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COVER PAGE AND DECLARATION

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Introduction:

Financial management includes applying management principles to the financial assets of an organisation, while also playing an important part in fiscal management , objectives involved

It is actually an art efficiently managing finance in companies and institutions. In trade and business entities and various service bodies, there is a financial department that undertakes the competencies related to following up on the financial and accounting movement, or what is known as the budget, in accordance with the pre-established objectives of the capital operation policy. Financial management is the department responsible for studying the best ways to obtain the necessary capital and the best means to use this financing in order to reach the most important goal of the company, which is maximizing its market value and investing capital efficiently in a way that ensures maximizing the wealth of shareholders and achieves survival, growth and continuity of the institution, that is,

1-Create a performance evaluation by analyzing the following performance measures

It can be said that data analysis is a procedure at Wendy's where you scan and detail an organization's financial statements to settle on better monetary options. This analysis achieves the presentation of information that will help business managers, examiners and credit managers. There are three primary sources of information for financial analysis: balance sheet, income statement, and cash flow statement, and these sources are very important in financial analysis..

Breakeven Analysis

Addressing the combination of duty edge and unit size in which the company fully recovers the initial speculation, is important for choosing an object- and organization-focused estimate. Wendy's break-even analysis is the primary speculation that highlights giving huge benchmarks for the long-distance standings. Knowing that you can take back the provinces first project, for example, deals, creativity, processes and theoretical payback can enable you to evaluate and commit to the profit and distinctive components of working at Wendy's. This is one of the most important gains that the company can work on

Target Costing

Supporting, designing and arranging new things via social costs Wendy's new frameworks, differentiating them from target cost levels, and assigning this information to the organization.

Inventory Valuation

Planning, organizing and evaluating Wendy's example line of various expenditures made to check if there are any unexpected discrepancies from the illustration of the whole deal, and exposing the reasons behind these movements to the organization. This helps the company not to be exposed to risks

Capital Budgeting Analysis

Analysis of the capital budget of the company

Analyze and consider the proposal to acquire stable assets from Wendy's, to choose if they are required, and what is the best possible type of financing they can be secured with. Thus, we can arrive at Wendy's variable cost income statement

Variable costing Income Statement for Wendy's

Sale (20,000x50)		\$1,000,000
Cost of sale		
Variable Manufacturing cost (20,000x18)	\$360,000	
Variable Selling and Administrative Expenses (20,000x4)	\$80,000	(\$440,000)
Contribution Margin		\$560,000
Fixed Manufacturing cost	\$300,000	
Fixed Selling and Administrative Expenses	\$190,000	(\$490,000)
Net Operating Income		\$70,000

Absorption Costing Income Statement

Sale (20,000x50)		\$1,000,000
Cost of sale		
Variable Manufacturing Cost (20,000x18)	\$360,000	
Fixed Manufacturing Cost (300,000÷25,000x20,000)	\$240,000	(\$600,000)
Gross Margin		\$400,000
Variable Selling and Administrative Expenses (20,000x4)	\$80,000	
Fixed Selling and Administrative Expenses	\$190,000	(\$270,000)
Net Operating Income		\$130,000

Inventory management system

It is important to note that Wendy's effective inventory management is linked to an estimate of what is close to it, where it is used and what is the total that completes the process of something happening. Inventory management is the path towards overseeing the expected flow of units passing through existing stocks or stock. This is important in corporate governance and management.

Budgetary Control

Differentiating spending designs and genuine operational results is suggested as budgetary control. Such budgetary control helps to arrange, coordination between divisions, fundamental initiative, checking of working results and motivation of staff to achieve business targets. The lead is the same for autonomous endeavors and furthermore enormous. Budgetary control is a technique for managers to set monetary and execution goals with spending designs, consider the genuine results, and adjust execution, as it is required. A financial plan is a declaration of money related resources that have been allocated for the lead of particular activities for a three-, six-or year day and age.

