COVER PAGE AND DECLARATION

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Introduction

Financial management means the process of planning, organizing, and controlling financial activities, such as purchases and the use of company/organization funds, in the sense of applying the principles and laws of general management to the company's financial resources. as well as adopting and reviewing investment decisions of the company. Financial management relates to financing operations from various sources, dividend decisions to shareholders and retained earnings.

Financial management has goals that it always strives to achieve, which are as follows:

- **Ensure a regular and sufficient supply of funds so that there is no disruption to work.**
- **Ensuring sufficient returns for the shareholders of the company, which will be based on the market price and the expectations of the shareholders for the share price.**
- **Better utilization of funds and increase the cash flow cycle.**
- **Ensuring the safety of investment, as the funds must be exploited in safe projects that achieve an appropriate return for shareholders.**
- **Achieving a balance between obligations and equity of shareholders**

Financial management contains three basic components, which are making decisions regarding investment, financing, and dividend distribution to shareholders, as described.

- **Investment**

The financial manager must determine the amount of short-term and long-term investments that are made with available cash. Short-term investment decisions relating to working capital management will have an impact on liquidity and investment. Long-term

investment relates to capital planning such as purchasing real estate and equipment.

- **financing**

It includes decisions that ensure the availability of money when needed and helps in making decisions related to capital. This is to select funding sources and issue stocks, bonds, and retained earnings.

- **Dividend**

This clause refers to distributing the company's profits to shareholders and re-investing shareholders in the company's operations according to business needs.

The financial management focus on the following functions: -

- **Evaluate the capital requirements of the company to improve the company's revenues and consider the financial resources based on the needs.**
- **Evaluation of the capital constitution, after measuring the capital requirements in the company, as it includes long and short-term analyzes of debt ownership based on the company's share capital ratio.**
- **Determine the sources of capital, as there are many sources for obtaining funds. The disadvantages and advantages of choosing each of these sources must be considered, such as bonds, stocks, credit, and government deposits.**
- **Making the right decisions regarding investment, as the financial manager decides to invest in projects that achieve safe and profitable opportunities and returns for the company.**
- **Liquidity management. Cash is important for the daily operations of the company, such as purchasing materials necessary for operation, paying employee salaries, paying liabilities, as well as monthly payments such as water, electricity, internet, and**

marketing expenses.

