

A STUDY ON WORKING CAPITAL MANAGEMENT OF MARKS AND SPENCER

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By

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SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **JENSIYA A 42410233** who carried out the Project “**A STUDY ON WORKING CAPITAL MANAGEMENT OF MARKS AND SPENCER**” under my supervision from October 2023 to December 2023.

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Internal guide

External guide

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Internal Examiner

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INTRODUCTION

INTRODUCTION:

Working capital management is a business strategy designed to ensure that a company operates efficiently by monitoring and using its current assets and liabilities to their most effective use. The efficiency of working capital management can be quantified using ratio analysis. The primary purpose of working capital management is to enable the company to maintain sufficient cash flow to meet its short-term operating costs and short-term debt obligations. Working capital management commonly involves monitoring cash flow, current assets, and current liabilities through ratio analysis of the key elements of working capital, including the working capital ratio, collection ratio, and inventory turnover ratio.

WORKING CAPITAL:

Working capital (WC) is a financial metric which represents operating liquidity available to a business, organisation, or other entity, including governmental entities. A company's working capital is made up of its current assets minus its current liabilities. Current assets include anything that can be easily converted into cash within 12 months. These are the company's highly liquid assets. Some current assets include cash, accounts receivable, inventory, and short-term investments. Current liabilities are any obligations due within the following 12 months. These include accruals for operating expenses and current portions of long-term debt payments. If current assets are less than current liabilities, an entity has a **working capital deficiency**, also called a **working capital deficit** and **negative working capital**. A company can be endowed with assets and profitability but may fall short of liquidity if its assets cannot be readily converted into cash. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing and upcoming operational expenses.

DEFINITION:

- ❖ Shubin defines, “Working capital is the amount of funds necessary to cover the cost of operating the enterprise.”
- ❖ Weston and Brigham define, “Working capital refers to a firm’s investment in short term assets – cash, short term securities accounts receivables and inventories.”

- ❖ Hoagland defines, “Working capital is descriptive of that capital which is not fixed. But the more common use of the working capital is to consider it as the difference between the book value of current assets and the current liabilities.”
- ❖ Bonneville defines, “Any acquisition of funds which increases the current assets, and which increases the working capital for they are one and the same.”

OBEJCTIVES:

- ❖ To minimize the amount of capital employed in financing the current assets. This will also lead to an improvement in the “Return on Capital employed”.
- ❖ To manage the current asset in such a way that the marginal return on investment in these assets is not less than the cost of capital acquired to finance them. This will ensure the maximization of the value of the business unit.
- ❖ To maintain the proper balance between the amount of current assets and liabilities in such a way that the firm is always able to meet its financial obligations whenever due. This will ensure the smooth working of the unit without any production held ups due to paucity of funds.
- ❖ To ensure that there is no hindrance during working capital operating cycle. Working capital cycle starts from the day raw materials are required and completes when the finished products are sold.
- ❖ To assist the business to avoid over borrowing. The objectives of working capital management out of over-borrowing leads to mismanagement of finance as well as assets. The business goes far beyond their financial goals which leads towards financial failure for a business.
- ❖ To expand from company’s investment. The money which is saved from the effective working capital management is being an inexpensive source of finance that can be used for business expansion, funds for existing projects or company’s investment toward expansion of their idea towards growth of an organization.
- ❖ To build a good rapport between suppliers. When a firm has defined objectives of working capital and engaging its best management concerning its working capital along with other financial indicators; then lender, suppliers will be more interested in carrying a business with a firm. Their understanding of the business, management

setup will definitely boost confidence within the business as well as in the transactions of a company.

COMPONENTS OF WORKING CAPITAL:

- Trade receivables
- Inventory
- Cash and bank balances
- Trade payables

TRADE RECEIVABLES:

- Trade Receivables form a significant part of the current asset and, therefore, working capital. It also includes the amount due to the bills of exchange receivable. These are the amounts in which the business is owned by its customers. A crafted receivables management policy goes a long way in ensuring timely collection and avoiding bad debts, if any, for the business.
- The importance of trade receivables is equally reinforced by most analysts while evaluating a business check receivables turnover ratio to understand the working capital management efficiency in collecting payments for credit sales undertaken by the business and to derive bad debts incurred by the business.

INVENTORY:

