COVER PAGE AND DECLARATION

	Master of Business Administration (M.B.A.)
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Introduction:

1. Legal status and operations

Inside the worksheet, we present the data of a Saudi joint stock company, which was established in accordance with the laws of the Kingdom of Saudi Arabia, and it is a company with a commercial registry. The main activity of the company is the operation and establishment of restaurants, supplying institutions, bodies and others with cooked meals, as well as the production and sale of baked goods and pastries. Also, this company carries out the operations of buying and selling land in order to serve its purposes in the construction and building operations. It also rents and uses warehouses and refrigerators for storing food, as of December 2020. Now the number of restaurants owned by the company has reached 40 restaurants, and there are also 340 restaurants leased by the company, all of which operate within Kingdom of Saudi Arabia under the company's own brand. All this in addition to the company's management of its own bakeries.

2. Financial statements for the years (2017 – 2018 – 2019 – 2020)

(2017 - 2018)

Balance sheet

Assets			
Non Current Assets			
Property, plant and Equipment	**(5)**	**1 059 855 196**	**1 043 330 764**
Intangible Assets	**(6)**	**10 223 424**	**11 339 906**
Investment Property	**(7)**	**33 178 001**	**30 612 722**
		1 103 256 621	**1 085 283 392**
Current Assets			
Inventories	**(8)**	**115 372 732**	**126 846 007**
Trade Receivables other Receivables	**(9)**	**175 859 893**	**165 283 215**
Investments at Fair Value though profit			
and	**(10)**	**30 887 603**	**559 591**
cash Bank Balances	**(11)**	**17 023 147**	**12 704 582**
		339 143 375	**305 393 495**
TOTAL ASSETS		**1 442 399 996**	**1 390 676 887**
EQURRY AND LIABILITIES			
EQUITY			
Share Capital	**(12)**	**646 800 000**	**646 800 000**
Statutory Reserve		**59 389 111**	**39 972 160**
Retained Earnings		**226 678 377**	**181 046 046**
TOTAL EQUITY		**932 867 488**	**866 815 206**
Liabilities			
Non-Current Liabilities			

Long Term Borrowings	**(13)**	**145 348 723**	**183 258 307**
Employee Benefits	**(14)**	**56 527 657**	**62 453 017**
		210 876 380	**254 981 324**
Current Liabilities			
Current Portion of Long Term			
Borrowings	**(13)**	**100 002 605**	**173 281 964**
Trade and Other Payables	**(15)**	**188 939 705**	**123 201 354**
Zakat	**(16)**	**9 713 818**	**8 397 038**
TOTAL LIABILITIES		**298 656 128**	**268 880 356**
		509 532 508	**523 861 681**
TOTAL EQURRY AND LIABILITIES		**1 442 399 996**	**1 390 676 887**

The accompanying notes (1) to (31) form an integral part of these financial statements

(2017 - 2018)

Income statement

	Notes	2018	2017
Revenue		**1 227 269 910**	**1 157 792 995**
Cast of Revenue	**(17)**	**(882 199 546)**	**(816 047 711)**
Gross Profit		**345 070 364**	**341 745 284**
Other Revenue (net)	**(18)**	**11 713 768**	**11 334 283**
Selling and Distribution Expenses	**(19)**	**(61 110 835)**	**(64 597 664)**
General and Administration Expenses	**(20)**	**(75 072 947)**	**(73 163 916)**
Operating Profit		**220 600 350**	**215 317 987**
Finance Cost	**(21)**	**(12 765 416)**	**(11 775 847)**
Profit Before zakat		**207 834 934**	**203 542 140**
Zakat	**(16)**	**(3 665 425)**	**(3 500 000)**

Profit for the year		**204 169 509**	**200 042 140**
Other comprehensive Income			
Items that will not be classified profit or loss			
Measurement of defined Benefit liabilities	**(14)**	**(439 227)**	**(155 869)**
Total Other Comprehensive Income for the year		**(439 227)**	**(155 869)**
		203 730 282	**199 886 271**
Earnings per Share (SAR). Based on Profit for the year	**(22)**		
- **Basic**		**3.16**	**3.09**
- **Diluted**		**3.16**	**3.9**

The accompanying notes (1) to (31) form an integral part of these financial statements

