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Introduction

Financial management is the strategic practice of creating, monitoring, and controlling all financial resources to achieve your business goals. This includes many areas of the finance function that revolve around profitability, expenses, cash flow, and credit for the finance managers on the accounting, accounts receivable, and accounts payable teams.

To build a profitable financial management business strategy, you will need to focus on three basic principles:

- Forecasting future financial performance with the help of financial forecasts and tested functions is required to drive growth and prepare capital requirements.
- Prioritizing long-term initiatives
- Plans tailored to your business model, market dynamics, and organization.

Effective financial management planning provides your financial teams with the data they need to support the creation of an endless business plan - providing informed decisions about where to invest, the insights needed to fund those investments, and the liquidity and profitability.

As the world expands through globalization, we will need to keep our businesses competitive in the marketplace to help provide continuity.

To ensure long-term sales, our business needs some form of financial management.

Implementing a system to track all revenue streams is important for any organization to help us:

Enabling future financial planning and acquiring funds.

Providing economic stability.

To increase the overall value of an organization as well as its profitability.

Provide specific data that supports important financial decisions.

Optimizing workflow to allocate resources and funds effectively.

There are many options a company can use to manage its finances, ranging from an external advisor to an internal financial manager. This person or group will need to have full access to the company's financial past and present.

We will analyze the financial statements and annual reports of “Secoo Fashion and Retail”.

Our analysis will include the following data:

1. Balance Sheet
2. Income Statement
3. Cash Flow Statement
4. Liquidity
5. Leverage
6. Profitability

Here are the financial statements for Secoo Fashion and Retail. for the last four years:

Secoo Balance Sheet
(Amounts in USD \$)

	Year 2018	Year 2019	Year 2020	Year 2021
<u>ASSETS</u>				
Current Assets	3,974,915.00	5,016,918.00	10,301,423.00	10,538,610.00
Cash on hand at banks	2,678,482.00	4,123,982.00	3,511,649.00	3,616,950.00
Accounts receivable, net	2,009,267.00	2,002,460.00	2,093,745.00	3,637,923.00
Other current assets	1,338,526.00	1,344,048.00	1,299,856.00	1,325,823.00
Inventory (trading investments)	-	-	-	156,400.00
Total current assets	10,001,190.00	12,487,408.00	17,206,673.00	19,275,706.00
Available for sale investments	4,837,888.00	6,833,118.00	7,744,591.00	14,028,103.00
Projects in progress	4,552,017.00	2,748,788.00	2,468,879.00	4,337,070.00
Fixed assets (property and equipment)	200,004,379.00	186,633,104.00	175,213,296.00	152,543,031.00
Total Assets	219,395,474.00	208,702,418.00	202,633,439.00	190,183,910.00
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current Liabilities:				
Due to banks	880,018.00	585,238.00	151,268.00	32,965.00
Current portion of long-term loans	17,138,690.00	1,359,142.00	3,596,717.00	4,837,024.00
Current portion of long-term loans	-	1,250,000.00	-	-
Short term bond	-	10,000,000.00	3,000,000.00	-
Accounts payable	2,868,286.00	2,574,962.00	2,748,879.00	3,070,030.00

Other current liabilities	5,316,878.00	5,724,761.00	5,880,226.00	5,904,781.00
Total current liabilities	26,203,872.00	21,494,103.00	15,377,090.00	13,844,800.00
Long term loans	30,254,463.00	50,154,425.00	15,135,349.00	13,226,486.00
Long term bonds	20,000,000.00	10,000,000.00	52,000,000.00	45,000,000.00
Other long-term liabilities	8,798,358.00	8,783,156.00	8,806,278.00	-
Long term notes payable	2,500,000.00	1,250,000.00	-	-
Deferred tax liabilities	-	-	-	177,997.00
Total liabilities	87,756,693.00	91,681,684.00	91,318,717.00	72,249,283.00
Subsidiaries	13,476,957.00	12,881,367.00	12,899,570.00	13,220,144.00
Shareholders' equity				
Capital	125,000,000.00	125,000,000.00	125,000,000.00	125,000,000.00
Statutory reserve	344,748.00	344,748.00	344,748.00	549,864.00
Voluntary reserve	689,496.00	689,496.00	689,496.00	689,496.00
Cumulative change in fair value of the investment accumulated losses	(530,817.00)	(82,596.00)	279,392.00	4,568,588.00
Accumulated losses	(7,341,603.00)	(21,812,281.00)	(27,898,484.00)	(26,093,465.00)
Total shareholders' equity	118,161,824.00	104,139,367.00	98,415,152.00	104,714,483.00
Total liabilities and shareholders' equity	219,395,474.00	208,702,418.00	202,633,439.00	190,183,910.00

