing, and managing activities (P, 2021).

Everything you need to know about how a firm makes financial decisions. Financing, investment, dividends, and working capital management are all important parts of financial decision-making. Decision making assists in utilizing existing resources to meet the organization's objectives; nevertheless, unless minimal financial performance requirements are met, a company enterprise will not be able to survive over time.

As a result, financial management primarily serves as a conceptual and analytical framework for making financial decisions (Massey, 2021).

Financial decisions can be divided into three categories: 1. Long-Term Finance Decisions 2. Short-Term Finance Decisions 3. Intermediate-Term Finance Decisions 4. Short-Term Finance Decisions 5. Intermediate-Term 2. Financial Decisions in the Short Term

Four major financial decisions must be made:

1. Capital Budgeting vs. Long-Term Investment 2. Capital Structure and Financing Options Decision on Dividends 4. Make a decision on how to manage your working capital.

Accounting records must be kept and a variety of financial reports must be produced, including the following:

- **The balance sheet** (also known as a statement of financial position or a statement of financial condition) illustrates the company's assets and how they are financed. The funding covers what it owes others (liabilities) as well as the investment of its shareholders (equity).
- **The income statement** (also known as the profit and loss statement, profit and loss statement, or statement of operations) shows the company's profit or loss for the period covered by the financial statements.
- **The cash flow** statement illustrates how much money was collected and spent over the course of the period.

The financial statement notes give information that is useful in understanding and evaluating the financial statements(Thomas, 2014).

Annual reports are official financial statements that are published and given to company investors and other interested parties on a yearly basis. The reports evaluate the previous year's activities and explain the companies' outlook for the coming year, as well as their position and prospects. Annual reports are produced by both for-profit and non-profit organizations ("Annual reports - Encyclopedia - Business terms," 2020).

Many other businesses, on the other hand, see their annual report as a potentially valuable marketing tool for disseminating their views on the company's performance. With this in mind, many medium- and big businesses spend significant resources to make their annual reports as appealing and useful as possible. In such cases, the annual report becomes a platform for a firm to relate to, influence, preach, opine on, and discuss a wide range of subjects and themes ("Annual reports - Encyclopedia - Business terms," 2020).

Annual reports are still primarily aimed at current shareholders and new investors. Employees (who are now likely to be shareholders), consumers, suppliers, community leaders, and the general public are all targets.

To comprehend all of the details hidden in an annual report's footnotes, an MBA may be required. Nonetheless, focusing on a few important aspects of the report might help you gain a better knowledge of a company.

Taageer Finance Corporation SAOG (the Corporation) is an Omani common equity corporation founded on October 22, 2005, and licensed with the Industry department. On the 24th of December, the Corporation was formed as a restricted equity corporation. By a vote of the members issued on August 27, 2005, the firm was transformed to an Omani mixed equity corporation on October 21, 2005. The corporation operates in the Sultanate of Oman, offering renting, credit factorization, bridging finance, and infrastructure lending. The stocks of the corporation are traded on the Muscat Securities Market. The Corporation's legal headquarters is at Al-Khuwair, Muscat Sultanate of Oman. As of December 31, 2020, the Corporation operated in the Kingdom of Oman with a structure of 5 (2019 - five locations) business units and 163 workers (2019 - 162 employees). (Sean, 2018)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31December

	2018 RO'000	2017 RO'000
Income		
Finance income	14,948	14,220
Interest expense	(5,457)	(4,920)
Net finance income	9,491	9,300
Other operating income	1,516	1,081
	11,007	10,381
Expenses		
General and administrative expenses	(4,017)	(3,816)
Depreciation	(198)	(226)
	(4,215)	(4,042)
Profit before provision for impairment	6,792	6,339
Impairment in net investment in finance leases, working capital finance and factoring receivables under IFRS 9	(1,600)	(678)
Profit before taxation	5,192	5,661
Taxation	(325)	(958)
Net profit for the period	4,867	4,703
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Movement in Fair Value Reserve (FVOCI Equity instrument)		
Equity investments at FVOCI – net change in fair value	(441)	(63)
Total comprehensive income for the year	4,426	4,640
Basic and diluted earnings per share (baizas)	19.19	18.55