(2017 - 2018)

cash flow statement

Profit for the period		**204 169 509**	**200 042 140**
Depreciation and Amortization		**78 735 805**	**69 556 575**
Provision for Employee Benefits	**(14)**	**12 508 997**	**12 079 267**
Provision of Bad debt	**(9)**	**-**	**1 500 000**
(Gain) on sale of property, plant and equipment	**(12)**	**(773 171)**	**1 068 512**
Financial charges		**12 765 416**	**11 775 847**
Zakat	**(11)**	**3 665 425**	**3 500 000**
		311 071 981	**399 522 341**
Changes in			
Inventories	**(8)**	**11 473 275**	**(25 083 973)**
Trade, other Receivables and Prepayments	**(9)**	**(10 576 679)**	**(39 828 004)**
Trade and Other Payables	**(15)**	**65 738 351**	**14 429 523**
Cash used in Operating Activities		**377 706 928**	**249 039 887**
Employee Benefits Paid	**(14)**	**(9 873 584)**	**(9 057 746)**
Zakat payments	**(16)**	**(2 348 645)**	**(2 050 184)**
Net Cash Generated from Operating Activities		**365 484 699**	**237 931 957**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Property, Plant and Equipment		**(97 613 557)**	**(114 117 853)**
Proceeds from sale from property, plant and equipment		**1 804 152**	**141 457**

Investments at Fair Value through profit and loss		**(30 327 912)**	**(559 691)**
Net cash Used in Investing Activities		**(126 137 317)**	**(114 424 976)**
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in Loans	**(13)**	**39 199 508**	**109 996 812**
Repayment of loans and borrowings	**(13)**	**(136 550 325)**	**(158 245 010)**
Dividends distributed		**(137 678 000)**	**(135 780 000)**
Net cash flows from/ (used in) financing activities		**(235 028 817)**	**(184 028 198)**
Net increase/ (decrease) in cash and cash equivalents		**4 318 565**	**(60 521 217)**
Cash and cash Equivalents at 01 January	**(11)**	**12 704 582**	**73 225 799**
Cash and cash Equivalents at 31 December	**(11)**	**17 023 147**	**12 704 582**

The accompanying notes (1) to (31) form an integral part of these financial statements

(2019)

Balance sheet

	Notes	31 December 2019	31 December 2018
Assets			
Non –Current Assets			
Property, Plant and Equipment	**(5)**	**1.043.497.337**	**1.059.855.198**
Right of Use Assets	**(6-1)**	**582.864.247**	**-**
Net Investment in finance lease	**(7)**	**10.928.911**	**-**
Intangible Assets	**(8)**	**15.442.588**	**10.223.424**
Investment Property	**(9)**	**29.880.890**	**33.178.001**
		1.682.613.973	**1.103.256.621**
Current Assets			
Inventories	**(10)**	**156.765.511**	**115.372.732**
Trade Receivables and Other Receivables	**(11)**	**140.090.168**	**175.859.893**
Net Investment in finance lease	**(7)**	**1.534.095**	**-**
Investments at Fair Value through profit and loss	**(12)**	**26.515.939**	**30.887.603**
Cash and Bank Balances	**(13)**	**25.943.079**	**17.023.147**
		350.848.791	**339.143.375**
TOTAL ASSETS		**2.033.462.764**	**1.442.399.996**
EQURRY AND LIABILITIES			
EQURRY			
Share Capital	**(14)**	**646.800.000**	**646.800.000**
Statutory Reserve		**80.498.899**	**59.389.111**
Retained Earnings		**270.687.385**	**226.678.377**
TOTAL EQURRY		**997.986.284**	**932.867.488**

Liabilities			
Non – Current Liabilities			
Long Term Borrowings	**(15)**	**57.493.089**	**145.348.723**
Lease Liabilities	**(6-2)**	**496.966.719**	**-**
Employee Benefits	**(16)**	**42.900.362**	**65.527.657**
		627.360.170	**210.876.380**
Current Liabilities			
Current Portion of Long term borrowings	**(15)**	**137.810.657**	**100.002.605**
Lease liabilities	**(6-2)**	**82.361.166**	**-**
Trade and other payables	**(17)**	**174.277.036**	**188.939.705**
Zakat	**(18)**	**13.667.451**	**9.713.818**
TOTAL LIABILITIES		**408.116.310**	**298.656.128**
		1.035.476.480	**509.532.508**
TOTAL EQURRY AND LIABILITIES		**2.033.462.764**	**1.442.399.996**

The accompanying notes (1) to (31) form an integral part of these financial statements

(2019)

Income statement

	Notes	2019	2018
Revenue			
Cost of Revenue	(19)	1.288.310.097	1.227.269.910
Gross Profit		(895.673.109)	(882.199.546)
		392.636.988	345.070.364
Other revenue (net)	(20)	16.866.631	11.713.768
Selling and Distribution Expenses	(21)	(87.572.897)	(61.110.835)
General and Administration Expenses	(22)	(83.476.299)	(75.072.947)
		238.454.423	220.600.350
Finance Cost	(23)	(37.309.083)	(12.765.416)
Profit before zakat		201.145.340	207.834.934
Zakat	(18)	(5.057.700)	(3.665.425)
Profit for the year		196.087.640	204.169.509
Other comprehensive Income			
Items that will not be classified to profit or loss			
Remeasuement of defined Benefit liabilities	(16)	(335.883)	(439.227)
Total Other Comprehensive Income for year		(335.883)	(439.227)
Total Comprehensive Income for the		195.751.757	203.730.282

year

Earnings per Share (SAR). Based on			
Profit for the year	**(24)**		
- **Basic**		**3.03**	**3.16**
- **Diluted**		**3.03**	**3.16**