Secoo Income Statement
(Amounts in USD \$)

	Year 2018	Year 2019	Year 2020	Year 2021
Operating Income	27,919,913.00	30,007,537.00	40,995,111.00	48,486,683.00
Operating expenses	(21,726,592.00)	(22,029,970.00)	(26,570,871.00)	(29,846,895.00)
Net operating income	6,193,321.00	7,977,567.00	14,424,240.00	18,639,788.00
Less: general and administrative expenses (with other exp)	(2,476,479.00)	(2,175,746.00)	(1,859,038.00)	(2,330,916.00)
Add net profit from sale of all apartments	974,724.00	48,544.00	-	131,107.00

Other revenue (other income)	285,178.00	587,393.00	591,910.00	1,412,244.00
Change in fair value of a trading investment	-	-	-	119,700.00
Gain on sale of investment in subsidiaries	-	-	-	1,178,823.00
Net profit from operation	4,976,744.00	6,437,758.00	13,157,112.00	19,150,746.00
Net financing expenses	(5,133,711.00)	(5,611,030.00)	(4,877,793.00)	(3,871,716.00)
Gain (loss) from the sale of investment, net	-	(716,128.00)	-	1,074,397.00
Net profit (loss) before income tax minority interest and depreciation	(156,967.00)	110,600.00	8,279,319.00	16,353,427.00
Impairment loss from investment	-	(556,798.00)	-	-
Depreciation	(14,050,564.00)	(14,399,445.00)	(14,333,896.00)	(13,599,712.00)
Net profit (loss) before income tax and minority interest	(14,207,531.00)	(14,845,643.00)	(6,054,577.00)	2,753,715.00
Income tax	(10,526.00)	-	(9,489.00)	(37,729.00)
Net profit (loss) after income tax	(14,218,057.00)	(14,845,643.00)	(6,064,066.00)	2,715,986.00
Subsidiaries	1,376,586.00	374,965.00	(22,137.00)	(705,851.00)
Net profit (loss)	(12,841,471.00)	(14,470,678.00)	(6,086,203.00)	2,010,135.00
Weighted Average Number of Common Share	125,000,000.00	125,000,000.00	125,000,000.00	125,000,000.00
Loss per share	-10.3%	-11.6%	-4.9%	1.6%

Secoo Cash Follow
(Amounts in USD \$)

	Year 2018	Year 2019	Year 2020	Year 2021
Cash Flow from Operating Activities				
net loss before income tax and minority interest	(14,207,531.00)	(14,845,643.00)	(6,054,577.00)	2,753,715.00
depreciation	14,050,564.00	14,399,445.00	14,333,896.00	13,599,712.00
interest expense	5,270,617.00	5,682,969.00	4,949,604.00	3,871,716.00
loss (gain) from sale of fixed assets (property and equipment)	(974,724.00)	64,960.00	(24,332.00)	(831,129.00)
(gain) loss from the sale of investments	-	716,128.00	-	(1,074,397.00)
(gain) loss on sale of investments in subsidiaries	-	-	-	(1,178,823.00)
unrealized (gain) from trading investments	-	-	-	(119,700.00)
other	2,301.00	(48,544.00)	-	-
cash from operations before changes in assets and liabilities	4,141,227.00	5,969,315.00	13,204,591.00	17,021,094.00
change in assets and liabilities	-	-	-	-
(Increase) decrease in inventory	233,021.00	(5,521.00)	44,192.00	(25,967.00)
(Increase) decrease in trading investment	-	-	-	(20,000.00)
(Increase) decrease in receivables and other current assets	2,979,643.00	(1,772,711.00)	836,670.00	(1,649,479.00)
(Increase) decrease in payables, other liabilities, and other current liabilities	(687,321.00)	498,991.00	675,592.00	581,866.00
Net cash from operating activities	6,666,570.00	4,690,074.00	14,761,045.00	15,907,514.00
Cash flow from investing activities				
Proceeds from the sale of investments	-	-	-	1,664,397.00
Purchases of investments	(801,996.00)	(1,440,965.00)	(549,485.00)	(2,417,500.00)