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	2018 RO'000	2017 RO'000
ASSETS		
Cash and bank balances	**1,986**	2,028
Net investment in finance leases, working capital finance and factoring receivables	**163,377**	147,476
Other receivables and prepayments	**426**	517
Deferred tax asset	**797**	86
Investment in un-quoted securities	**-**	519
Vehicles and equipment	**343**	410
Statutory deposit	**250**	250
Total assets	**167,179**	151,286
LIABILITIES AND EQUITYLIABILITIES		
Bank overdrafts and short term loans	**59,636**	59,349
Unsecured Non convertible bonds	**6,126**	-
Tax payable	**1,291**	1,199
Creditors, accruals and other liabilities	**3,049**	3,348
Corporate and security deposits	**7,031**	10,092
Long term loans	**49,550**	38,665
Total liabilities	**126,683**	112,653
EQUITY		
Share capital	**25,359**	25,359
Legal reserve	**4,554**	4,067
Fair value reserve	**(441)**	-
Retained earnings	**11,024**	9,207
Total equity	**40,496**	38,633
Total equity and liabilities	**167,179**	151,286
Customers Liabilities under guarantees	**569**	246
Net assets per share (baizas)	**160**	152

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 RO'000	2019 RO'000
Income		
Finance income	**16,802**	18,295
Interest expense	**(8,426)**	(7,759)
Net finance income	**8,376**	10,536
Other operating income	**1,035**	1,563
	9,411	12,099
Expenses		
Operating expenses	**(4,506)**	(4,523)
Depreciation	**(419)**	(354)
Impairment in net investment in finance leases, workingcapital finance and factoring receivables	**(2,021)**	(2,553)
	(6,946)	(7,430)
Profit before taxation	**2,465**	4,669
Taxation	**(395)**	(866)
Profit for the year	**2,070**	3,803
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets at fair valuethrough other comprehensive income – net of tax	**-**	-
Total comprehensive income for the year	**2,070**	3,803
Basic and diluted earnings per share (baizas)	**8.16**	15.00

2. Performance evaluation:

The practice of evaluating essential financial records to acquire a clearer knowledge as to how the organization is operating is known as financial report assessment. However, there are numerous various forms of financial statements that may be evaluated as component of this approach, the fiscal financial position, operating income, free cash flow, and monetary survey are among the most significant, particularly for executives.

2.1 Profitability:

Gross profit margin: After removing the cost of the product, the gross margin ratio is a profit ratio that shows what proportion of income is remaining. The direct cost of manufacturing is not included in the cost of products sold, nor are running expenditures, borrowing, or levies. In alternative terms, gross profit ratio is a measurement of profitability that excludes running costs and is particular to a brand or unit category (Sean, 2018).

(Earnings - Cost of Sales) / Earnings * 100 = Gross Margin

By accessing the four-year data of Taageer Finance Corporation, the gross profit margin for the year 2020 is 14.67% while for the year 2019 the gross profit margin ratio will be 25.58% and for the year 2018 and 2017 are 34.78% and 39.88% respectively. This show that the company's profitability decline during the past four years. The reason behind this is mainly the competition and the economic condition of Oman and the industry. There is a high amount of inflation in the country which will allow investors to withdrew their investments as they are not paying the price equivalent to the devaluation that occur in the country. Also by accessing the 2019 and 2020 profits and gross profit margin ratio it is evident that COVID 19 has done a major reduction in the gross profit of the company. This is mainly due to companies that are not offering dividends along with it the investors are reluctant to invest also they are selling the securities off so that they get enough money to face the uncertain situation and stay safe (Sean, 2018).

Net profit margin: After eliminating all expenditures for the firm, such as cost of sales, operational expenditures, debt, and levies, net profit margin is an efficiency metric that indicates what proportion of earnings and other earnings is retained. As a measurement of overall performance, net profit margin varies from gross margin in that it includes not just cost of products sold but also all other connected expenditures.

Net Profit Margin is calculated as follows: Net Profit / Earnings * 100.

As per the analysis of the above company, the company’s net profit margin ratio for the year 2020, 2019, 2018 and 2017 are 12.31%, 20.78%, 32.55% and 33.07% respectively. By assessing the above mentioned ratios it is seen that like gross profit margin the company’s net income margin is also reducing mainly due to higher taxes and high operating cost that leaves behind the lower portion of income in the slot.

2.2 Efficiency ratios:

Efficiency ratios assess a company's capacity to efficiently utilize its resources and control its obligations in the present or short to medium term. Despite the fact that there are numerous effectiveness metrics, they all assess the duration it requires to earn money or revenue from a customer or to liquidate inventories. Stock turnover proportions, asset turnover measures, and receivables turnover proportions are examples of efficiency ratios. These metrics assess a corporation's capacity to control its resources and how well it utilizes its resources to produce income. It's recommended to evaluate a corporation's economic ratio to that of its rivals in the same sector using any profitability ratios.