(2019)

cash flow statement

CASH FLOWS OPERATING ACTIVRRIES	**Notes**	**2019**	**2018**
Profit for period		**196.087.640**	**204.169.509**
Depreciation and Amortization		**87.512.537**	**78.735.805**
Provision for Employee Benefits	**(16)**	**11.246.520**	**12.508.997**
(Gain) on sale of property, plant and equipment	**(11)**	**2.000.000**	**-**
Financial charges	**(5)**	**(1.496.618)**	**(773.171)**
Zakat	**(23)**	**8.119.829**	**12.765.416**
	(18)	**5.057.700**	**3.665.425**
		308.527.608	**311.071.981**
Changes in			
Inventories	**(10)**	**(41.392.779)**	**11.473.275**
Trade, Other Receivables and Prepayments	**(11)**	**33.769.723**	**(10.576.679)**
Right of Use Assets	**(6)**	**(3.536.362)**	**-**
Trade and Other Payables	**(17)**	**(14.662.669)**	**65.738.351**
Cash Used in Operating Activities		**282.705.521**	**377.706.928**
Employee Benefits Paid	**(16)**	**(4.209.698)**	**(9.873.584)**
Zakat Payments	**(18)**	**(1.104.067)**	**(2.348.645)**
Net Cash Generated from Operating Activities		**277.391.756**	**365.484.699)**
CASH FLOWS FROM INVESTING ACTIVRRIES			
Additions to Property, Plant and Equipment	**(5)**	**(76.222.560)**	**(97.613.557)**

Additions to Investment Properties	**(9)**	**(877.711)**	**-**
Net Investment in finance lease	**(7)**	**(12.463.006)**	**-**
Proceeds from sale from property, plant and equipment	**(5)**	**5.520.157**	**1.804.152**
Investments at fair Value through profit and loss	**(12)**	**4.371.664**	**(30.327.912)**
Net Cash Used in Investing Activities		**(79.671.456)**	**(126.137.317)**
CASH FLOWS FROM FINANCING ACTIVRRIES			
Increase in Loans	**(15)**	**112.713.970**	**39.199.508**
Repayment for loans and borrowings	**(15)**	**(170.881.378)**	**(136.550.325)**
Adjustment for the Right of Use Assets		**6.928.369**	**-**
Dividends distributed		**(137.561.330)**	**(137.678.000)**
Net cash flows from / (used in) financing activities		**(188.800.369)**	**(235.028.817)**
Net increase / (decrease) in cash and cash equivalents		**8.919.931**	**4.318.565**
Cash and Cash Equivalents at 01 January	**(13)**	**17.023.147**	**12.704.582**
Cash and Cash Equivalents at 31 December	**(13)**	**25.943.078**	**17.023.147**

The accompanying notes (1) to (32) form an integral part of these financial statements

(2020)

Balance sheet

		At as 31 December	
	Note s	2020	2019
ASSETS			
Non – current assets			
Property, plant and equipment			1.043.497.33
	6	999.147.629	7
Right – of use assets	7.1	536.621.492	582.864.247
Net investment in finance lease	8	8.252.527	10.928.911
Intangible assets	9	11.075.199	15.442.588
Investment properties	10	26.676.726	29.880.890
			1.682.613.97
		1.581.773.573	3
Current assets			
Inventories	11	104.944.226	156.765.511
Trade, other receivables and prepayments	12	137.952.417	134.471.185
Net investment in finance lease – current portion	8	2.685.880	1.534.095
Investment carried at FVTPL	13	2.791.364	26.515.919
Cash and cash equivalents	14	118.930.514	25.943.078
		367.304.401	345.229.808
TOTAL ASSETS			2.027.843.78
		1.949.077.974	1

EQURRY AND LIABILRRIES

EQURRY

Share capital	**15**	**646.800.000**	**646.800.000**
Statutory reserve	**16**	**85.782.785**	**80.498.899**
Retained camings		**226.812.051**	**270.687.385**
TOTAL EQURRY		**959.394.836**	**997.986.284**
LIABILRRIES			
Non-current liabilities			
Long – term borrowings	**17**	**36.780.108**	**57.493.089**
Lease liabilities	**7.2**	**457.385.932**	**496.966.719**
Employees' post – employment benefits	**18**	**93.527.855**	**72.900.362**
		587.693.895	**627.360.170**
Current liabilities			
Long –term borrowings – current portion	**17**	**24.317.472**	**67.810.657**
Lease liabilities – current portion	**7.2**	**92.517.463**	**82.361.166**
Short – term borrowing	**19**	**100.278.955**	**70.000.000**
Trade and other payables	**20**	**171.207.902**	**168.658.053**
Provision for zakat	**21.1**	**13.667.451**	**13.667.451**
		401.989.243	**402.497.327**
TOTAL LIABILITIES			**1.029.857.49**
		989.683.138	**7**
TOTAL EQURRY AND LIABILITIES			**2.027.843.78**
		1.949.077.974	**1**
Contingencies and Commitments	**22**		