Fixed assets and projects in progress (property and equipment)	(8,478,621.00)	(1,798,183.00)	(2,677,698.00)	(4,439,439.00)
Proceeds from the sale of a subsidiaries	-	1,440,104.00	-	2,816,663.00
Net cash used in investing activities	(9,280,617.00)	(1,799,044.00)	(3,227,183.00)	(2,375,879.00)
Cash flows from financing activities				
Bonds	-	-	44,707,500.00	-
Due to banks	(1,156,902.00)	(253,362.00)	(433,970.00)	-
Loans, notes payable and bonds payments	7,230,621.00	4,120,414.00	(45,281,503.00)	(10,668,556.00)
Interest	(5,638,517.00)	(5,750,833.00)	(5,309,235.00)	(4,084,225.00)
Net cash (used in) from financing activities	435,202.00	(1,883,781.00)	(6,317,208.00)	(14,752,781.00)
Cash on hand and at banks: net growth (reduction)	(903,681.00)	1,042,003.00	5,284,505.00	355,490.00
At the moment, cash on hand and in banks start of year	4,878,596.00	3,974,915.00	5,016,918.00	10,183,120.00
Cash on hand and at banks, end of year	3,974,915.00	5,016,918.00	10,301,423.00	10,538,610.00

1- Performance Evaluation

a) Profitability:

Two data from the company's yearly financial statements are compared based on their relative sizes. Numerous simple formulas are used in accounting. To gauge a company's overall financial position, indicators are utilized.

Net profit margin = Net Profit / Operating revenue (Net of Sales)

2018	2019	2020	2021
-50.92%	-49.47%	-14.79%	5.60%

This ratio shows the operating profit as a share of net profit for each JD. 2021 will see a net profit for every JD (5.60%) of operating profit.

$$\text{Operating Income Margin} = \text{Net Profit from Operation} / \text{Operating revenue (Net of Sales)}$$

2018	2019	2020	2021
17.83%	21.45%	32.09%	39.50%

This ratio calculates the net operating profit for each operating revenue in 2021. In 2021, each JD will turn a profit (39.50%).

$$\text{Gross Profit Margin} = \text{Gross Profit (net operating income)} / \text{Operating revenue (Net of Sales)}$$

2018	2019	2020	2021
22.18%	26.59%	35.19%	38.44%

Overall profit affects revenue in this ratio. 2021 gross margin is influenced by net operational revenue (38.19 percent) for each JD.

$$\text{Return On Assets (ROA)} = \text{Net Income} / \text{Average Total Assets}$$

2018	2019	2020	2021
-6.48%	-6.94%	-2.95%	1.38%

This ratio evaluates a company's capacity to profitably utilize its assets by comparing profits against losses.

$$\text{Return On Total Equity (ROE)} = \text{Net Income} / \text{Average Total Equity}$$

2018	2019	2020	2021
-6.48%	-6.94%	-2.95%	1.38%

This ratio compares profits to losses to assess a company's ability to utilize assets profitably.

$$\text{Return On Total Equity (ROE)} = \text{Net Income} / \text{Average Total Equity}$$

2018	2019	2020	2021
-10.87%	-13.02%	-6.01%	1.98%

Comparable to common and preferred stock. For instance, the 2021 profitability of common and preferred stock was (1.98%).

b) Efficiency:

Efficiency ratios display expenditures as a percentage of revenue. It is the amount of money spent to earn one dollar. Inefficient businesses should be avoided. This idea is common in banks.

$$\text{Account Receivable Turnover} = \text{Net Credit Sales} / \text{Average Accounts Receivables}$$

2018	2019	2020	2021
7.67	7.19	9.36	11.85

A corporation can often collect its bonds in a year. In 2020, a corporation may recover its receivables (11.85).

$$\text{Days' Revenues in Receivables} = \text{Days in Year} / \text{Accounts Receivable Turnover}$$

2018	2019	2020	2021
47.56	57.25	36.12	31.05

This percentage represents the length of time accounts receivable remain at the end of the year.

$$\text{Inventory Turnover} = \text{Cost of Goods Sold} / \text{Average Inventory} \quad \text{More is better}$$

2018	2019	2020	2021
16.23	16.42	20.10	22.73

This ratio indicates how often a business can sell inventory in a year. * For example, in 2005, the Company sold inventory (22.73) for that year.

$$\text{Days' Revenues in Inventory} = \text{Days in Year} / \text{inventory Turnover} \quad \text{less is bet}$$

2018	2019	2020	2021
22.49	22.27	17.86	16.21

Time to utilize inventories in operational revenue*. In 2020, it took a corporation 16.21 days from purchasing goods to selling cash through operating revenue.

c) Short-term Solvency:

Short-term solvency ratio compares current assets to liabilities. To calculate a company's short-term solvency ratio, recent assets employed to generate revenue or loss are measured.