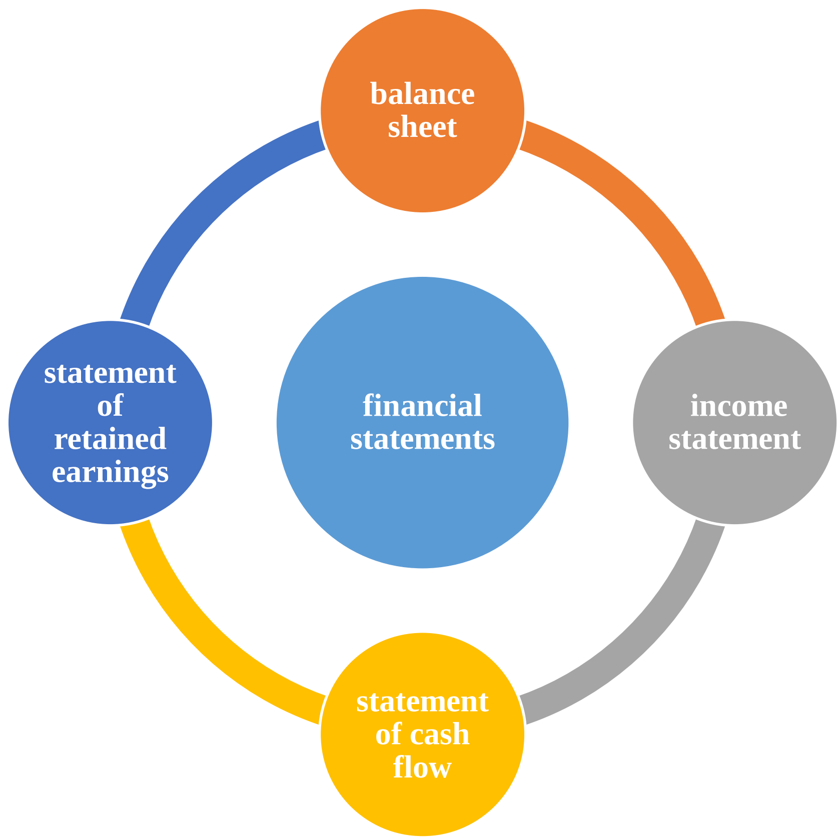
THE GOALS OF FINANCIAL MANAGEMENT IN THE NEW MILLENNIUM

Typical goals of the firm include (1) stockholder wealth maximization; (2) profit maximization.

(3) managerial reward maximization; (4) behavioral goals; and (5) social responsibility.

Shim (2020)

There are 4 types of financial statements.



- **Balance sheet: -**

It is considered one of the financial statements as it presents the assets, shareholders' equity, and liabilities as assets must match all liabilities and equity. The company must have sufficient assets to pay its current obligations. The balance sheet is used to compare debt

levels with the amount of equity invested in the company to see if the level of financial leverage is appropriate or not.

- **Income statement**

Income statement

This statement displays the results of the operations that took place in the company during the past month or the past year, and it may include large periods to make comparisons. The income statement begins with all revenues and subtracts from them the cost of goods sold, selling and distribution expenses, and general and administrative expenses. The result will be either a profit or a net loss from income taxes. This statement is used to determine the ability of operations to achieve profitability.

- **Statement of cash flow**

This statement shows the cash flows during a specific period that is determined from the date of the report. These flows are divided into cash flows from operating activities, investing, and financing activities.

The bulk of these flows are from operating activities. This statement is useful in identifying the sources and uses of cash, as well as indicating the financing position of the company.

- **Statement of retained earnings.**

The statement of retained earnings reconciles changes to the retained earnings account during the reporting period.

This statement explains how management uses retained earnings generated from the company's business.

Where this statement lists the balance of the beginning of the retained earnings and adds or subtracts from its elements such as profits and dividend payments to reach the balance of the

retained earnings at the end and the special equation is like this

Beginning Retained Earnings + Net Income - Dividend = Ending Retained Earnings.

There is a difference between finance and accounting, as accounting focuses on the daily flow of funds, whether inside or outside the company. As for finance, it is a broader term that focuses on managing assets and liabilities and planning in relation to investment activities. Where finance focuses on strategies, while accounting focuses on previous movements and transactions of the company, as it relates more to follow-up on what has already happened and compliance with laws and standards. As for finance, it looks forward to developing capital or mitigating losses.

Financial statement analysis is an essential skill in a variety of occupations.

including investment management, corporate finance, commercial lending, and the extension of credit. For individuals engaged in such activities Fridson, M. S., & Alvarez, F. (2022)

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

Companies must share the budget with the shareholders, for them to know the current situation of the company and predict the future situation. Analysts can predict the profitability and future results of the company, which has a great impact on attracting many shareholders. Herfy Foods Company was chosen for the evaluation process in this search.

Herfy Food Services Company. This company was established in 1981 by Ahmed Al-Saeed and Sheikh Hammoud Al-Ibrahim. The company works in the field of operating fast-food restaurants, producing, and selling meat products and bakeries. The paid-up capital of the company is 270 million Saudi riyals.

In the same year, the two founders opened the first restaurant in Riyadh, Saudi Arabia, and in the following year they established Herfy bakeries. From 1981 AD until now, the Herfy company's management has been working on developing the company and transferring it from a local restaurant chain to a brand in the field of fast food. Where it established Many restaurants and bakeries, and Herfy includes more than 350 branches throughout the Kingdom of Saudi Arabia, the United Arab Emirates, Egypt, Bangladesh and Kuwait, as well as tending to open branches in the state of Nigeria, thus exceeding the local borders and heading towards the world.