The accompanying notes 1 to 36 form part of these financial statements

(2020)

Income statement

	Notes	2020	2019
Revenue	**23**	**1.076.083.334**	**1.288.310.097**
Cost of revenue	**24**	**(826.494.361)**	**(895.673.109)**
GROSS PROFIT		**249.588.973**	**392.636.988**
Other income, net	**25**	**23.936.094**	**16.787.419**
Realized gain on investments carried at FVTPL	**13**	**802.88**	**576.805**
Unrealized gain on investments carried at FVTPL	**13**	**195.942**	**51.531**
Provision for impairment on net investment in finance lease	**8**	**(1.116.707)**	**-**
Provision for impairment on trade and other receivables	**12.5**	**(11.296.189)**	**(2.000.000)**
Selling and distribution expenses	**26**	**(84.003.368)**	**(85.572.897)**
General and administrative expenses	**27**	**(86.776.599)**	**(83.476.299)**
OPERATING PROFIT		**91.331.034**	**239.003.547**
Finance cost	**28**	**(33.132.376)**	**(37.858.207)**
NET PROFIT BEFORE ZAKAT		**58.198.658**	**201.145.340**
Zakat	**21.1**	**(5.359.797)**	**(5.057.700)**
NET PROFIT FOR THE YEAR		**52.838.861**	**196.087.640**
EARNINGS PER SHARE (SR)	**29**		

-	**Basic**	**0.82**	**3.03**
-	**Diluted**	**0.82**	**3.03**

(2019)

cash flow statement

	Note	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat		**58.198.658**	**201.145.340**
Adjustments for:			
Depreciation on property, plant and equipment	**6**	**92.583.622**	**80.434.632**
Depreciation on right-of-use assets	**7**	**73.586.461**	**76.987.699**
Amortization of intangible assets	**9**	**2.893.819**	**2.503.083**
Depreciation on investment property	**10**	**3.515.137**	**4.174.822**
Provision for slow-moving items	**11.1**	**14.684.582**	**-**
Provision for impairment on trade and other receivables	**12.5**	**11.296.189**	**2.000.000**
Provision for impairment on net investment in finance lease	**8**	**1.116.707**	**-**
Provision for impairment on intangible assets	**9**	**3.627.242**	**-**
Provision for impairment on property, plant and equipment	**6**	**3.275.633**	**-**
Provision for employees' post-employment benefits	**18**	**10.163.940**	**11.246.520**
Unrealized gain on investments carried at FVTPL., net	**13**	**(195.942)**	**(51.531)**
Realized gain on investments carried at FVTPL	**13.1**	**(802.888)**	**(576.805)**
Loss/(gain) on disposal of property, plant and equipment	**25**	**1.905.285**	**(1.496.618)**

Interest income	**8**	**(323.398)**	**(549.124)**
Finance cost	**28**	**33.132.376**	**37.858.207**
Movement in working capital		**37.136.703**	**(41.392.779)**
Inventories		**(11.325.517)**	**46.317.077**
Trade, other receivables and prepayments		**(4.007.937)**	**(20.281.652)**
Trade and other payables		**330.390.675**	**398.709.871**
Cash generated from operating activities		**(5.359.797)**	**(1.104.067)**
Zakat paid	**21.1**	**(4.042.874)**	**(4.209.698)**
Employees' post-employment benefits paid	**18.2**	**320.988.004**	**393.396.106**
Net cash generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**6**	**(54.766.631)**	**(68.500.312)**
Purchase of intangible assets	**9**	**(2.153.672)**	**(7.722.247)**
Purchase of investment property	**10**	**(310.973)**	**(8877.711)**
Purchase of investments carried at FVTPL	**13.1**	**(195.000.000)**	**(235.000.000)**
Sale proceeds of investments carried at FVTPL	**13.1**	**220.000.000**	**240.000.000**
Purchase of equity investment carried at FVIPL	**13.2**	**(276.595)**	**-**
Lease rental received	**8**	**731.290**	**1.852.500**
Proceeds from the sale of property, plant and equipment		**1.351.799**	**5.520.157**
Net cash used in investing activities		**(30.424.782)**	**(64.727.613)**