Opportunity makes up for debt. Observing the existing situation can control it.

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liability}$$

2018	2019	2020	2021
0.38	0.58	1.12	1.39

This ratio displays how much current assets are compared to liabilities. A JD of current liabilities may be met by (1, 39) JD of current assets in 2005. However, in 2003, current assets can cover each yen of current liabilities.

$$\text{Acid-Test Ratio (Quick Ratio)} = \text{Cash \& Equivalent} / \text{Current liability}$$

((All Current Assets Excluding the Inventory & Prepaid Expenses))

2018	2019	2020	2021
0.33	0.52	1.03	1.30

This ratio is similar to the current ratio but excludes stocks due to their absolute nature.

$$\text{Inventory Turnover} = \text{Cost Of Good Sold} / \text{Average Inventory} \quad \text{More is better}$$

2018	2019	2020	2021
16.23	16.42	20.10	22.73

Percentage of inventory sales per year. For example, in 2005 the company sold 22.73% of their inventory.

$$\text{Account Receivable Turnover} = \text{Net Credit Sales} / \text{Average Accounts Receivables}$$

2018	2019	2020	2021
7.67	7.19	9.36	11.85

This ratio shows how often a corporation can collect its bonds annually. In 2020, a corporation may recover its receivables (11.85).

Advantages of short-term solvency ratio:

Financial analysis: Short-term solvency ratios are useful for assessing a company's prospects. He only uses current assets and has low debt.

Operating cycle: Short-term Solvency lengthens the Company's cycle. Obtain fast cash from liquid assets Improves management efficiency.

Disadvantages of short-term solvency ratio:

Inventory: Short-term A revaluation of debt due to the inclusion of reserves can lead to erroneous ratio results.

Standalone failure: Short-term Solvency fails under massive liabilities, leading to ownership changes.

d) Long-term Solvency:

Long-term Solvency is the net asset to debt ratio. On the balance sheet are obligations, loans, taxes, and annuities. Long-term solvency ratios can improve over a year. Managed through analyzing non-current liabilities. New debt contracts or more income can assist.

Debt-to-Equity (D/E) Debt to equity = Total debt / Total equity

The debt-to-equity ratio (D/E) measures a company's financial leverage, including both short- and long-term debt. Increasing the debt-to-equity ratio increases interest costs, and increasing debt may harm a company's credit rating.

2018	2019	2020	2021
74%	88%	93%	69%

Debt-to-Assets (D/A) Debt to assets = Total debt / Total assets

2018	2019	2020	2021
40%	44%	45%	38%

The debt-to-asset ratio gauges how much of a company's assets are financed by debt (short-term and long-term). A greater ratio signifies more financial risk.

$$\text{Interest coverage ratio} = \text{Operating income (or EBIT)} / \text{Interest expense}$$

This ratio shows how often a company pays interest on debt (interest and pre-tax income) (EBIT). It is a measure of the company's ability to pay interest.

2018	2019	2020	2021
(0.031)	0.020	1.697	4.224

Advantages of long-term solvency ratio:

Long-term Solvency allows for fast cash conversion. This strategy can be used to make a profit quickly.

Stock exchange:

Investing with shareholders and purchasing stock exchanges can help your company expand. Tax planning allows net income to be reinvested.

Disadvantages of long-term solvency ratio:

Liabilities: The long-term solvency ratio involves a lot of debt. This can increase tax rates and even company subsidies.

Operation cycle: Long-term Financial and economic blunders and worldwide market circumstances frequently

e) Market-based ratio:

The market value ratio is used to assess current share prices. Current and potential investors use this ratio to assess a company's stock's value. Among the most common market value ratios are

$$\text{Book Value Per Share} = \text{Stockholders equity} / \text{no. of outstanding shares}$$

Shares are valued at their total capital divided by the number of shares issued. This indicator is used to determine if a stock's market value is high or low, and thus whether to purchase or sell it. 125,000,000 shares.