The great success achieved by Herfy Company provided it with an opportunity to expand beyond the limits of capacity. Herfy Company continues to invest in product development and modern technology in pursuit of its long-term vision to become the first company to provide

food services and products in the region.

https://www.argaam.com/ar/company/financial-pdf/3

- ✓ **Herfy Balance sheet: -2018-2019-2020-2021**

Statement	2021	2020	2019	2018
Non-current assets				
The fame				
Net investment in finance lease	**7,158,870**	**8,252,527**	**10,928,911**	**0**
Real estate investments	**28,034,938**	**26,676,726**	**29,880,890**	**33,178,001**
Property, plant and equipment, net	**987,977,090**	**999,147,629**	**1,043,497,337**	**1,059,855,196**
Right to use assets	**496,815,140**	**536,621,492**	**582,864,247**	
Net intangible assets	**9,396,938**	**11,075,199**	**15,442,588**	**10,223,424**
Total non-current assets	**1529382976**	**1581773573**	**1682613973**	**1103256621**
Current assets				
Criticism and the like	**30,485,715**	**118,930,514**	**25,943,078**	**17,023,147**
Trade receivables, net	**148,836,482**	**137,952,417**	**140,090,168**	**175,859,893**
Stock, net	**134,806,387**	**104,944,226**	**156,765,511**	**115,372,732**
Short-term real estate investments	**1,073,831**	**2,685,880**		
The current part of the investment in the financial lease			**1,534,095**	
Investments at fair value	**811,681**	**2,791,364**	**26,515,939**	**30,887,603**
Due to related parties				
Total current assets	**316014096**	**367304401**	**350848791**	**339143375**
Total assets	**1,845,397,072**	**1,949,077,974**	**2,033,462,764**	**1,442,399,996**

Shareholders' rights and liabilities				
Shareholders' equity				
capital	**646,800,000**	**646,800,000**	**646,800,000**	**646,800,000**
statutory reserve	**101,866,503**	**85,782,785**	**80,498,899**	**59,389,111**
Accumulated profits / (losses).	**299,542,397**	**226,812,051**	**270,687,385**	**226,687,377**
Total equity	**1,048,208,900**	**959,394,836**	**997,986,284**	**932,876,488**
Liabilities				
Non-current liabilities				
Provision for end of severance pay	**101,843,814**	**93,527,855**	**72,900,362**	**65,527,657**
Long term loans			**57,493,089**	
Obligations of the right to use the assets - long-term	**457,620,877**	**457,385,932**	**496,966,719**	**145,348,723**
Non-current installments - long-term facilities	**15,306,183**	**36,780,108**		
Total non-current liabilities	**574770874**	**587693895**	**627360170**	**210876380**
Current liabilities				
Overdraft				
Trade payables	**138,989,611**	**171,207,902**	**174,277,036**	**188,939,705**
Sharia zakat provision	**9,272,345**	**13,667,451**	**13,667,451**	**9,713,818**
Obligations of the right to use the assets short term	**58,933,274**	**92,517,463**	**82,361,166**	
Current Installments - short-term facilities	**15,222,068**	**124,596,427**	**137,810,657**	**100,002,605**

Total current liabilities	**222417298**	**401989243**	**408116310**	**298656128**
Total liabilities	**797,188,172**	**989,683,138**	**1,035,476,480**	**509,532,508**
Total liabilities and equity	**1,845,397,072**	**1,949,077,974**	**2,033,462,764**	**1,442,408,996**

