COVER PAGE AND DECLARATION

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Student's Full Name:	**Ahmed ahmed eid ahmed**
Student ID:	**EIU2020471**
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E-SIGNATURE: **Ahmed Ahmed Eid Ahmed**

DATE: **20-03-2022**

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

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Introduction

Management of finances refers to the ideas that assist in identifying the best feasible methods for making more money, where you support production, sell goods and fund all activities inside the company. The financial department is also responsible for monitoring money, calculating profit rates, keeping track of the quantity of money received and issued, and calculating the profit and loss ratios. When the company's finances are well-managed, it makes sound financial decisions and serves its mission better. Financial management is essential to a company's growth and improvement.

American fast food chain Subway serves subs and salads made with a variety of fresh vegetables. It is a privately held company in the United States. Doctor's Associates Inc. is the one who makes the claim and oversees the operation. Since its founding in 1964, Subway has expanded to 44,882 outlets in 112 countries and territories. In the United States alone, there are 26,646 locations for the product. It is the world's biggest single-brand food chain and the world's largest restaurant operator. Milford, Connecticut, is home to Subway's corporate headquarters, which is backed by five regional centres throughout the globe. Europe, Australia and New Zealand are served from offices in Amsterdam (Netherlands), while Asian areas are handled from Beirut (Lebanon) and Singapore and Latin American regions are supported from Miami (USA).

1. **Create a performance evaluation by analyzing the following performance measures:**

1. **A) Profitability**

In order to improve their bottom line, company owners might adopt management accounting. Managerial accountants can anticipate financial estimates by studying consumer needs, expected sales, and the impact of customer value fluctuations in the marketplace every day, entrepreneurs will utilize this data to guarantee that they can offer enough products or services at the present pricing to fulfil the demand of their clients. The degree of competitiveness in the financial economic center is also closely monitored by organizations. A company's profitability might be adversely affected by competition.

Management accounting may also help Subway's financial results. So, Subway's financial returns improve as a consequence of the company's management accountants forecasting financial estimates used to predict customer needs and future market sales.

Finally, many types of management accounting systems are crucial for Subway since they assist companies assess their financial status and more. It's possible to overcome financial issues and ensure the success of a business by using management accounting solutions.

Funds Flow Statement

It is now necessary to keep track of changes in an organization's cash flow over the course of a fiscal year using an earlier kind of cash flow statement known as the funds flow statement (FFS). Accounting standards required for the funds flow statement to be included in financial statements from 1971 to 1987. The funds flow statement successfully recorded changes in an organization's net working capital position between the start and end of an accounting period. Net working capital is the difference between an organization's current assets and current liabilities.

Cash Flow Statement

A company's cash flow statement is a critical piece of financial reporting. In a nutshell, the cash flow statement illustrates how much money was generated and spent within the given time period. The organization determines when a statement should be made. Accounting data, including as revenue, expenses, and investments, are all broken down and summarized on the cash flow statement.

Companies need to study and analyses this kind of financial statement. It is important that Subway be able to study their cash flow statement in detail, since it represents the company's cash inflows and outflows as well as its operational, investment, and financing activities

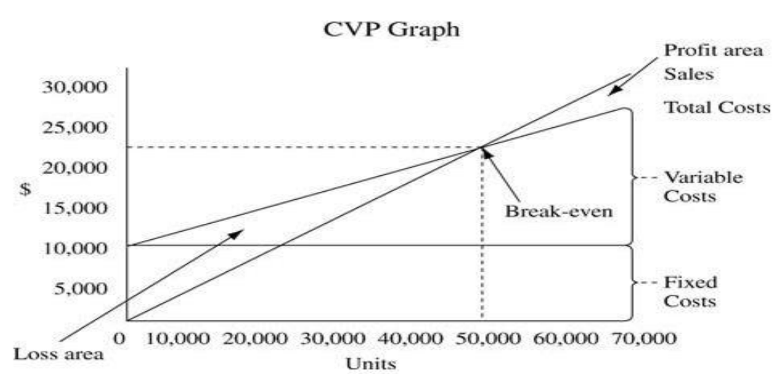
Improve Cash Flow

Management accounting includes a lot of budgeting. Entrepreneurs often consult budgets while planning for upcoming business costs. A company's previous financial data is often used as the foundation for budgets. This data will be analyzed by management accountants and used to produce a company-wide budget plan. Depending on the size of the company, there may be several budget plans for various divisions and locations. It's possible that a company's total budget may or may not contain individual budgets. Most companies utilize budgets to save costs by identifying and eliminating wasteful and unnecessary expenditures.

In addition, Subway may use management accounting software to build budgeting plans for the business, either by division or for the whole company, to enhance their cash flow. Increasing a company's cash flow is attainable when proper budgeting is implemented.

Cost-Volume Profit

A cost-volume-profit analysis shows that variations in spending and volume have an effect on Subway's net pay and employee wages. It is assumed that the price per unit would not change throughout this inquiry. There is no change in the price per unit of variable costs at all. There are no additional expenses that may be added to the fixed costs. Sales of the film have been completed. Costs are affected by changes in activity. Subway does a cost-volume-profit analysis to figure out what changes need to be made in terms of expenses, salaries, and net compensation for its workers. Below is a breakdown of Subway's cost-volume-profit analysis.