2018	2019	2020	2021
0.95	0.83	0.79	0.84

Dividend Yield=dividends/market price

The dividend yield is calculated by dividing the total dividends paid by the stock's market price. This is the return on investment when buying shares at market pricing.

WE CAN NOT CALCULATE THIS RATIO UNTIL THE FINANCIALS HAVE DIVIDENDS.

Earnings Per Share= Net income or loss / No. of shares

Dividends by outstanding shares (there are several variations of this calculation). Although this indicator does not reflect the stock market price, it can be used by investors to determine the stock's value.

2018	2019	2020	2021
(0.103)	(0.116)	(0.049)	0.016

Market Value Per Share= market cap/no. of shares

Market CAP in million

The whole market value of the company divided by the number of shares outstanding equals one share. It shows the current market value of each stock in the company.

2018	2019	2020	2021
2.240	2.000	2.050	1.740

Market value per share with the 125,000,000 shares

2018	2019	2020	2021
0.018	0.016	0.016	0.014

Price-Earnings Ratio= market value per share / EPS

The current market price/earnings ratio Earnings per share are calculated by dividing reported revenue by outstanding shares. Relative to reported profits per share. The resultant multiple determines whether a stock is overvalued or undervalued relative to its competitors. 4,444
EPS

2018	2019	2020	2021
(0.103)	(0.116)	(0.049)	0.016

Price-earnings ratio:

2018	2019	2020	2021
(21.7)	(17.2)	(41.8)	108.8

2- Recommendations to improve Secoo Fashion and Retail's business:

We recommend that Secoo Fashion and Retail make a market expansion strategy based on their figures from 2018- 2021. A new client group acquires an old product or service. Before you make any decisions, you should do some research. Can you provide a list of formal market candidates for our product? A segment is a population subgroup that can be targeted to reach new customers and expand geographically. If you only focus on US clients, what are the requirements for worldwide expansion? If you are only interested in working in IT organizations presently, you may want to consider looking for work in other countries.

Many new stats show that you can target non-users of your products as well as existing clients. Free trials and limited coverage are common with many companies.

New Customer Needs:

What do you think your competitor or potential customer may be interested in or want to do? Segregate your client base. The customer link makes sense as long as some of your current clients may benefit from the new offering.

To attract and sell to your target segments, develop a promotional strategy that resonates with them.

Making a market is all about finding new ways to reach your target market. This could include using the internet to reach them or developing new products or services that appeal to them.

If you only have a store brand, you can create a new brand for your product.

Personalize your promotions with discounts, coupons, and rewards to get the most out of your customers.

You can target specific demographics or consumer types for new product ideas. This can help you find innovative and successful products that appeal to specific groups of people. You can create a new product or use an existing product in a different way.

Can you think of a way you could help your existing customers even more? WD40 can be used for a variety of purposes, including cleaning and maintaining equipment.

What is the difference between market growth and market expansion? Market potential development is different from market penetration. Market potential aims to increase the potential of the market. By exploring new markets, you'll be able to increase your profits. As the market matures, the variety and quality of products available increases.

3- Investment project to Secoo Fashion and Retail:

a) Explanation whether it is a good idea by using NPV and WACC:

Net Present Value (NPV):

Cash Out Flow = 40% * 104,714,483

Cash Out Flow = 41,885,793 JD

Using the NPV to evaluate this project's indications

If all cash outflows occur in the first year and that the market interest rate is 12%, the net cash inflow over the first five years is

Year One	Year Two	Year Three	Year Four	Year Five
7,000,000\$	12,500,000\$	16,800,000\$	15,750,000\$	21,260,000\$

Description	Amount	Market %	Factor	NPV
Cash Out Flow				(41,885,793)
Year One 2023	7,000,000\$	12%	0.893	6,251,000
Year Two 2024	12,500,000\$	12%	0.797	9,962,500
Year Three 2025	16,800,000\$	12%	0.712	11,961,600
Year Four 2026	15,750,000\$	12%	0.636	10,017,000
Year Five 2027	21,260,000\$	12%	0.537	11,416,620
Net Present Value				7,722,927

It must be approved because the NPV is positive after deducting all cash outflows. The target capital structure of an enterprise is usually determined by the company's management. An example of this might be 30% debt and 70% common stock.

The following is an extract from the company's latest balance sheet:

Description	Amount	%
Long term bonds	45,000,000\$	30%
Common stock	125,000,000\$	70%
Total	170,000,000\$	100%

Weighted-Average Cost of Capital (WACC):

Weights are based on market values, not book values, because market values better reflect investors' expectations.