- ✓ **Herfy income statement :2018-2019-2020-2021**

Statement /SAR	2,021	2,020	2,019	2,018
Revenues	**1,313,856,321**	**1,076,083,334**	**1,288,310,097**	**1,227,269,910**
Sales cost	**-928,364,345**	**-826,494,361**	**-895,673,109**	**-882,199,546**
Gross profit	**385,491,976**	**249,588,973**	**392,636,988**	**345,070,364**
Selling and distribution expenses	**-136,344,838**	**-84,003,368**	**-87,572,897**	**-61,110,835**
General and administrative expenses	**-75,758,651**	**-86,776,599**	**-83,476,299**	**-75,072,947**
Other income	**15,943,780**	**23,936,094**	**16,866,631**	**11,713,768**
Realized profit from investments at fair value	**190,570**	**802,888**		
Unrealized gain on investments at fair value	**263,520**	**195,942**		
Provision for the decrease in net financial leasing investment in	**-52,777**	**-1,116,707**		
Allowance for impairment of receivables	**322,993**	**-11,296,189**		
Profit from main operations	**190,056,573**	**91,331,034**	**238,454,423**	**220,600,350**
financing expenses	**-28,552,315**	**-33,132,376**	**-37,309,083**	**-12,765,416**
Net profit before zakat	**161,504,258**	**58,198,658**	**201,145,340**	**207,834,934**

Zakat expense on continuing operations for the period	**-667,079**	**-5,359,797**	**-5,057,700**	**-3,665,425**
profit (loss) for the period	**160,837,179**	**52,838,861**	**196,087,640**	**204,169,509**
Earnings per share				
Number of Shares	**64,680,000**	**64,680,000**	**64,680,000**	**64,680,000**
Earnings per share	**2.49**	**0.82**	**3.03**	**3.16**

Performance Evaluation

a. **Profitability**

There are some Profitability Indicators:

- **Gross margin**

	2021	2020	2019	2018
Gross Profit Margin = Gross Profit ÷ Net Sales	**29%**	**23%**	**30%**	**28%**

Herfy gross margin decreased in 2020 compared to 2019 by 7% during the spread of the Corona virus, then increased in 2022 again.

- **Net Profit Margin.**

net profit margin measures the remaining percentage of sales after deducting total expenses and costs, such as interest, tax; and preferred stock dividends.

Nariswari, T. N., & Nugraha, N. M. (2020).

	2021	2020	2019	2018
Net Profit Margin = Net Profit ÷ Net Sales	**12%**	**5%**	**15%**	**17%**

Herfy net profit margin in 17% in 2018 and 12% in 2021 with 5% decrease.

- **Return on investment.**

	2021	2020	2019	2018
Return on investment = net profit after tax ÷ total assets	**9%**	**3%**	**10%**	**14%**

Herfy return on investment was 9% in 2021 and 14% in 2018 with a 5 %decrease. Also, the percentage in 2020 is 3 % which is more decrease.

- **Return on Equity**

	2021	2020	2019	2018
Return on Equity = Net Profit ÷ Average Shareholders' Equity	**15%**	**6%**	**20%**	**22%**

Herfy return on equity was 15% in 2021 and 22% in 2018 with a 7 % decrease also, the percentage in 2020 is 6% which is more decrease.

b. Efficiency

- **Inventory Turnover**

That is inventory turnover ratios that can be obtained from public financial statements because inventory is one of the most important factors in the manufacturing industry. Kwak, J. K. (2019)

	2021	2020	2019	2018
Inventory Turnover = COGS ÷ Average Inventory	**6.9**	**7.9**	**5.7**	**7.6**

It is noted that the inventory turnover rate over 4 years decreased by 0.9 in 2021 compared to 2018. And 1 compared to 2020.

- **Fixed assets turnover ratio**

Total Asset Turn Over is a ratio used to measure how efficiently all company assets are used to support sales activities by comparing sales to total assets. Kurniawan, A. (2021).