1-a) Profitability

What I would like to point out here is that by calculating the total profitability, you need to determine the amount of the company's profits, as well as the costs incurred in achieving this financial result. Account information is obtained from the company's financial statements. Profitability indicators may vary. It reflects the effectiveness of one or another aspect of the company, and reflects what is happening inside it

.

Moreover, Profitability is a primary objective, essential to the company's business survival and continuity, and a goal to which shareholders aspire. It is the relationship between the profits achieved by the company and the investments that contributed to achieving these profits. Therefore, we find that a great effort is directed towards the optimal use of available resources in order to achieve the best possible return for shareholders, whose value is not less

than the return that can be achieved on alternative investments that are exposed to the same degree of risks.

Profitability ratios are used to assess a company's ability to generate profits from its operating activities in comparison to the expenses and other costs incurred during a specified period of time.

It is also an important tool for measuring the efficiency of management in the use of sufficient resources at their disposal. Profitability ratios that have a higher value compared to previous periods indicate that the company is achieving an increase in sales, and thus an increase in profits. Some examples of profitability ratios: net profit margin and gross

Profit, return on assets, return on equity, return on invested capital and net profit
arrow.

1-b) Efficiency

Efficiency is also important to measure as part of productivity, this gives a benchmark against which the performance of employees can be compared and this method can be followed with the following steps:

- Determine what is the standard number of hours worked for a given output let's say it is 60.
- Calculate the actual amount of working time, in this case we will use 75.
- Divide the standard working hours by the actual amount of time worked and then multiply the result by 100 in this, the calculation will be:

$60/75 \times 100 = 80$, this means that the efficiency is 80 percent

Important to leaders is communication in application in the relationship with regard to the ultimate goal of playing the essential components of the organization, for example, planning, organizing, command and control. Communication urges the principal to perform their duties and obligations. It fills communication as the basis for organization. All the essential information must be given to the manager who in this way must pass the plans with a definite end objective for their implementation. Moreover, dealing with others requires extensive communication with others about their work assignment. Likewise, the pioneers as superiors must speak

satisfactorily with their subordinates regarding the ultimate goal of terminating the gathering destinations. Control is not possible without verbal and verbal communication. The communication process is a very necessary process

Cash Flow Statement

Wendy's payroll and appears to be beneficial, however direct aggregations of billed arrangements could impede its ability to meet its current budgetary responsibilities. The unfortunate activities in sectors of workers, salesmen and privileged banks can create to the point of affecting the association to go bankrupt. To get a picture of your salary over a predetermined period of time, put an expression for salary. A completed recall process for a specified period of time (usually a quarter) enables you to look ahead to allot the time associated with a pledge that you have accessible assets to pay your bills.

Fund Flow Statement

It is worth noting that Wendy's Fund Flow Statement is a statement that discloses systematic information about the store's unambiguous sources and their use in an accounting cycle. It deals with trades that change either the measure of current assets and current liabilities (such as a reduction or addition in working capital) or stable assets, and the payment of the entire transaction including the equity fund. It gives a reasonable picture of the progress of funds between the opening and closing dates of the balance sheet. All of them are necessary accounting tools for companies

1-c) Short-term Solvency

The solvency of the enterprise is the ability to meet its obligations. Regarding the fact that it is convenient for every enterprise to manage its activity with a positive effect, it is necessary to always evaluate its capabilities. For this reason, the analysis of the solvency of the company takes a major place in assessing the effectiveness of the enterprise. Neither a consulting company, nor a rating agency, nor an inspector has forgotten about this indicator, which means that each organization, in order to avoid bankruptcy and maintain competitive positions at a high level, must independently analyze the company's ability and liquidity.

Many companies focus primarily on short-term profit, which is undoubtedly an important thing.. But in an attempt to increase profits, these companies turn to a form of financing, which is debt (debt), which puts the solvency of the company at risk.