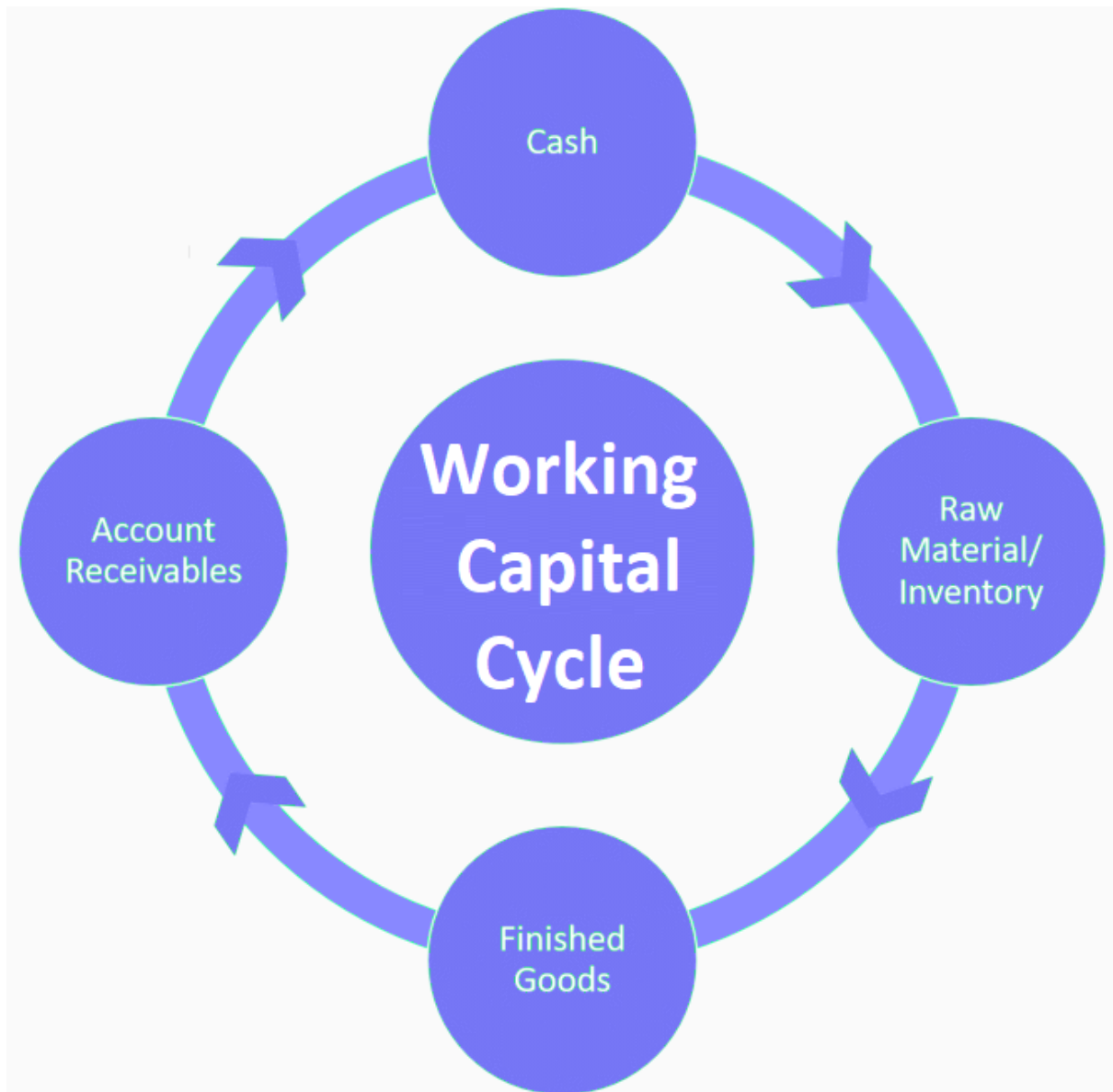
- Inventory is another significant part of current assets and, without a doubt, forms an integral component of working capital management. Good Inventory Management is essential since it is responsible for proper control over inventory from the raw material stage to the finished goods stage.
- Inventory management begins with inventory control and involves the timely purchase, proper storage, and efficient utilization to maintain an even and orderly flow of finished goods to meet timely commitment by the business and, at the same time, avoid excess working capital in holding of inventory as that will result in a delay in cash conversion cycle and also increase the risk of obsolescence and increase working capital requirement which adversely impacts the profitability of the business.

CASH AND BANK BALANCES:

It is said that cash is the king and an essential component of current assets, and cash involves not just cash only but all liquid securities that can be readily converted into cash. Proper Cash Management goes a long way in keeping the working capital cycle in order and enables the business to manage its operating cycle. Also, business efficiency is determined by the amount of free cash flow to the firm (FCFF) it generates. Also, proper utilization of cash ensures business to garner trade discounts and improve the cash conversion cycle, which is a critical yardstick for analysing the working capital cycle of any business.

TRADE PAYABLES:

- Trade Payables forms a significant part of current liabilities. It also includes the amount due to the bills of exchange payables. These are the amounts the business must pay for credit purchases made by it. A crafted payables management policy goes a long way in ensuring timely payment and cordial business relations with vendors and creditors.
- Each industry has a specific trade cycle, and businesses must keep their trade payable cycle in line with the industry. Also, if a business has a shortened trade payable cycle, it will have to keep more cash in hand, resulting in longer trade cash conversion cycles and more interest costs.
- A more extended trade payable period will make businesses make payments to their vendors after long periods. However, suppose the business can keep a short trade receivable period. In that case, such a scenario improves the business cash conversion cycle and results in less working capital requirement, ultimately boosting profits.
- Further, the importance of trade payables is equally reinforced by most analysts while evaluating a business check payables turnover ratio to understand the working capital management efficiency and timely payments to honour its obligation to its creditors
- A high trade payables turnover ratio shows that creditors are being paid promptly by the business enhancing creditworthiness of the business. However, a very favourable ratio compared to industry practice shows that the business is not taking full advantage of credit facilities allowed by the creditors resulting in more cash requirements.