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**-**	**42.713.970**
Repayment of long-term borrowings		**(67.404.264)**	**(170.881.381)**
Movement in short-term borrowings, net		**28.227.408**	**70.000.000**
Lease liabilities paid	**7.2**	**(84.227.408)**	**(124.019.821)**
Board of directors' remuneration paid	**5**	**(2.600.000)**	**(1.733.330)**
Dividend paid	**34**	**(71.148.000)**	**(135.828.000)**
Net cash used in financing activities		**(197.575.786)**	**(319.748.562)**
Net change in cash and cash equivalents		**92.987.436**	**8.919.931**
Cash and cash equivalents at beginnings of the year	**14**	**25.943.078**	**17.023.147**
Cash and cash equivalents at end of the year	**14**	**118.930.514**	**25.943.078**

The accompanying notes 1 to 36 form part of these financial statements

Financial analysis:

From here we will analyze the sales turnover rate:

Sales Turnover (Sales Value vs. Volume Analysis):

The main driver of success within any business is the growth and progress of sales, but here we must distinguish between two types of growth:

- value analysis (nominal)
- Volume Analysis (Real)

Value analysis (nominal):

Through which the increase or decrease in sales is determined through the value reflected in the (income statement), but we find that this does not provide the percentages of increase or decrease in the company’s share in the market, which is called real growth

Volume analysis (real):

Through it, the work of tracking the changes that occurred in the real volume sold, from the perspective of increase or decrease, in order to reach the rate of spread of the company's products within the market.

When reviewing the performance of a salesT The company during the years from 2017 to 2019. The following was reached:

- When comparing the increase in sales during the specified period, we find that an increase of 6% was recorded in 2018 compared to 2017, and an increase of 5% was recorded in 2019 compared to 2018.
- When outbreak COVID-19Which the World Health Organization declared and considered an epidemic because of its rapid spread among all countries in the world. We find that the company recorded a significant decrease in the volume of sales in 2020 that reached 17%, compared to 2019. This epidemic did not affect the company only, as the Gulf Cooperation region, which includes the Kingdom of Saudi Arabia within it, has taken all available measures to work to curb the virus, We find that the Kingdom of Saudi Arabia has closed the borders, approved principles and guidelines for social distancing, and imposed curfews and closures throughout the country.

1. Profitability Analysis:

Profitability Ratios Analysis	2020	2019	2018	2017
Gross Profit Margin	23.19%	30.48%	28.12%	29.52%
EBIT Margin	7.04%	22.46%	23.56%	24.94%
Net Profit Margin	4.91%	15.22%	16.64%	17.28%
Return on Assets (ROA)	2.65%	11.28%	14.41%	14.64%
Return on Equity (ROE)	5.40%	20.31%	22.69%	23.96%

When looking at the above-mentioned ratios, we find that they show the extent of the company's profitability, because the ratios related to both revenues and profitability, as well as cash flows were encouraging and reasonable, but despite that, the numbers recorded a significant decrease during the year 2020 due to the burden of obligations incurred by the company due to operations Investing in a finance lease.

Gross profit: The company recorded increasing total profits during the years from 2017 to 2019, we can note that it recorded an increase in profits by 14% during 2019 compared to 2018, as it achieved approximately 392 million Saudi riyals during 2019, compared to 345 million Saudi riyals In 2018. This was achieved based on an increase in revenues of 5% during 2019 when compared to 2018. Also due to the decrease in the cost of goods sold (GOGS), which represented 69% of sales during 2019, compared to 2018, which accounted for 71% of sales.

gross profit margin: We find that the company's gross profit margin fluctuates around the same percentages during the years from 2017 to 2019. Based on what the percentages indicate, we find that the business is profitable enough, and also that the executive teams are very good at managing the company's assets and achieving revenues in the form Which achieves satisfaction and confidence for the shareholders and that their money is in the right place for investment.

Operating profit: The company recorded a clear increase in operating profits, amounting to 238 million Saudi riyals during 2019, compared to 220 million Saudi riyals during 2018. In 2019, compared to 136 million Saudi riyals in 2018, an increase of 25% was recorded. This is a matter that urgently needs to be reviewed by senior management officials. It is noted that the huge increase in this percentage did not have a huge impact on the sales records, which recorded an increase of 5%, and continued to increase until 2020, when sales decreased by 17%, when compared to 2019.

Recommendations:

- Working on revising the pricing policy
- Focus and work on increasing sales
- Pay attention to the cost review process SG&A

2. Efficiency Analysis:

Here, the efficiency in obtaining the maximum amount of the company's fixed assets will be tested

	2020	2019	2018	2017
Return on Assets (ROA)	2.65%	11.28%	14.41%	14.64%
Return on Equity (ROE)	5.40%	20.31%	22.69%	23.96%

- We note that the total asset turnover has decreased from 2017 to 2020, due to the large increase in fixed assets during 2019 and 2020. It is clear that this number is notillness In any case, during the year 2020. This is due to the decrease in net income as a result of the company's burden of current obligations due to the investment in the finance lease.
- During the years starting from 2017 to 2019, we find that the rate of stock turnover has been in an orderly fashion illness Which usually appears by about 21% as an average number for the three years, but we find that this value appeared during the year 2020 at an absolutely unsatisfactory rate, so we find it decreased to 5% and this is due to the decrease in net income.