	2021	2020	2019	2018
Fixed assets turnover ratio = net sales / total fixed assets (times)	**0.86**	**0.68**	**0.77**	**1.11**

The asset turnover ratio is 2021 was 0.86, down by0 .25 from 2018 at Herfy

- **Accounts Payable Turnover Ratio**

	2021	2020	2019	2018
Accounts Payable Turnover Ratio = Cost of Sales / Accounts Payable	**6.7**	**4.8**	**5.1**	**4.7**

Looking at the payables turnover rate in 2021, we find that it was 6.4 compared to 2018 was 4.7, which indicates that Herfy has developed in fulfilling suppliers' dues.

- **Receivables turnover rate**

	2021	2020	2019	2018
Receivables turnover rate = net annual sales / average debtor balances (once annually)	**8.8**	**7.8**	**9.2**	**7.0**

The receivables turnover ratio is 7 in 2018 was lower than in 2021 which was 8.8

This indicates Herfy's ability to collect its obligations.

c. **Short-term Solvency**

- ✓ **Turnover Ratio**

	2021	2020	2019	2018
Turnover Ratio = Current Assets / Current Liabilities	**142%**	**91%**	**86%**	**114%**

The turnover rate was 142% in 2021, an increase from 2018, which was 114%, and this means that Herfy has a great ability to manage its assets.

- ✓ **Quick turnover ratio**

	2021	2020	2019	2018
Quick turnover ratio = (current assets - inventory) / current liabilities	**81%**	**65%**	**48%**	**75%**

The Quick turnover ratio was 81% in 2021, an increase from 2018, which was 75%, and this means that Herfy has a great ability to manage its assets.

d. **Long-term Solvency**

- **Debt-to-capital ratio**

	2021	2020	2019	2018
Debt-to-capital ratio = total liabilities / equity	**-24%**	**3%**	**4%**	**-45%**

The percentage was high in 2019 and 20120, but it decreased in 2021, and this means that the company has strong management that can achieve success.

e. **Market-based Ratios**

❖ **Earnings per share**

	2021	2020	2019	2018
Earnings per share	**2.49**	**0.82**	**3.03**	**3.16**

It is noted that the earnings per share were high in 2018 and 2019, then decreased significantly in 2020, but began to rise again in 2021, and this indicates the strength of the company and its ability to face crises.

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

There are some suggestions for improving Herfy business.

Management's goal is to maximize firm value Brigham& Daves (2018)

- **<u>Gross Margin</u>**

i. **A good inventory management system must be established to reduce the presence of materials close to expiration or expired, especially since the validity period of fast-food items is very short.**

ii. **Focus on presenting offers on meals during festive seasons and official holidays.**

iii. **Focusing on negotiating with suppliers and reaching the lowest price for raw materials and the best quality**

iv. **To consider when opening new branches to choose the most densely populated areas.**

v. **Providing benefits to regular customers to maintain their sustainability.**

- **<u>Operating Margin</u>**

1) **The company needs to re-engineer its existing processes.**
2) **The company needs to benefit from the scrap waste resulting from the manufacturing processes.**
3) **Focus on reviewing manpower needs.**
4) **Make a benchmarking comparison between its branches and reach and achieve the best performance.**
5) **See what competitors who have achieved the best performance are doing and try to follow their path.**

- **<u>return on equity.</u>**

1) **The company should focus on increasing the profit margin.**
2) **The company must reach the lowest percentage in paying its own taxes and loans.**

- **<u>Net profit margin</u>**

Since the net profit margin is what determines the evaluation of the company, the company should work on the following:

i. **Reaching the lowest possible cost in all its operations, whether sales, production, or support operations**
ii. **Attracting qualified cadres to manage operations.**
iii. **Focus on increasing sales.**

- **<u>Return on investment.</u>**

A. **The company must always strive to develop and open new projects that achieve a return on investment.**
B. **The company must take advantage of modern technology in its operations, which contributes to improving them and achieving a good return for them.**