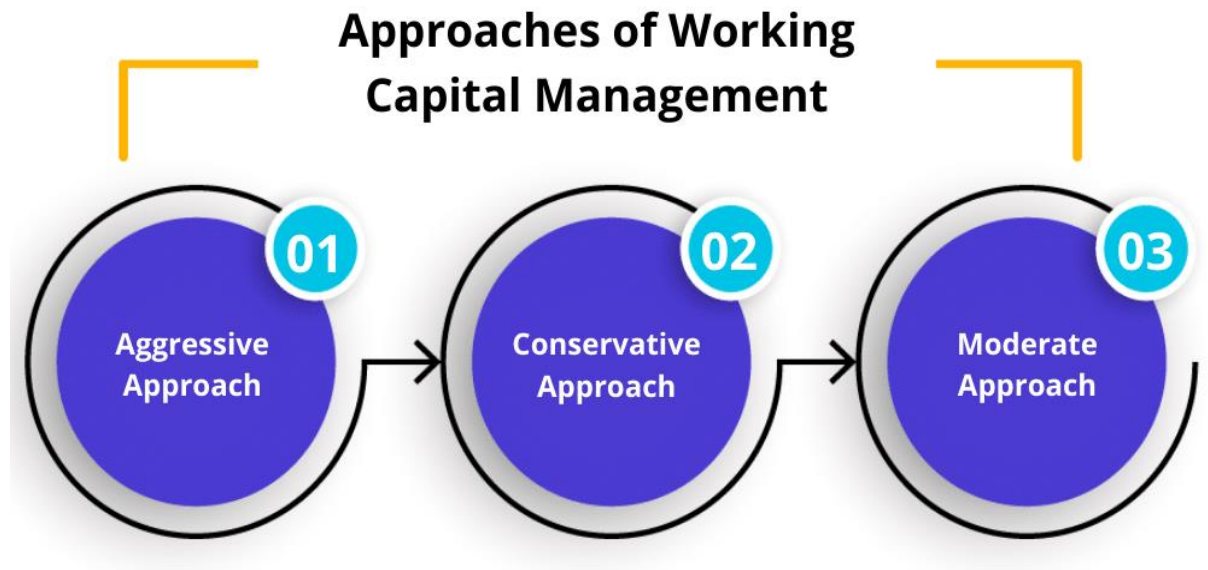


FACTORS INFLUENCING INVESTMENT OF WORKING CAPITAL:

- Nature of Industry (manufacturing or trading or service) and types of products
- The volume of sales and the possibility of accounts receivables
- Nature of credit policy, i.e., a firm with liberal credit policy has not only a high level of receivables but also requires more capital to fund raw material acquisitions
- Degree of seasonality which means that companies experiencing strong seasonal movements have special working capital problems
- Production policy of the company and the rate of production maintained
- Growth stage of the business, i.e., an expanding company would require greater amounts of working capital to prevent interruptions to the production sequence
- Competitive conditions which mean that when the competition is intense, there is more pressure to stock varied product lines to meet the demands of the consumer and to offer more favourable credit terms
- Dividend policy adopted by a firm considering its effect on cash
- Risk factor which signifies that the greater the uncertainty regarding receipts and expenses, the greater the need for working capital

APPROACHES TO WORKING CAPITAL MANAGEMENT:

Working capital investment decisions are categorized into three approaches based on the organizational policy and risk-return trade-off, i.e., aggressive, conservative, and hedging/moderate. Hedging approach is an ideal method of working capital financing with moderate risk and profitability. The other two approaches can be inferred to mean extreme level strategies.



AGGRESSIVE APPROACH:

The aggressive strategy is one of the approaches of working capital management wherein the company's investments in working capital are kept at a minimum level, i.e., limited investment in current assets. This means that the entity holds lower inventory levels, follows strict credit policies, keeps less cash balance, etc.

Under this approach, current assets are maintained solely to just meet the current liabilities without cushioning for any variations in working capital requirements. The aggressive approach suggests that the entire estimated requirements of current assets or working capital should be financed from short-term funding sources. It says that even a part of fixed assets investments is to be financed from short-term sources.

The benefit of this strategy is that lower levels of funds are tied up with working capital, thereby leading to lower financial costs. However, the flip side might be that the organization may not grow, leading to less utilization of fixed assets and long-term debts. Over the long run, the firm could stay behind its competitors. The aggressive strategy is extremely aggressive with very high risk and, thus, high profitability as a result.

CONSERVATIVE APPROACH:

Conservative strategy is one of the approaches of working capital management wherein the organization follows a strategy to invest a high amount of capital in current assets. Here, organizations are known to maintain a higher inventory level, follow liberal credit policies, and maintain cash balances as high as possible so that any existing liabilities can be met immediately.