1. B) Efficiency

If available resources are being used in the most efficient way to achieve a certain output volume or level while also keeping costs low, then that company has succeeded in reaching its goals to a significant degree. Efficiency refers to the logical and cost-effective utilization of an organization's resources; effectiveness is the degree to which an organization achieves its objectives for the least amount of money and time possible.

Every sector faces five major challenges: growing price competition, decreasing customer loyalty, rising operational costs, and increasing technical complexity.

It will be increasingly difficult for these companies to compete on the basis of the value of their solutions unless they supply a collection of products and services that sets them apart from the competitors. Due to economic pressure, many companies are looking for lower-cost outside resources to lower the pricing of their goods and services. However, establishing international distribution networks comes with its own set of costs and operational complexities. Because of this, new network infrastructures are needed to support existing servers and systems, enabling for a new set of business applications to be created and deployed.

1.C) Short-term Solvency

It's possible that a company with plenty of cash can pay its debts, but that company may be on the edge of financial disaster in the future. Using a company's most liquid assets, excluding inventories, the fast ratio measures its ability to meet short-term obligations.

1.D) Long-term Solvency

This information is important to investors, bondholders, and long-term creditors like banks. When analyzing a company's capital structure, these ratios are often used. Solvency ratios are financial metrics used to evaluate an organization's long-term financial health. In order to comprehend and estimate a company's ability to satisfy long-term obligations and aid investors in determining whether or not to put their money in the business, these ratios are frequently examined by investors.

1.E) Market-based Ratios in Subway

Comparing a company's financial statistics to those of its industry or its rivals may be a useful tool for evaluating the success of a business. It is important for investors in financial markets to be aware of liquidity, profitability, returns on realized profits (ROAP), and investment ratios. Each category has sub-ratios.

Using the P/E ratio, investors may assess how much they're willing to pay for every riyal of a company's current profits. If the company continues to generate the same amount of revenue year after year, it will take a considerable length of time before the investor sees a return on his or her initial investment. For every dollar that a company's P/E ratio increases, the value of its stock increases. Although a corporation with a high share price-to-profits ratio will remain attractive to investors if they can foresee significant revenue growth in the future.

It signifies that investors are undervaluing the stock's value when the price-earnings ratio falls below the average for the company's industry. As an investor, you should assess if the company's low share in P/E is a result of poor financial management or is a sign that it is not a good investment.

2. Suggest recommendations for improving the company business based of your report and research.

Organizations benefit from management accounting systems because they can respond more promptly to financial challenges that may occur. When it comes to improving financial efficiency, Subway may use a range of methods, including: These systems offer both advantages and disadvantages, but they have the potential to be very beneficial to a business if they are properly applied.

For example, if Subway is unsure of how much they should budget for the expenses of things like materials or staff or even the whole cost of Subway's expenditures, they could use a cost accounting system. Cost accounting is an excellent tool for businesses who are having difficulty creating and maintaining an accurate budget for their expenditures. As a consequence, sales will improve and the company's performance is enhanced.

It's also possible that Subway might have an issue getting certain items to customers or other branches; this would be problematic for Subway because it would affect their inventory of goods. To fix it, they would need an inventory management system because it helps them keep track of their goods and who distributes them. For example, this might lead to increased product distribution and a favorable reputation for the company.

Employee compensation may also be a difficulty for Subway. When it comes to caring for its workers, Subway has a lot on its plate, but it must not put the company's financial viability at risk in order to do so. Using the job costing approach may solve Subway's dilemma of offering its staff either too much or too little of a budget. With this accounting system, they will be able to determine the exact amount of money they should be giving their workers, resulting in an improved budget plan, which will undoubtedly lead to the continuous success of the firm due to its stronger financial basis. Finally, based on the examples I've provided, we can see how critical it is for firms like Subway to implement various management accounting systems since it will eventually help them react to financial challenges that the company may encounter. These systems are designed to provide businesses with a more exact approximation of all things financial, and although they may have some drawbacks, they would help Subway run more efficiently and offer them a greater shot at a long-term future with continued success in what they do.

3. **Recommend one new investment project to the company. The company wants to expand its business through an investment project, however, it can only capitalize 40% through own capital**

Comparing different management accounting methods used by companies to deal with financial difficulties is the focus for this project. Determine the strengths and weaknesses of my chosen firm, Subway; then compare and contrast it with its rival. Charley's

Inventory Valuation

During a reporting period, inventory value is the cost of an entity's inventory as at the end of that period. Additionally, it may be used as collateral for loans and is an important part in calculating the cost of goods sold. Subway's asset report lists this value as a current resource. On the basis of Subway's expenditures to acquire the stock, transform it into a state that makes it suitable for sale, and convey it to the optimal location for sale, the inventory value is determined.