- **<u>Return on assets.</u>**

Given that the assets are shared by shareholders in the company, we find great interest in these assets and follow-up on how the company's management monitors and benefits from them. The higher the percentage, the better the company manages its assets, so the company must focus on the following:

1. **Commitment to the correct accounting methods for dealing with assets.**
2. **Reducing assets to improve return on assets.**

In general, firm value is the selling price of a company that is considered feasible for prospective investors. The main objective of the company's management is stockholder

wealth maximization by maximizing the company's stock price Husna & Satria (2019)

- **<u>Inventory turnover</u>**

Since inventory constitutes a large percentage of companies, Herfy must focus on increasing the inventory turnover rate, through the following:

a. **Implementation of the JIT system in dealing with inventory, if possible**

In the nick of time (JIT) is an assembling reasoning that was produced by the Japanese. It is centered around streamlining generation effectiveness by finding the harmony among quality and amount to portray a stylish perfect Mukwakungu(2019)

b. **Applying the 20-80 system in dealing with items**
c. **Applying the best methods related to keeping inventory in the company.**

- **<u>Solvency</u>**

The choice that businesses face, between equity and debt, when financing needs related to current activities and/or investments, has never been an easy one. Both types of financing provide benefits and disadvantages and, until now, optimal capital structure is still a contentious issue in corporate finance Dumitrescu, D. G. (2021)

Given that solvency is an important matter for the company, especially for its position in the stock market, the company should use the best methods to achieve short and long-term solvency, though.

i. **Getting rid of useless assets that are no longer used by selling them to bring cash to the company.**
ii. **Focus on converting receivables into cash as quickly as possible.**
iii. **Focus on reducing the short-term expense.**

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.

Companies use financial modeling to understand their current revenues, as well as to be able to estimate potential future expenses, as this matter helps in making good investment decisions for the company. Especially if the company wants to determine whether it should make a specific investment. Companies must determine the value of the investment in any project they undertake.so that I recommend to open new A large restaurant project in Riyadh - Saudi Arabia as per the feasibility study.

Project Cost- SAR	**10,000,000**		
Interest rate	**4%**	**loan amount**	**6,000,000**
		Owner equity	**4,000,000**

Project Cost- SAR	2023	2024	Total	Rate
Buildings	2,000,000	500,000	2,500,000	25%
Land purchase	4,000,000	0	4,000,000	40%
Equipment	890,000	0	890,000	9%
Furniture and office	250,000	0	250,000	3%
Total assets	7,140,000	500,000	7,640,000	76%
Emergency Reserve	395,000	1,000,000	1,395,000	14%
Feasibility study	25,000	0	25,000	0%
First Working capital	0	700,000	700,000	7%

Interest rate	**0**	**240,000**	**240,000**	**2%**
Total investment costs	**7,560,000**	**2,440,000**	**10,000,000**	**100%**

Revenue &Expenses

Years	Revenue	Expenses	Profit	Tax	Income tax	Profit after tax
1	5,000,000	3,000,000	2,000,000	20%	400,000	1,600,000
2	6,000,000	4,000,000	2,000,000	20%	400,000	1,600,000
3	7,000,000	5,000,000	2,000,000	20%	400,000	1,600,000
4	8,000,000	6,000,000	2,000,000	20%	400,000	1,600,000
5	9,000,000	7,000,000	2,000,000	20%	400,000	1,600,000
Total	35,000,000	25,000,000	10,000,000	100%	2,000,000	8,000,000

95%	**Cash sales percentage**

Years	Cash in			Cash out				Net cash flow
	Cash Revenue	Residual	Total (1)	Investment cost	Operating cash cost	Tax	Total (2)	1-2