A conservative strategy suggests that no risk is taken in the management of working capital and that high levels of current assets should be carried in relation to sales. Surplus current assets allow the company to handle unexpected fluctuations in revenue, manufacturing schedules, and procurement times without affecting the production plans. It requires maintaining a high level of working capital and should be funded through long-term funds, such as share capital or long-term debt.

The benefit of this strategy is higher sales volume, higher demand due to flexible credit policy being offered by the company, and increased goodwill among suppliers due to payment in a short span of time. The drawbacks are increased costs of capital, increased risk of bad debts, the possibility of liquidity shortages in the long-term, and longer operating cycles. Conservative strategy is extremely conservative with very low risk and, thus, low profitability as a result.

MODERATE APPROACH:

The moderate strategy is one of those approaches of working capital management which lies in between the above two approaches, i.e., aggressive, and conservative approach. In this strategy, a balance between risk and return is maintained to benefit more by more effective use of the funds.

This approach classifies the requirements of total working capital into permanent and temporary. Under this approach, the core/permanent working capital is financed from long-term capital sources, and short-term funding/borrowing is used to meet seasonal variations or temporary working capital needs.

ADVANTAGES OF WORKING CAPITAL MANAGEMENT:

- Working capital management ensures liquidity by monitoring account receivables, account payable, stock management, and debt management. It assists in keeping sufficient liquid cash in the business at any point in time to pay operational costs and short-term debts. Thus, it helps in allocating the resources in an optimum manner.
- Working capital management involves the use of ratio analysis. Ratios like working capital ratio, quick ratio, accounts receivables turnover ratio, etc., are calculated and interpreted to provide information to management. Such information helps managers plan and execute business operations in the most efficient way. Optimum use of working capital management evades any future hindrances in business operations.
- Proper application of working capital management strategy would enhance the company's profitability in the long run. The policy properly manages inventory to avoid any operational failures. Collection from trade receivables would be on time as receivables management is a key part of working capital management.
- Working capital management basically deals with the management of cash in an enterprise. It assesses the sources of cash inflows and determines cash outflow in the best possible manner. Proper cash allocation makes a scope for the investment of remaining cash or in repaying short-term debts. It allows the business to be financially solvent most of the time and thus evading any legal troubles that could have arisen due to a lack of working capital.
- Working capital enhances a company's financial health and operational success. It makes the company stand out amongst its peers. A sense of respect emerges in the market for the business. This all, in turn, leads to value addition for the entity.

DISADVANTAGES OF WORKING CAPITAL MANAGEMENT:

- This strategy takes only monetary factors into account. Monetary items like the value of debts receivables, the value of finished goods, etc., are the basic determinants while implementing the strategy. Non-monetary factors like recession, unsatisfied workers, changes in government policy towards the industry, etc., are not considered or hold no relevance in this policy.
- Another disadvantage of working capital management policy is that it's not situational in nature. The strategy does not acknowledge sudden changes in the market conditions as it is based on past events and figures. The time taken to respond to certain recent events is significant in impacting business operations and profitability.
- Working capital management operates around data. It is the key soul of any working capital management strategy. Data would include every minute detail about the components of working capital. For example, in trade receivables, it would require the date of sale, the period of credit, the number of grace days allowed a penalty in case of non-fulfilment of payment, etc. Without data, this strategy holds no relevance in the practical world.
- Working capital management involves techniques of ratio analysis. Ratios are just a number that allows a user to interpret the result. In most cases, it is unclear to a user whether a particular ratio is favourable to the company or not. For example, in the case of the current asset ratio, it is advisable that a ratio that is higher than 1:1 is favourable. But on the other hand, it is also advisable that ratios bigger than 2:1 are unfavourable, keeping the business conditions and trade cycle in mind. Now, if a business has a bigger trade receivables cycle than the industry's average, the business would not be able to interpret the ratio accurately.

OBJECTIVES OF THE STUDY:

- To identify the schedule changes of working capital during the financial years from 2017-2021.
- To identify the efficiency of the business using turnover and solvency ratios.
- To study and analyse the concept of working capital.
- To suggest measures for further efficiency of the business.

RESEARCH METHODOLOGY:

- Research methodology is a way of explaining how a researcher intends to carry out their research. It's a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable, valid results that address their aims and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analysed.
- This study is based on the secondary data from published sources. The financial statement was obtained from the wall street journal. The financial statement from the year 2017-2021 was used.

LIMITATIONS OF THE STUDY:

- Information is based on the balance sheet figures, which has some inherent limitations.
- Ratio analysis does not consider such as world recession.
- The research conducted was only regarding the information available till the duration of the project.
- Financial statements do not cover non-financial issues.
- It has records of only financial aspects.

REVIEW OF LITERATURE

REVIEW OF LITERATURE:

Boisjoly, Russell P (2020): This paper "Working capital management: Financial and valuation impacts" examines the longitudinal impact from 1990 to 2017 of continuous improvement programs and aggressive working capital practices on accounts receivable turnover, inventory turnover, days payables outstanding, and cash conversion cycle. The results are strongest in the transportation and communications industry and weakest in financial services. These metrics are associated with equity valuation impacts and with improved profitability as captured by return on invested capital.