3. short-term solvency analysis:

During this point, we will analyze the company's liquidity position and its ability to manage the receivables of daily operations, and this will be done through:

- Liquidity Ratios
- Conversion Cash Cycle

<u>Liquidity Ratios</u>

Liquidity Ratios Analysis	2020	2019	2018	2017
Working Capital	-34,684,842	-57,267,519	40,487,247	36,513,139
Current Ratio	0.91	0.86	1.14	1.14
Quick Ratio	0.65	0.48	0.75	0.66

We conclude from the table that the company is facing a problem with liquidity. It is noticeable that the ratios, whether current or quick, decrease on an annual basis, but not within the standard ratios. This directly affected the working capital, negatively and negativelyand.

Even in the years 2019 and 2020, the working capital was negative, and this can happen in the event of a significant decrease in the company’s current assets in the event of large one-time cash payments or in the event of an increase in current liabilities, which is the result of a large credit extension that in turn leads to a strike In accounts payable, this is what we find here as the company incurs an additional burden of obligations due to the investment in the finance lease. The presence of working capital may be insufficient to affect the effectiveness of long-term investment within the company and also affect the company’s financial stability when working to cover short-term obligations, as working capital serves to indicate what the company must finance from the immediate operational needs.

<u>Conversion Cash Cycle</u>

Activity Ratio Analysis	2020	2019	2018	2017
Inventory Turnover	6.32	6.58	7.28	7.14
Account Receivable Turnover	7.74	8.16	7.2	7.92
Account Payable Turnover	4.78	4.93	5.65	7.04
Cash Conversion Cycle (CCC)	65.65	63.31	65.19	46.82
Days Inventory Outstanding (DIO)	57.79	55.45	50.11	51.13
Days Sales Outstanding (DSO)	47.16	44.76	50.73	46.06
Days Payable Outstanding (DPO)	76.29	74.01	64.57	51.88

By reviewing the table above, it can be noted that the company has a cash transfer cycle that appears reasonably if we compare it to the market standard:

- Inventory turnover recorded almost 7x per year
- Average payable days are 60 day compared to averagei Sales days due and she is 50 day

On the other hand, the company should focus on the following points in order to cover: CCC Or, reduce it as much as you can:

- Work to reduce the days of inventory outstanding by enhancing the production process.
- Working to increase the payable days through the use of negotiation in order to reach longer credit periods with suppliers.
- Setting credit limits that achieve acceleration of the collection of receivables, as well as monitoring unpaid receivables on fixed furniture.

Certainly, the presence of an additional burden on current liabilities made the company not enjoy a satisfactory liquidity ratio, but when we look at the cash flow statement, we can note the following:

Cash Flow	2020	2019	2018	2017
Cash Flow from Operating Activities	320,988,004	277,391,756	365,484,699	237,931,957
Cash Flow used in Investing Activities	-30,424,782	-79,671,456	-126,137,317	-114,424,976
Cash Flow used in Financing Activities	-197,575,786	-188,800,369	-235,028,817	-184,028,198

We find that during the years starting from 2017 to 2020, the cash generated from all the company's core business (operating activities) is recorded with positive and increasing values on an annual basis, and this means that these basic businesses provide the possibility to finance themselves, but represent the process of using credit facilities Available from banks is the primary source of financing.

Based on the positive numbers that were discussed, we infer from them that there are good indicators for:

- New investors: which in turn leads to an increase in new investors as a result of increasing the value of the company.
- Company's creditors: For example, if the company went to implement its expansion plans and was in need of long-term financing from the banks, then it could obtain facilities to increase the working capital.

Recommendations:

- Carry out the re-evaluation of the benefits resulting from the investment of the financial leasing
- Work more focused on achieving the reduction of current liabilities.

4. Long-term solvency analysis

During this point, we will discuss the process of measuring the efficiency of financing methods in covering financial obligations. Although the basic factors that we will look at include assets, equity and debt, there are many different ratios.

Solvency Ratios Analysis	2020	2019	2018	2017
Debt to Assets Ratio	0.51	0.51	0.35	0.38
Debt to Equity Ration	1.03	1.04	0.55	0.6
Interest Coverage Ratio	1.76	5.39	16.28	17.28
Total Debt to Equity	6.37%	19.57%	26.30%	38.05%
Total Debt to Total Assets	3.13%	9.60%	17.01%	23.72%

Through this table we can clarify the following:

- The company's capital structure is improving during the period starting from 2017 to 2020, due to the reliance of the company's capital structure when financing the company's operations on loans obtained from banks, as well as the return on investment in leasing investment.
- When the company started investing in the finance lease and, in return, significantly reduced the number of borrowings from banks, it achieved a decrease in both total debt and equity over the period. This achieved both reducing the company's credit risk and giving confidence that the company's shareholders have a strong commitment to their business with the creditors.
- Time benefits are satisfactorily covered during the period (years of study).
- that Profits made for a company (earnings before interest and taxes) Appear in good shape That's when you do an operation Settlement the costs for Operations Finance, that Which who would that is being a positive sign I have the Company's financial creditors Like banks.