0			0	10,000,000	0	0	10,000,000	- 10,000,000
1	4,750,000		4,750,000		2,000,000	400,000	2,400,000	2,350,000
2	5,700,000		5,700,000		2,000,000	400,000	2,400,000	3,300,000
3	6,650,000		6,650,000		2,000,000	400,000	2,400,000	4,250,000
4	7,600,000		7,600,000		2,000,000	400,000	2,400,000	5,200,000
5	8,550,000	3,000,000	11,550,000		2,000,000	400,000	2,400,000	9,150,000
Total	**33,250,000**	**3,000,000**	**36,250,000**					**14,250,000**

loan

Rate **4%**

Year	Balance of loan	Annual interest 4%	payment of loan	Total payments
1	6,000,000	240,000	1,500,000	1,740,000
2	4,000,000	160,000	1,500,000	1,660,000
3	3,000,000	120,000	1,500,000	1,620,000
4	2,000,000	80,000	1,500,000	1,580,000
Total		600,000		6,600,000

Years	Revenue	Expenses	Interest	Total	Profit	Tax Rate	Income Tax 20%	Profit After Tax
1	5,000,000	3,000,000	240,000	3,240,000	1,760,000	20%	352,000	1,408,000
2	6,000,000	4,000,000	160,000	4,160,000	1,840,000	20%	368,000	1,472,000
3	7,000,000	5,000,000	120,000	5,120,000	1,880,000	20%	376,000	1,504,000
4	8,000,000	6,000,000	80,000	6,080,000	1,920,000	20%	384,000	1,536,000
5	9,000,000	7,000,000		7,000,000	2,000,000	20%	400,000	1,600,000

Cash after bank interest

Years	Cash in			
	Cash Revenue	Residual	loan	Total (1)
0			6,000,000	6,000,000
1	4,750,000			4,750,000
2	5,700,000			5,700,000
3	6,650,000			6,650,000
4	7,600,000			7,600,000
5	8,550,000	3,000,000		11,550,000
Total	33,250,000.00	3,000,000.00	6,000,000.00	42,250,000.00

Years	Cash out					Net cash flow
	Investment cost	Operating cash cost	Tax	loan +interest	Total (2)	1-2
0	10,000,000	0	0		10,000,000	-4,000,000
1		2,000,000	352,000	1,740,000	4,092,000	658,000
2		2,000,000	368,000	1,660,000	4,028,000	1,672,000
3		2,000,000	376,000	1,620,000	3,996,000	2,654,000
4		2,000,000	384,000	1,580,000	3,964,000	3,636,000
5		2,000,000	400,000	6,600,000	9,000,000	2,550,000
Total			1,880,000			

Pay Pack Period

Years	Net cash flow	Accumulated cash flow	
0	-10,000,000.00	-10,000,000.00	
1	658,000.00	-9,342,000.00	
2	1,672,000.00	-7,670,000.00	
3	2,654,000.00	-5,016,000.00	
4	3,636,000.00	-1,380,000.00	
5	2,550,000.00	1,170,000.00	Pay Pack Period

Net present value

NPV

2%

Total **10,000,000**

Year	Net Cash Flow	Present Value for SAR	Present Value for net Cash Flow
0	-10,000,000	1.000	-10,000,000
1	658,000	0.980	645,098
2	1,672,000	0.961	1,607,074
3	2,654,000	0.942	2,500,923
4	3,636,000	0.924	3,359,102
5	2,550,000	0.906	2,309,614
	1,170,000		421,811

Since the NPV is positive, I recommend Herfy to implement this project.

Particulars	Value
Total Debt	**6,000,000**
Total Equity	**4,000,000**
Interest Expense	**600,000**
Tax Rate	**20%**
Risk-free Return	**1.5%**
Beta	**1.2**
Market Return	**4.0%**

Total Capital	SAR 10,000,000
Weightage of Debt	0.600
Cost of Debt	10.0%
Weightage of Equity	0.400
Cost of Equity	4.5%
WACC	6.60%