The company’s asset turnover ratio will be 1.18% for 2020, 2% for 2019, 2.9% for 2018 and 3.1% in 2017 respectively. From the above mentioned ratio analysis it is assumed that the company is not utilizing its resources efficiently as we move from 2017 to 2020. The company is underutilizing its assets, the main reason behind it is the lack of knowledge and supervision as the company’s resources are being idle during most of the time. In 2019 and 2020 it is obviously that the company has not performed its operations due to lockdown and closure of business hence its asset turnover might fall to a certain level.

2.3 Short-term Solvency:

A solvency ratio is a key metric used by potential corporate lenders to assess a company's ability to meet long-term obligations. A stability ratio is a financial stability indicator that determines if a company's operating capital is sufficient to pay long-term commitments. An unsatisfactory ratio may indicate that a company is in danger of failing on its financial obligations. It assesses this operating cash capability in relation to all commitments, not just short-term borrowing. A solvency ratio evaluates a corporation's lengthy stability by assessing its capacity to discharge protracted borrowing as well as the interests on such borrowing.

The short term solvency ratio can be calculated by using the formula as the net income divided by short term debt. In this case the company’s short term solvency ratio is 3.1% for 2020, 6% in 2019, 8.15 in 2018 and 7.92% in 2017 respectively. In this case the company is reducing the amount of short term borrowings that is being borrowed to fund the cash shortages. The main reason behind this is that company might now opt to get long term financing or the company has now more cash from operations.

2.4 Long term solvency:

A stability ratio is a key metric used by potential corporate stakeholders to assess a company's ability to meet long-term obligations. A stability ratio is a measure of a company's economic stability that assesses if its working capital is sufficient to meet long-term obligations. An unfavorable ratio may indicate that a company is in danger of failing on its financial obligations. It considers all obligations, not just short-term borrowing, when determining operational cash capability. A solvency ratio assesses a company's long-term stability by determining its ability to repay long-term debt as well as the interest on that debt. (Li et al., 2011).

It is calculated by taking ratio of net income to long term debt. The company’s long term solvency ratio for the year 2020, 2019, 2018, and 2017 are 7.81%, 14.21%, 22.32% and 39.05% respectively. Here we can see that as in 2020 the company is able to pay only 7.81% of the cash to long term while when we move backward, we examine that a 39% debt can be paid through our profit. The reason behind this decline is that the company is not getting the desired profit level that it wants to achieve due to economic and environmental imbalances in year 2020 and 2019 respectively (Li et al., 2011).

2.5 Market based ratios:

The present shares marketplace of a clearly and openly particular value is evaluated using fair value metrics. Existing and future buyers use these measures to judge if an assets are now over or underpriced. Earnings per share is computed by dividing the company's declared profits by the entire amount of existing units (there are several variations on this calculation). This statistic would not in any manner represent the markets rate of a corporation's stocks, but it may be utilized by shareholders to determine how much they believe the stock is valued. The company's EPS is the 1% in year 2020, 2019 and 2% in 2018 and 2017 respectively.

3. Recommendations:

The company has to utilize its resources fully in order to get return on these assets in order to get profitable. Also as the company's profitability declines it will also reduce the company's ability to repay the short term and long term debts that are being taken to support or meet the cash imbalances in the company's operations. Also the efficiency ratios can be improved by efficiently utilizing the resources that are being used in the operations. These might be the company's employees, its machinery etc. too kept with the pace that is needed to do the job.

3.1 New investment project:

The new investment project might be successful for the company. The company will want to introduce a life insurance plan. Now days the world has been facing with medical issues. In these days everyone wants to get a life insurance to be done for his or her family. The company has to open up a new insurance product with any name for life insurance that cover s all the family members for their hospitalization (Deuskar & Johnson, 2021). The prevailing COVID-19 is the best opportunity to get the offerings done as in recent days' company has not gained enough in car financing and other asset insurances. The company by issuing or offering these facilities in the country will be able to gain the customer base that is lost. Also the company might offer those securities that are adjusted for inflation and other risk premiums. This will encourage investor to invest in the securities and get a better return despite the devaluation or recession in the economy (Deuskar & Johnson, 2021).

The company will have to offer an inflation protected security fund that is for the short term so that the deposit level will increase again and during this recession phase the companies that want to get funding and are desperate to find a way to end this critical situation and get the funding to continue their operation might be there potential customers. Also investing the huge amount of cash in the foreign currency the company might be able to get a better return on the pool investment (de Oliveira Souza, 2019).