Problem	Solution
If there is a rise in stock prices, the incorporation of overhead costs into the stock is advantageous.	By using a marketable approach, Subway is able to maintain an acceptable quantity of stock. Charley's, on the other hand, charges just the usual expenditures for stock, and charges the variances.

Performance Planning and Measurement

The most effective strategy to achieve Subway's prized goals during the assessment year is to use performance planning. In order to meet the association's larger objectives, an agreement is reached with Subway.

Problem	Solution
To meet external reporting needs, cost accounting frameworks have been used to implement implementation strategies.	Instead than focusing on net profit after taxes or return on investment, Subway takes initiatives that benefit the company's employees and customers. However, Charley's shifts emphasis from top-level administration to internal operations.

Business Planning

For Subway, this is a document outlining the company's strategy for long-term success. Business plans should include a wide range of subjects, from the organization's objectives to how many employees it needs. The proprietors of Subway can see in their business plans where they need to take their firms in the future. To get financing, it is also essential for owners.

Problem	Solution
Overhead costs do not accurately reflect changes in volume or various components, such as changes in product mix.	Subway provides the opportunity to assess the impact of item mix adjustments via the use of re-creation. When it comes to relegating these costs, Charley's uses guide charges for goods like engineers, client administration, bookkeeping, and finest administration staff.

Pricing

Subway's owners use pricing to determine how much money they'll make from the sale of products and services. In other words, Subway uses the pricing technique to figure out how much its items, which are crucial to both the company and its customers, should cost.

Problem	Solution
Consider the direct labor when deciding how much to spend on overhead. More established and well-known things are often cheated by this practice, whereas newer and less well-known items are undercharged since they are in the early stages of their life cycle and need more assistance.	Subway puts up various offerings or production cells in order to clearly demonstrate the differences in process requirements.. On the contrary, Charley's separates out the procedures in multiple work centers and creates discrete overhead pools with different overhead rates for each work center. Charley

Strategic Planning

Subway's strategic planning is a hierarchical management action used to set needs, focus energy and resources, strengthen operations, ensure that representatives and other partners are moving in the direction of shared objectives, build assertiveness around planned results, and survey and change Subway's direction in response to changing circumstances With an eye toward the future, Subway's decision-making process has resulted in basic conclusions about what the company stands for and how it operates. In order for Subway to be successful, it has to have a clear understanding of how it will know whether it has achieved its goals.

Problem	Solution
Item costs don't normally take advantage of cost-cutting opportunities.	Subway understands the needs of its customers and eliminates any superfluous processes. Shared responsibilities in the preparation of item costs and financial strategies are required by Charley's senior management.

3-A) Indicate whether it is a good idea by using NPV and WACC.

When it comes to capital budgeting, there are several methods for evaluating a project. A project's net present value (NPV) predicts future cash flows for a business. Finally, using a discount rate that reflects capital expenses and risk, the project's capital and risk are discounted into present value numbers. After that, the investment's future positive cash flows are condensed into a single present value.

3-B) Indicate whether the company must use its own cash or use retained earnings.

By raising the investors' net worth. In order to achieve the goal of increasing shareholder wealth, management should strive to maximize shareholder wealth.

The expected future profits of the company's owners are deducted from the current valuation. These refunds may be exchanged for money.

Either a monthly payment or capital gains from the selling of common shares might be used to pay the dividend. The distribution and retention policy determines how much of the company's profits will go to shareholders. According to many academics, the influence of investors varies greatly. Distribution and retention strategies have become one of the most hotly debated topics in the business world.

To answer two questions, the study's components were dismantled, analyzed, and solved.

Another objective of this study is to see whether the Iraqi Stock Exchange responds in a scientifically, efficiently, and bias-free manner to the incidence of companies listed therein retaining their profits.

The financial objective of the firm is to improve the financial situation of the shareholders. Increasing the market value of the company's stock may increase the financial well-being of its shareholders. The value of the shares is reflected in the market price of the shares, which is a measure of their worth.

Decisions on investments, finance, and dividends made by the business. In terms of significant decisions, divisor-related choices are the most important. The company's financial management must decide whether to disperse all of the company's profits, or to retain part and distribute the rest. Because it reflects a lack of managerial efficiency, maximization theorists argue that the distribution of revenues in a split form is discouraged by wealth

.**Decide whether or not the company should pay return earnings or not.**

For the sake of the company's financial stability and a ceiling on which it can depend in times of crisis or financial hardship, I feel its better not to give profits and returns directly to shareholders, especially if they may decide to sell their shares. Thus, I feel that maintaining the company's returns is essential.

As a result of the non-distribution limitation, such enterprises are prohibited from paying out profits to shareholders or employees. Confidence is bolstered by the restriction since it reduces the ways in which companies may be seen as wasteful.

Conclusion

I chose the Subway Company and provided a detailed answer through the company's application, starting with your company's financial plan, whether short or long term. Additionally, I discussed the company's financial flow. I addressed many recommendations for the company's growth and sustainability in the marketplace, as well as other solutions and actions to ensure the company's long-term survival.

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