(if the effective long-term bond rate of 11.4%)

To calculate the weighted average cost of capital, the company must first determine the components of long-term debt and equity. Suppose the company has historically provided a 16% return on common stock. The company is in a 9% marginal tax.

Composed cost of long-term debt = effective rate x (1.0 - marginal tax rate)

$$= 11.4\% \times (1.0 - 0.09) = 11\%$$

Secoo can now know the WACC by multiplying the cost of each component of capital by the ratio of the total market capitalization represented by that component.

Description	Value	Weight	Cost	WACC
Bonds	45,000,000\$	30%	11%	4%
Common Stock	125,000,000	70%	16%	12%
Total	170,000,000	100%	-	16%

The cost of accumulated losses in this table is the same as the cost of regular inventory.

Secoo should invest in initiatives with a return of over 16% (WACC of the company).

These actions should increase free cash flow and give the owners a net present value.

b) Indicate whether Secoo Fashion and Retail must use its own cash or use retained earnings.

The company will need to raise additional external funds by issuing more common or preferred shares, bonds, or loans in order to offset its cumulative losses for these statements.

➤ **The cost of capital for a company:**

This value serves as justification for capital investments like a new factory.

But a cost-benefit analysis is always involved. a value-based, determined return on investment.

The return on a company's new project investments must constantly outpace the cost of the capital used to finance the project. Investors will lose money if this doesn't happen.

The difference between what a firm pays and receives is what is referred to as the cost of fresh capital, also known as external capital. If the company's debt load is already heavy, additional debt rarely has a value that matches prior or stated interest rates.

As a result, debt holders will look for higher interest rates.

Capital invested in new projects must always generate a return higher than the cost of capital. If not, investors will experience a loss.

What a company pays minus what it receives is the cost of new capital. Debt makes the company's debt load worse, especially if it is already large.

Debt holders will consequently demand higher rates.

➤ **Average Weighted Cost of Capital (WACC)**

Both debt and capital costs are taken into account when calculating weighted average cost of capital.

On the balance sheet, all debt and equity, including common and preferred shares, bonds, and other obligations, are included.

➤ **Calculating the Cost of Debt**

The financing strategy is determined by the cost of capital.

Early-stage enterprises should select equity financing because they have little assets. Because lenders and investors expect a higher risk premium, smaller, less-performing enterprises will incur a higher capital cost.

Annual interest ÷ Net issue proceeds

As tax rates rise and interest is tax deductible, debt becomes more alluring.

Any new equity offering's placement costs drive up the cost of capital and reduce revenue.

Cost of the new preferred stock:

Next dividend ÷ Net issue proceeds

The premise of a dividend growth model commonly referred to as a discounted cash flow model is that common shareholder will eventually want a rising dividend (provided that the dividend payout ratio remains constant).

(Next dividend ÷ Net issue proceeds) + Dividend growth rate

New share offerings are frequently used by young, expanding businesses. Mature companies rarely issue new common stock due to high issuance costs and associated negative effects.

4- Secoo Fashion and Retail's Return Earnings:

Secoo Fashion and Retail with a reasonable amount of retained earnings will undoubtedly be well-positioned to expand, buy new assets, pay higher dividends to shareholders, introduce new products, or settle any outstanding debts.

Nobody can contest the fact that any business that strives to reinvest its money rather than distribute it as profits will eventually see a growth in the worth of the business. As a result, the following alternatives exist to avoid paying extra dividends:

- 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, which will bring them additional profits in the long run.

For our business, we will reserve profits for growth in the long term.

Conclusion

Investors will be interested in *Secoo Fashion and Retail's* financial sectors because they seem to be financially stable. The research claims that the company has consistently kept a healthy profit, helped by its expanded exposure to foreign trade and online presence.

When the economy improves, the success of the company is apparent. In addition to branching out beyond the retail sector, the company wants to innovate. An analysis reveals the company's growth aspect in its commercial activities.

Since *Secoo Fashion and Retail's* gross profit, operating profit, and net profit are all on the upswing, we conclude that the company's financial position from 2018 to 2021 is satisfactory. The company is committed to paying dividends to shareholders on an annual basis, which attracts investors, and it has retained earnings that amount to a respectable sum. Reviewing the new investment in which the organization is taking part is crucial.

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