The WACC is 6.60%

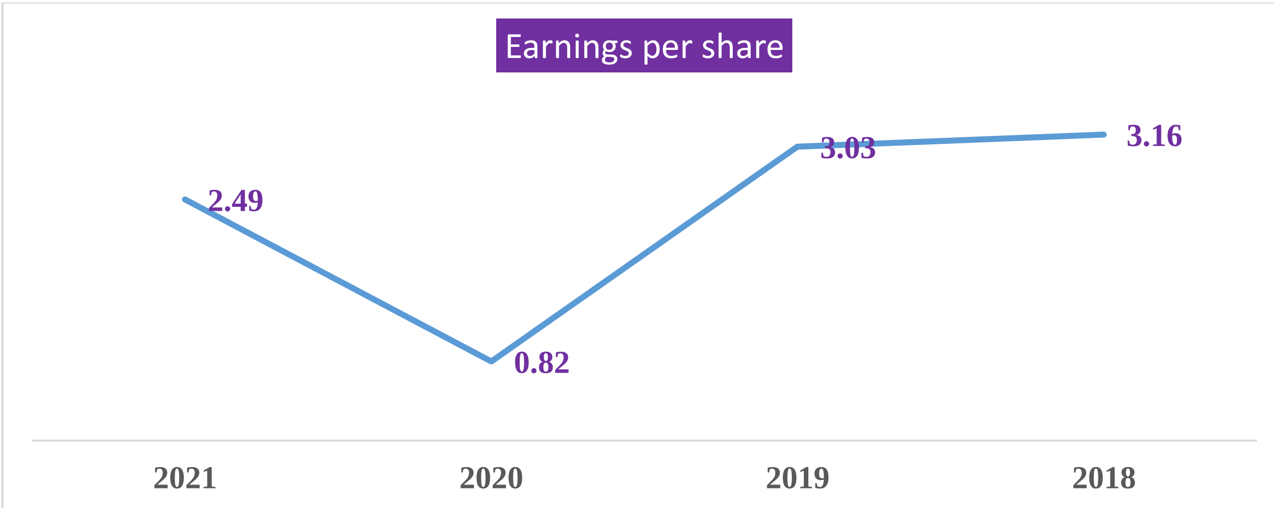
According to the analyzes described above, and because the company's capital is greater than the retained earnings of the participants, the company must use its capital instead of the retained earnings.

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

Dividend.

Dividend distribution is considered an essential part of the company's business. The process of distributing profits may be in the form of cash, shares, or other payments distributed to the shareholders of the company. Most companies do not distribute all their shares, as they tend to the process of expanding their own business, as they reinvest their profits in Financing new projects, purchasing other assets, or paying related debts, which reduces the interest paid to banks, and this contributes to raising the share price of companies.

According to the statistics of the Herfy company within 4 years, and the earnings per share, which were high during the years 2018 and 2019, then decreased in 2020, and headed towards an increase again in 2021, it is better for the Herfy company to keep the profits and reuse them in financing new businesses and projects until the company reaches Return to achieving the best results as it was in the years 2018 and 2019. In the case of benefiting from the retained earnings, the company will be able to achieve higher revenues and increase the profits of shareholders.



The financial markets are considered pivotal and important components and represent the main means of communication between corporations and accounting information users. Investors that mobilise savings and convert them into investments contribute to the economy. development. KANAKRIYAH, R. (2020)

Conclusion

1) **Companies must evaluate the current situation and determine what it should be in the future (As Is” situation to the “To Be” situation)**
2) **Financial reports are a dashboard that drives businesses.**
3) **Companies should always strive to evaluate and develop performance so as not to exit the market in light of the current competition that has become difficult between companies.**
4) **The availability of liquidity in companies makes them able to achieve a lot of profits in the event that this liquidity is used effectively.**
5) **If the company gains the confidence of shareholders, it can achieve great successes.**
6) **Financial analysis and percentages for Herfy show the strength and efficiency of the company.**
7) **From the financial statements of Herfy, it is clear that its profitability increased in some years and decreased in others, but it seeks to achieve success in order to reach the best possible profitability.**

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