It is necessary to perform calculations of current liquidity ratios for different periods, namely the ratio of current assets (TA) to current liabilities (TL). Current assets are equal to current assets, which can be seen from the balance sheet items, excluding income from future operations. Current liabilities include short-term liabilities, i.e., they are obligations on tax authorities, wages, settlements with suppliers, etc. Current liabilities assume payment of obligations during the next period, for example, a month. The liquidity of the company shows whether the company is able to cover short-term liabilities at the expense of its assets in the shortest possible time, without attracting additional sources. The standard value of the current liquidity ratios is 2.0.

1-d. Long-term Solvency

A company remains solvent because this shows the company's ability to remain in business. If the company owes more than it owns in assets and stops fulfilling its financial obligations, it will become insolvent and most likely enter into insolvency proceedings - which means taking legal measures to convert the company's assets into cash in order to pay off the company's debts.

Solvency ratios are ratios that are calculated to judge the financial position of the organization from the point of view of long-term solvency. These ratios measure a company's ability to meet its long-run obligations and are closely tracked by investors to understand and estimate the company's ability to meet its long-term obligations and help them decide on the long-term investment of their money in the business.

Moreover, By tracking a company's solvency ratio not only can you help reduce the risk of a company going bankrupt but the ratio can also give a bigger picture of whether the company needs more debt or not. Solvency ratio not only helps a company make important financial decisions to keep the company profitable but it also gives lenders an idea of whether or not the company will be able to repay its debts. When lenders go through a company's financial statements, they will usually use the solvency ratio as a basis for creditworthiness.

1-e.) Market-based Ratios

One of the most famous financial ratios used in evaluating the value of the company is the Price-Earnings Ratio (P/E), which is one of the ratios that always appear in the daily financial bulletins. This ratio is calculated by dividing the company's current share price by the realized profits.

2- Recommendations for improving Wendy's business

Decision Making is a reliable and central segment of dealing with any association works out. Decisions are made to keep up the activities of every affiliation activities and dynamic working. Decisions are made at each level of association of Wendy's to guarantee dynamic or affiliation objectives are a specialist.

Revaluation is an adjustment made to the recorded estimation of an asset for decisively to reflect its present market regard. While getting a settled asset, it is ordinarily recorded at inflicted significant damage cost. It's attainable that the advantage's decently assessed worth will change after some time, so associations can pick whether to continue measuring the favorable position on a chronicled cost start (the cost model) or whether to use the revaluation illustrate, whereby fiscal records are invigorated to reflect assets' in the current style promote regard. Moreover, the decision making up one of center practical regards that each association handles and finishes to guarantee consummate headway seeing association and furthermore things advanced.

What is important here is that in connection with my business, the decision is essential in light of the fact that there are results on the off chance that you settle on a wrong decision for an organization. Right when chiefs are settling on decisions in light of a legitimate concern for the association, it is basic that they measure their decisions since poor decisions can realize honest to goodness, cash related or check issues. It is vital in light of the fact that it is helping in guaranteeing a sensible harmony amongst inflow and outpouring of assets so the soundness is kept up. Wendy's made a financial arrangement directly after they made the vision and goals.

Financial Planning is the exhibition of picking early about the cash related activities major for the stress to fulfill its fundamental goals in Wendy's. It joins choosing both whole deals and at this very moment budgetary objectives of the endeavor, itemizing fiscal methodologies and working up the cash related system to fulfill the goals. Financial planning is vital from multiple points of view. As it is a procedure of approaches, confining targets, methodology, projects, and spending plans concerning the financial exercises.

3- The company wants to expand its business through an investment project, however, it can only capitalize 40% through own capital.

3-a) The purpose of WACC is to determine the cost of each part of the company's capital structure based on the proportion of equity, debt, and preferred stock it has. Each component has a cost to the company. The company pays a fixed rate of interest on its debt and a fixed yield on its preferred stock. Even though a firm does not pay a fixed rate of return on common equity, it does often pay dividends in the form of cash to equity holders.

The weighted average cost of capital is an integral part of a DCF valuation model and, thus, it is an important concept to understand for finance professionals, especially for investment banking and corporate development roles. This article will go through each component of the WACC calculation.