Altaf, N., & Shah, F. A. (2018): The purpose of this paper "How does working capital management affect the profitability of Indian companies?" is to examine the relationship between working capital management (WCM) and firm profitability for a sample of non-financial Indian companies. This study employs two-step generalized method of moments (GMM) techniques to arrive at results. The results of the study confirm the inverted U-shape relationship between WCM and firm profitability. In addition, the authors also found that the firms should complete its CCC on an average by 63 days.

Misra (2017): - Here, in this analysis try to identify the problems of working capital in six public enterprises for the period of 1960. Importance and findings are here under: selected samples of companies were not able to utilize working capital efficiently. As well excess inventory level which shows inappropriate management of inventory. In order delay exchange was made to foreign exchange and issue of import license. Furthermore, account receivable ratio is very low because liberal credit policy and inappropriate collection policy. In most of the selected firms were having huge cash amount on account and improper management and control on cash.

Bhatia, S., & Srivastava, A. (2016): The article "Working capital management and firm performance in emerging economies: evidence from India." aims to investigate the relationship between working capital management and firm performance in an emerging market. The analysis is done over a long window by using ordinary least square (OLS), fixed- and random-effects model and generalized method of moments (GMM) on 2,327 firm-year observations, a panel data of 179 companies listed on the S&P BSE 500 Index of Bombay Stock Exchange (BSE). This study based on India finds a negative relationship between the working capital

management and firm performance, necessitating the need to efficiently manage the working capital for enhanced profitability.

Rao K.V. and RaoChinta (2016): - This study observed that strong and weak point of conventional techniques of working capital analysis. Outcomes of this study shows that some of the conventional techniques which could realize the working capital behaviour well. And some of them fail to do so. And thus, authors suggest proper working capital management with conventional method i.e., ratio analysis. Study suggests further inclusive factors which are decisive yardstick in working capital efficiency.

Bandara, R. (2015): This research study "Impact of working capital management policy on market value addition." investigated the impact of Working Capital Management Policy (WCMP) on firm value. Descriptive statistics, correlation and panel regression analysis were employed as measures of analysis. Firms' Working Capital Investment Policy (WCIP) and Working Capital Financing Policy (WCFP) were used as independent variables.

Rajeshwar (2015): - He has done the study on few selected public enterprises in India. He tried to check the working capital policies adopted by the sample units. He made attempt to examine the working capita components how efficiently managed. At the last no one company clearly defined working capital polices and hence most of them could not achieve efficiency in working capital management. In this study it is found that majority of investment was made in finished goods inventory that was indicate that working capital was not managed in planned way. Thus, study recommended for careful management of working capital in finance management.

Baños-Caballero (2014): This paper "Working capital management, corporate performance, and financial constraints" examines the linkage between working capital management and corporate performance for a sample of non-financial UK companies. the findings provide strong support for an inverted U-shaped relation between investment in working capital and firm performance, which implies the existence of an optimal level of investment in working capital that balances costs and benefits and maximizes a firm's value. The findings show that this optimum is lower for firms more likely to be financially constrained.

Chakraborty S. K. (2014): - In this research author try to make difference among cash working capital v/s balance sheet working capital. And research is based on two dimensions.

First is operating cycle concept and second calculation of operating cycle period in all the four cases. Main aim of this research is to exhibit operating cycle concept based on published annual report of the firm.

Enqvist, J., Graham, M., & Nikkinen, J. (2014): In this paper “The impact of working capital management on firm profitability in different business cycles” they examined the role of business cycles on the working capital–profitability relationship using a sample of Finnish listed companies over an 18-year period. They found the impact of business cycle on the working capital–profitability relationship is more pronounced in economic downturns relative to economic booms. The results demonstrate that active working capital management matters and, thus, should be included in firms’ financial planning.

Singhania, M., Sharma, N., & Yagnesh Rohit, J. (2014): The purpose of this paper “working capital management strategies of a firm and its profitability” was to examine the relationship between working capital management strategies of a firm and its profitability. He applied correlation analysis and fixed effects estimation on the sample of Indian manufacturing companies. Cash conversion cycle has been utilized as a measure of the working capital management, whereas gross operating profit is used as a proxy for a firm’s profitability. The outcomes demonstrate that the working capital strategies should be formulated taking global macroeconomic conditions into consideration. The findings highlight the importance of efficient working capital management practices to improve the profitability of companies.

Smith Keith V. (2013): - Research has been given focused on the short-term finance need to be given more attention for the success of the individual firm. For that finance manager must give more attention on current assets and current liability. Many firms do investment of current assets in a basket while current liability in many different requests. This paper consists of eight distinct approaches to working capital management out of it first three gives common guidelines next three regarding constrain set and cost balancing and last two about probability models and portfolio theory.