Recommendations:

We repeat it once again that the company must work to re-evaluate the investment of the finance lease contract or work to amend it in a way that achieves reducing the burden that the company faces in relation to current liabilities. And the company's increase the net margin to the benchmark. As this investment has a clear negative impact on net income during the year 2020.

5. Market based ratio analysis

We will analyze the market capitalization ratios that were used to evaluate the current share price

	2020	2019	2018	2017
Number of Shares	64,680,000	64,680,000	64,680,000	64,680,000
Earnings per Share	0.82	3.03	3.16	3.09
Dividends Per Share	1.1	2.13	2.13	2.1
Total Dividends	71,148,000	137,561,330	137,678,000	135,780,000

The figures shown above indicate that the company pays dividends on an annual basis as part of the net income and balance it keeps as retained earnings. Dividends from shares are important to investors because they are a source of confidence in the financial prosperity of the company. We usually find that during the past decades, trusted companies are the entities that have reliable paid profits, as any company that aims to achieve the process of attracting investors to its shares has to take care of settling its profits.

Recommendations to improve the company's business

From looking at the company's figures during the study period from 2017 to 2020, we find that all of them appear in the form of illness. We find that the company has achieved the same percentages and the same progress rates over the years. It seems that the company is following a policy aimed at maintaining the capital base effectively, allowing it to achieve the preservation of investors and gain the confidence of the market and creditors, all in an effort to maintain the future development of all its business. Accordingly, the company can continue to provide adequate returns to the shareholders. We can clearly note that GOGS It represents about 70% of the total revenue during the years from 2017 to 2019. At the same time, we can note the net margin, which is approximately 16% of the total revenue. Moreover, the operating profit was always positive during that period, and this is evidence that the company was able to cover its expenses. But despite this, the company's investment in a finance lease made it bear additional burdens and obligations. These burdens negatively affected the operating profit and negatively affected the net profit, which in turn affects the profitability of the share. This coincided with the company taking measures to reduce reliance on borrowing from banks, but Financing cost strike to reach its maximum value The value was almost double during 2017 and 2018, so what I recommend is:

- The company should search for other investments in order to increase its net income.
- The company must also review the expenses of each of the S, G&A because it is noticeable that they increased during the past two years without having a positive return on revenues.
- It is necessary to review the pricing policy, because, starting from 2020, the cost of goods sold has increased without a positive return on sales.
- The emergence of a negative indicator during 2019 and 2020 through the working capital, which indicates that the company does not have sufficient funding to cover its need sa Immediate operational so the company must pay great attention to working capital. The importance of this is reflected in the impact on all the basic business of the company, especially in the long run, as well as the company's ability to meet its short-term obligations. The company must also urgently study the impact of its investment in the financial leasing and the resulting negative values, and the company

identifies the possible ways to achieve compensation for this loss.

Investment project testator to the company

- **Project Introduction**

If we aim for the company to reduce the cost of the goods that are sold to the main business of the company in order to reach the positive effect of increasing the net income and also work to reduce the burdens of additional obligations incurred by the company due to the investment in the financial lease contract. We recommend that the company establish a poultry and livestock production project, through which it aims to provide the current branches of the company with their needs of meat and poultry products, and this will be greatly successful, especially for the company to provide various bodies and companies with cooked meals.

- **investment tools used**

Both . will be used NPV and WACC Because there is a connection between them, it is often used WACC As a discount factor when calculating NPV. The net present value is NPV For any investment project, it is the currently discounted value of the net cash flows of the project, from which the initial cash flow of the project is subtracted. The weighted average cost of capital (WACC)it's a phrasee on The share used by the company with a goal Reducing cash flow in company-wide NPV estimates. NPV & WACC Both are related Inversely, max WACC is the minimum NPV and vice versa.

- **Project details**

The initial cost of implementing the project is 150 million Saudi riyals, in addition to 40 million Saudi riyals as working capital. will be considered In simplified straight-line depreciation over 6 years and estimated average salvage value based on market and equipment condition in year 6 It will be 70 million SR. When knowing that marginal tax rate inside Saudi Arabia 20%, as that Risk Free Rate inside The kingdom he 7%, and the bonus for Bond risk inside The kingdom reach 6%. so be Expected revenue achieved for This project is 80 million SAR annually As expected to be revenue cost expected ma over 41 million SR.

capital structure

From the data, own by company, we find that they are they always keep-retained earnings to a certain standard, as the account.Net profit. Every year they pay it as dividends to shareholders as that the required capital is190 million SR It will be uploaded shape next one:

- 140 million Saudi riyals As a loan from the banks.
- 50 million Saudi riyals of retained earnings.