Below is the complete WACC formula:

$$\text{WACC} = w_d * r_d (1 - t) + w_p * r_p + w_e * r_e$$

3-b) Retained profits are the profits that the company achieves, and does not distribute it to shareholders, either with the aim of investing it in new business or to pay off outstanding debts, or to distribute it to investors at a later stage.

Wendy's should invest the retained earnings in new projects, which means that they will not have to resort to costly external financing..After the companies calculate the net profits, and distribute a part of it to the shareholders according to the number of shares they own, there

remains a part that the companies keep in their accounts, where they add it to the retained earnings from the past years, resulting in a “total retained earnings.

These gains approximate the stockholders' equity, so shareholders' equity includes them. Retained earnings are that portion of equity that represents a company's undistributed earnings and is its net earnings from the start, with less dividends distributed to shareholders.

Retained earnings are often referred to as surplus realized or reinvested income. The term “undistributed earnings” can be used to explain the meaning of retained earnings. Although the amount of retained earnings or undistributed earnings may be legally available to declare a dividend, it represents only the amount actually paid to the company to affect the overall increase in its net assets

In the ordinary course of things, dividends are dividends that are distributed to the owners or kept within the company. When a company conducts various activities, it may appear as revenue stream from non-recurring transactions, or direct certain items of income to retained earnings.

Also with respect to costs, it may charge some non-recurring charge to income or directly related to retained earnings. Management has discretion to determine the impact of these items on its net income.

Retained earnings are the backbone of the financial structure of the corporate sector and represent that portion of divisible earnings, which are not paid out as dividends. It may or may not be seized.

Retained earnings indicates that a portion of the claim was not available for dividends or any other purpose except as specified by the working capital provision.

Retained earnings increase the net worth of risk and, if used correctly, will increase the earning capacity of the company and therefore the market value of the shares. In fact, profit

management is the working blood of life. To a large extent it is responsible for the success of the project.

4) Decide whether or not the company should pay return earnings or not

Dividend reinvestment, according to Wendy's, "is a management policy under which not all profits are distributed among shareholders, but a portion of profits are 'reclaimed' or retained in the company. These retained earnings are used in the future to fund modernization and expansion programs and meet the needs of Fixed or working capital of the company. Because it means relying on internal sources to meet the financial needs of the company. It is also called "internal financing" or "self-financing".

Internal financing is an ideal way to finance expansion plans because there is no immediate pressure to pay any return on this part of the shareholders. It is complementary to sound and successful financial management

From Wendy's point of view, the retained earnings policy results in the following advantages:

Depression shock absorber pillow: The superior advantage of the take back policy is that this company is well armed to fight the decline and seasonal changes in demand. It acts as a cushion to absorb the shocks of duty cycles.

2. Ease of financing modernization and expansion plans:

There are two additional benefits of in-house financing:

(1) There is no dependence on any external resource; And

(2) No charges or encumbrances shall be created on the property of the company

If Wendy's retains its earnings in the form of dividend equalization fund, it is in a position to follow a policy of constant dividend. Otherwise, a higher rate of dividend in one year and lower price in another year will lead to fluctuations in the market value of its shares.

The dividend return policy ensures to investors (1) that their investment is completely safe and sound, (2) the dividend rate will not decline, and (3) the company can easily face seasonal reactions and business fluctuations.

Reasons for retaining retained earnings Wendy's

- Management's desire to conduct future expansions, carry out investment operations and purchase assets.
- Management's desire to set a safety limit to face unexpected losses and fluctuations.
- Restrictive terms in bond issuance or loan contracts require the company to retain a portion of the profits to protect bondholders or lenders.
- The company's lack of cash to be distributed to shareholders.
- The law in some countries requires the company to retain part of the profits in the form of statutory or legal reserves or other reserves.

Conclusion

Financial management should become part of the key processes within your business and be included in your ongoing planning. This financial report included a scenario about Wendy's company in the United States of America. It talked about some of the company's financial documents, as well as some accounting documents. It presented a proposal to increase the efficiency and activities of the company. The report also contained my perception of the importance of distributing profits to shareholders and investors. Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.

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