Fazzari Steven M. and Petersen Bruce C. (2012): - Research has been put light on financial restrain on investment by giving focus the ignoring role of working capital in both as use and source of funds. As per the views of author liquidity can be maintain by maintaining working capital on smooth manner means to be investment in a manner which does not create cash flow constrain. Through the research found that working capital investment should be “excessively

sensitive” with summing up that controlling on smoothing working capital create a long-term impact of finance constraints and reported in many other studies also.

Mathuva (2010): In this study “the influence of working capital management components on corporate profitability: a survey on Kenyan listed firms” shows that average payment period has a positive relationship with profitability. The positive relationship suggests that an increase in the number of day’s accounts payable by 1 day is associated with an increase in profitability.

Dong (2010) in his paper “The Relationship between Working Capital Management and Profitability” focuses on the variables that include profitability, conversion cycle and its related elements and the relationship that exists between them. The research finds that the relationships among these variables are strongly negative. This denotes that decrease in the profitability occur due to increase in cash conversion cycle. It is also finds that if the number of days of account receivables and inventories are diminished then the profitability increases.

THEORETICAL BACKGROUND

THEORETICAL BACKGROUND:

INTRODUCTION:

Marks and Spencer Group plc (commonly abbreviated to **M&S** and colloquially known as **Marks's** or **Marks & Sparks**) is a major British multinational retailer with headquarters in London, England, that specialises in selling clothing, beauty, home products and food products. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index, having previously been in the FTSE 100 Index from its creation until 2019.

M&S was founded in 1884 by **Michael Marks** and **Thomas Spencer** in Leeds. M&S currently has 959 stores across the UK, including 615 that only sell food products and, through its television advertising, asserts the exclusive nature and luxury of its food and beverages. It also offers an online food delivery service through a joint venture with **Ocado**.

In 1998, the company became the first British retailer to make a pre-tax profit of over £1 billion, although subsequently it went into a sudden slump, which took the company and its stakeholders by surprise. In November 2009, it was announced that **Marc Bolland**, formerly of **Morrisons**, would take over as chief executive from executive chairman **Sir Stuart Rose** in early 2010; Rose remained executive chairman until July 2010 and then chairman until January 2011, when he was replaced by Robert Swannell. In recent years, its clothing sales have fallen, whilst food sales have increased, after axing the **St. Michael** moniker for its own brand. The company also began to sell branded goods such as **Kellogg's Corn Flakes** in November 2008.

HISTORY:

The company was founded by a partnership between **Michael Marks**, a Polish Jew born in Slonim, who had migrated to Leeds, England in the early 1880s, and **Thomas Spencer**, a cashier from the English market town of Skipton in North Yorkshire. On his arrival in England, Marks worked for a company in Leeds called Barran, which employed Jewish migrants. In 1884, he met Isaac Jowitt Dewhirst while looking for work. Dewhirst lent Marks £5 (equivalent to £570 in 2019), which he used to establish his Penny Bazaar on Kirkgate Market, in Leeds. Dewhirst also taught him a little English. Dewhirst's cashier was Thomas Spencer, a bookkeeper, whose second wife, Agnes, helped improve Marks's English. In 1894, when Marks acquired a permanent stall in the Leeds covered market, he invited Spencer to become his partner.

In 1901, Marks moved to the Birkenhead open market, where he amalgamated his business with Spencer. In 1903, the two men were allocated stall numbers 11 & 12 in the centre aisle, and there they opened the Penny Bazaar. The company left Birkenhead Market on 24 February 1923.

The next few years saw Michael Marks and Tom Spencer move the original Leeds Penny Bazaar to 20, Cheetham Hill Road, Manchester, and they also opened market stalls in many locations around the Northwest of England.

DOMESTIC GROWTH:

Marks and Spencer, known colloquially as "Marks and Sparks", or "M&S", made its reputation in the early 20th century with a policy of only selling British-made goods (it started to back down from this policy in the 1990s). It entered long-term relationships with British manufacturers and sold clothes and food under the "**St. Michael**" brand, which was introduced in 1928. The brand honours Michael Marks. It also accepted the return of unwanted items, giving a full cash refund if the receipt was shown, no matter how long ago the product was purchased, which was unusual for the time.

M&S staff raised £5,000 to pay for a **Supermarine Spitfire** fighter aircraft called ***The Marksman*** in 1941.

By 1950, virtually all goods were sold under the "St Michael" label. M&S lingerie, women's clothes and girls' school uniform were branded under the "St Margaret" label until the whole range of general merchandise became "St Michael". **Simon Marks**, son of Michael Marks, died in 1964, after fifty-six years' service. **Israel Sieff**, the son-in-law of Michael Marks, took over as chairman and in 1968, **John Salisse** became the company, Director. A cautious international expansion began with the introduction of Asian food in 1974. M&S opened stores in continental Europe in 1975 and in Ireland four years later.

M&S began selling Christmas cakes and Christmas puddings in 1958. In an effort to improve the quality of their Swiss Rolls, they hired the food expert Nat Goldberg, who made a major improvement across their entire cake range, which had lost the public's favour a few years earlier. As a later measure to improve food quality, food labelling was improved and "sell by dates" were phased in between 1970 and 1972.