Calculations

- Annual Average Depreciation= 25 million SR
- Average Salvage Value at year 6 = 70 million SR
- Tax on gain= 70,000,000 * 20% = 14 million SR
- Net Salvage Value= 56 million SR

WACC Calculations

O/E “Retained Earnings” = 50 million SR

RRR=Rf + Bond Risk Premium = 7% + 6% = 13%

Debt= 140 million SR

Debt rate “Rd” = 7%

Rd after tax= 7% * (1-20%) = 5.6%

WACC= (50,000,000 x 13%) + (140,000,000 x 5.6%) = 14,340,000

WACC = (14,340,000 / 190,000,000) = 7.55%

	Y0	Y1	Y2	Y3	Y4	Y5	Y6
Investment Cost	**-150,000,000**						
WC	**-40,000,00**						

	0						
Revenues		**80,000,000**	**80,000,000**	**80,000,000**	**80,000,000**	**80,000,000**	**80,000,000**
COGS		**-41,600,000**	**-41,600,000**	**-41,600,000**	**-41,600,000**	**-41,600,000**	**-41,600,000**
Depreciation		**-25,000,000**	**-25,000,000**	**-25,000,000**	**-25,000,000**	**-25,000,000**	**-25,000,000**
EBT		**13,400,000**	**13,400,000**	**13,400,000**	**13,400,000**	**13,400,000**	**13,400,000**
Tax (20%)		**-2,680,000**	**-2,680,000**	**-2,680,000**	**-2,680,000**	**-2,680,000**	**-2,680,000**
Net Income = EAT		**10,720,000**	**10,720,000**	**10,720,000**	**10,720,000**	**10,720,000**	**10,720,000**
Depreciation		**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**
Operating Cash Flow		**35,720,000**	**35,720,000**	**35,720,000**	**35,720,000**	**35,720,000**	**35,720,000**
NWC Recovery							**40,000,000**
Net Salvage Value							**56,000,000**
Total	**-190,000,000**	**35,720,000**	**35,720,000**	**35,720,000**	**35,720,000**	**35,720,000**	**131,720,000**

NPV Calculations

Column1	CF	PVIF	PVCF
Y0	-190,000,000	1	-190,000,000
Y1	35,720,000	0.929800093	33,212,459
Y2	35,720,000	0.864528213	30,880,948
Y3	35,720,000	0.803838413	28,713,108
Y4	35,720,000	0.747409031	26,697,451
Y5	35,720,000	0.694940986	24,823,292
Y6	131,720,000	0.646156194	85,111,694
NPV			39,438,952

Based on the numbers of the net present value and the positive values that have been shown, this project will be successful and attractive.

Why a company should use retained earnings and not its own cash

Retained earnings are part of the total profits and it is allocated for the purpose of reinvestment within the company, and this part is not distributed to shareholders within the rest of the profits. We find that within this company, when distributing profits, a hybrid policy is followed, which combines the process of distributing the remaining and stable profits, which in turn provides a kind of financial confidence in the company. Retained earnings are a cheap source of financing, and when compared to loans, it is certainly true No one can deny Flexibility and short process to use retained earnings if Compared process of taking loans from creditors.

The process of retaining profits can lead to increased future profits. Where spending is made to achieve more profit, unlike when you borrow, you will not have interest payments that reduce your future profits and On the other side if has been issued More stocks to raise money This in turn leads to Double the equity of the current owners.

Company's Return Earnings

It is certain that any company with reasonably retained earnings has a strong support in growing its business or acquiring new assets and can pay more dividends to shareholders, or product launch new, Or it can be used to pay off any outstanding obligations.

No one can deny that any company that works to reinvest its money instead of distributing it as profits will achieve an increase in the value of the company in the long run. So the other options to avoid paying excess money as dividends are:

- The tendency to implement more projects
- Repurchase of the company's shares
- The trend towards owning profitable assets as well as new companies
- The tendency to invest in a group of successful and diversified assets

But there is no doubt that reasonable profit distributions attract many investors because they can make gains through their investments in the short term, and through the retained earnings that have been used in the growth business will bring them additional profits in the long run.

Conclusion

In conclusion, we reach the financial position of the company during the period from 2017 to 2020 Satisfactory as the gross profit, operating profit and net profit are on the side Positive. The company is keen annually to distribute dividends to shareholders, which makes it an attractive company for investors, and the company has retained earnings that represent a good amount. It is very important for the company to review the new investment it participates in, because it constitutes a huge burden and increases their current obligations and negatively affects the net income in 2020 as well. Causes negative working capital in 2019 and 2020. These risks must be taken something and from seriousness and access to practical and successful solutions that lead to mitigating these risks.

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