By getting at the NPV method the company will have a positive NPV of the project as the devaluation against foreign currency will boost the company’s fund earnings and hence the company will be able to meet the investor’s relations.

4. Conclusion.

Investors with Oman's Taageer Financing Corporation had authorized its issuing new uninsured as well as non-convertible primary notes worth upwards to 10 million Omani riyals ($25.97 million). Supplemental shares will be issued through a green shoe choice worth upwards to 5 million Omani riyals as well as a preferred stock at a notional price about one Oman riyal per note. This firm, whose offers automobile financing, also stated claimed this certificates will become redeemable lasting 2 years inside a report towards the Muscat Security Exchange (de Oliveira Souza, 2019). Upon sweeping this same globe, triggering a greater amount of fatalities as well as infectious diseases, it’s starting to sprout up corona virus (Covid-19) had also risen to this same frontline of the incident all over us round the globe, and it keeps going to broaden horrendously all over nations without halting as well as discovering a prescription medication which could indeed eventually stop it in an efficient shape. Certainly, this disease's fast growth as well as dissemination seems to have had a significant and negative impact on individuals, trade, including industry. Numerous experts engaged inside the area of corporation throughout the globe are working harder to understand that influence of both the developing corona virus (Covid-19) on global economies, as well as the economy of Oman, and regardless of whether such impact was bad or beneficial, and even the features of influence. Furthermore, the current COVID-19 would be the optimum time to complete the products so because firm has still not gathered sufficient experience in vehicle finance plus various property insurance plans.

Financial management paves the way for an organization's goals and objectives to be met. A financial manager's primary responsibility is to assess organizational efficiency through efficient resource allocation, acquisition, and management.

The following are some of the reasons why financial management is important:

- It aids in financial planning.
- It aids in the acquisition of finances from many sources.
- It assists in the proper allocation of funds.

- It improves the efficiency of the organization.
- It decreases production delays; it lowers financial costs; and it lowers the cost of capital.
- It guarantees that funds are used properly.
- It assists businesses in making financial decisions.
- It creates a strategy for maximizing profits at the lowest possible cost.
- It boosts the wealth of shareholders.
- It has the ability to manage the financial parts of the company.
- It disseminates data through financial reporting.
- It teaches employees how to save money.

One of the most crucial components of business is financial management. You will need outstanding financial management knowledge to establish or perhaps operate a successful business.

Finance is a fundamental and crucial component of any business. Without sufficient financing, profit-making or other organizations will struggle to survive for lengthy periods. Apart from this, effective management of these financial resources is necessary for long-term sustainability and viability.

Financial management aids companies in achieving this goal. This word refers to an organization's financial activities and procedures being planned, organized, directed, and controlled in an effective and efficient manner. Apart from several other duties, this covers fund procurement, financial resource allocation, and fund utilization.

References:

P, I. (2021, June 2). *Introduction to financial management: Meaning, definition, objectives, functions, Scope*. Economics Discussion. Retrieved October 14, 2021, from https://www.economicsdiscussion.net/financial-management/introduction-to-financial-management/33281.

Massey, N. (2021, June 2). Types of financial decisions in financial management. Economics Discussion. Retrieved October 14, 2021, from https://www.economicsdiscussion.net/financial-management/types-of-financial-decisions-in-financial-management/31652.

Thomas, M. J. B. S. (2014). *FINANCIAL STATEMENTS*. 115–116.

Annual reports - Encyclopedia - Business terms. (2020). Retrieved from https://www.inc.com/encyclopedia/annual-reports.html

de Oliveira Souza, T. (2019). Dissecting market expectations in the Cross-Section of Book-to-Market ratios. *SSRN Electronic Journal*. Published. https://doi.org/10.2139/ssrn.3449526

Deuskar, P., & Johnson, T. C. (2021). Funding liquidity and market liquidity in government bonds. *Journal of Banking & Finance*, *129*, 106165. https://doi.org/10.1016/j.jbankfin.2021.106165

Li, B., Sun, Q., & Wang, C. (2011). Liquidity, liquidity risk and stock returns: Evidence from japan. *European Financial Management*, *20*(1), 126–151. https://doi.org/10.1111/j.1468-036x.2011.00629.x

Sean, K. A. M. A. I. L. (2018). Financial accountability & management. *Financial Accountability & Management*, *34*(4), 410–412. https://doi.org/10.1111/faam.12142