Smoking was banned from all M&S shops in 1959 because of the fire hazards it posed.

In 1972, **Marcus Sieff** became chairman, remaining in place until 1984, and emphasising the importance of good staff relations to the tradition of the store, while extending staff benefits to areas such as restaurants and chiropody.

INTERNATIONAL EXPANSION:

Marks & Spencer expanded into Canada in 1973, and at one point had 47 stores. Despite efforts to improve its image, the chain was never able to move beyond its reputation there as a stodgy retailer, one that catered primarily to senior citizens and expatriate Britons. The shops in Canada were smaller than British outlets and did not carry the same selection. In the late 1990s, further efforts were made to modernise them and also expand the customer base. Unprofitable locations were closed. Nonetheless, the Canadian operations continued to lose money, and the last 38 shops in Canada were closed in 1999.

Expansion into France began with shops opening in **Paris** at **Boulevard Haussman** and **Lyon** in 1975, followed by a second Paris shop at Rosny 2 in 1977. Further expansion into other French and Belgian cities followed into the 1980s. Although the Paris shops remained popular and profitable, the Western European operation as a whole did not fare as well, and eighteen shops were sold in 2001. However, in April 2011, M&S changed directions again, with an announcement to reopen a store that would not only sell clothing, but food as well. In addition, the group also opened several food outlets throughout Paris. The first branch opened on 24 November 2011 on the **Champs-Elysees** a ceremony attended by the company's CEO **Marc Bolland**, the model **Rosie Huntington-Whiteley** and the British Ambassador to France, Sir **Peter Westmacott**.

In 1988, the company acquired **Brooks Brothers**, an American clothing company and **Kings Super Markets**, a US food chain.

NEW MANAGEMENT:

In May 2021, Stuart Machin's remit expanded as he was appointed joint Chief Operating Officer taking oversight responsibility for Store and Central Operations, Property, Store Development, Technology, People, and the Island of Ireland whilst remaining the Food Managing Director. In March 2022, it was announced that chief executive (CEO) Steve Rowe would step down after six years in role. Stuart Machin was announced as his successor as CEO, with **Katie Bickerstaffe** assisting as co-CEO.

SOCIAL AND ENVIRONMENTAL POLICY:

In 2006, the *Look Behind the Label* marketing campaign was introduced. The aim of this campaign was to highlight to customers the various ethical and environmentally friendly aspects of the production and sourcing methods engaged in by M&S including Fairtrade products, sustainable fishing, and environmentally friendly textile dyes. All coffee and tea sold in M&S stores is now Fairtrade. In addition, the company offers clothing lines made from Fairtrade cotton in selected departments.



M&S store on **Birmingham** High Street

On 15 January 2007, M&S launched an initiative, known as "Plan A", to dramatically increase the environmental sustainability of the business within five years and expected to cost £200 million.

The plan covers "100 commitments over five years to address the key social and environmental challenges facing M&S today and, in the future," with the tagline "Because there is no Plan B". The commitments span five themes: climate change, waste, sustainable raw materials, 'fair partnership' and health, with the aim that, by 2012, it will:

- Become carbon neutral
- Send no waste to landfill
- Extend sustainable sourcing
- Help improve the lives of people in their supply chain
- Help customers and employees live a healthier lifestyle

M&S introduced a reusable **hessian** bag in 2007 as part of the plan, aiming to reduce the number of plastic bags used within five years. This was followed in May 2008 by the introduction of a 5p charge for standard sized carrier bags used for food purchases (before this charge became compulsory). All profits from the sale of food bags originally went to the charity **Groundwork**

UK; M&S launched the "Forever Fish" campaign in June 2011 and switched funding to that campaign to promote protection of marine wildlife in the UK

In becoming carbon neutral, the company has committed to use carbon offsetting only as a last resort, restricted to cases "where it is required by government or where the technology for green air or road transport will not be available for the foreseeable future".

As of August 2008, M&S had three wind turbines in operation, one at Methlick and two near Strichen, generating enough power to supply three stores via the National grid In April 2009 the company began purchasing 2.6 **TWh** of renewable energy (wind and hydroelectric) from Npower, enough to power all Marks & Spencer stores and offices in England and Wales.

In 2012 the company was awarded European Business Award for the Environment (Management category) by the European Union for Plan A.

CHARITY WORK:

M&S has sold a wide range of charitable women's clothes for **Breakthrough Breast Cancer** for many years and the store collected a total of £2,000 for a local **Derbyshire** hospital's new ECG machine in 2010. In 2011 M&S launch **Oxfam's** clothes recycling initiative.

In 2015, M&S partnered with community investment platform **Neighbourly** to help them distribute unsold surplus food and non-food items to small charities and community groups in the UK and Ireland. In March 2020, M&S made a £100,000 donation to the Neighbourly Community Fund and a £100,000 donation to the National Emergencies Trust Coronavirus Appeal to help communities through the impact of the COVID-19 pandemic.

STORES IN UK AND IRELAND:

The largest shop is at **Marble Arch**, on **Oxford Street** in London, which has around 16,000 square metres (170,000 sq. ft) of shop floor (as noted above, a proposed redevelopment of this store was blocked in April 2022). The second largest is in Cheshire Oaks, **Ellesmere Port**, which is the largest outside of London. The third largest shop is at the Gemini Retail Park in **Warrington**. In 1999 M&S opened its shop in **Manchester's Exchange Square**, which was destroyed in the **1996 Manchester Bombing** and rebuilt. At re-opening, it was the largest M&S shop with 23,000 m² (250,000 sq. ft) of retail space, but half was subsequently sold to **Selfridges**, the company's second site in Manchester. The smallest branch is a 'Marks & Spencer Penny Bazaar' clearance outlet located in the **Grainger Market** in Newcastle upon Tyne.

In the Republic of Ireland, the company operates 17 stores employing 2,000 employees. Irish stores stock a range of Irish branded M&S products and M&S products part of its global network. As of September 2021, M&S Ireland stores are restructuring their product line for the Irish market due to EU-UK trade issues, up to 800 products are to be dropped in Ireland. Furthermore, going forward M&S Ireland confirmed it will increase the amount of Irish goods stocked at its stores.

STORES AROUND THE WORLD:

The company reopened its store in Paris on 24 November 2011, following the launch of a new French website on 11 October 2011. In the Philippines, the Group of Companies serves as the official franchise partner and operates a total of 18 M&S shops, the largest of which is in **Greenbelt Mall**. A new store opened on 17 April 2013 in **Kalverstraat**, in **Amsterdam, Netherlands**, more than 10 years after closure of the previous store. On 17 September 2013 the British ambassador to the Netherlands, Sir Geoffrey Adams, opened the first Dutch Marks & Spencer Food pilot store at a **BP** petrol station in Bijleveld beside the **A12 Motorway**. There are over 300 stores in some 40 overseas locations.

On 11 November 2013, Marks & Spencer announced "that it is set to have about 80 stores open in the region by 2016 as part of its strategy to become a leading international, multichannel retailer" with partner Reliance Retail. It opened a flagship store in Bandra in Mumbai. M&S sales of lingerie accounts for more than a fifth of the sales in the Indian market, with total lingerie sales increasing by a third during the last six months of 2013. In May 2014 Marks & Spencer announced that their intention was now to open 100 stores in the country by 2016. Marks & Spencer owns 47 stores in **Turkey** as of 2021. Stores in the territories of **Hong Kong** and **Macau** were sold in early 2018 to **Al-Futtaim Group**, a Dubai-based long-term franchise partner.

TYPES OF STORES:

FULL LINE STORES:

M&S core shops typically feature a selection of the company's clothing, homeware and beauty ranges and an M&S **Food Hall**. The range of clothing sold, and the space given to it depends on the location and customer demographic (an example would be that some London shops do not stock the Classic Collection, but stock Limited Edition and a full Autograph range). All full line shops feature a Food Hall. The current store format was designed by Urban Salon

Architects in 2009. M&S have 30 outlet stores. The outlet division offers M&S products with most of them discounting at least 30% from the original selling price. The first of these stores opened at **Ashford** in Kent in 2000. Many of the Outlet shops are in locations such as retail parks and outlet centres, though some are not, including the shop in **Woolwich**, South London.

HOME STORES:

In 2007, M&S announced that new, dedicated shops for home furnishings were to be launched. Shops have now been opened in **Cheltenham** in Gloucestershire, **Tunbridge Wells** in Kent, **Lisburn** Sprucefield in Northern Ireland and in the Barton Square section of **The Trafford Centre**, Manchester.

In 2019, M&S launched five new Food renewal stores. This was part of the transformation of the Food business, led by Managing Director Stuart Machin, to have bigger Food stores with "the mind of a supermarket and the soul of a fresh market".

ONLINE SERVICES:

Online food deliveries began with trials in 2017. In 2019 M&S bought 50% of **Ocado Retail Ltd**, and since 2020 customers are directed to Ocado's website where they can order food and selected clothing items.

OUTLET STORES:

M&S have 30 outlet stores. The outlet division offers M&S products with many of them discounting at least 30% from the original selling price. The first of these stores opened at **Ashford** in Kent in 2000. Many of the Outlet shops are in locations such as retail parks and outlet centres, though some are not, including the shop in **Woolwich**, South London.

PRODUCT LINE:

The "St Michael" brand was introduced by Simon Marks in 1928 in honour of his father and co-founder of Marks & Spencer, **Michael Marks**. By 1950, virtually all goods were sold under the St Michael brand. M&S lingerie, women's clothing and girls' uniform were branded under the **St Margaret** brand, until the whole range of general merchandise became St Michael. "**Per Una**" was launched on 28 September 2001 as a joint venture between M&S and **Next** founder **George Davies** with the contribution of Julie Strang. The **Per Una** brand has been a major success for the company, and in October 2004, M&S bought the brand in a £125 million, two-year service contract with George Davies. In January 2021, Marks &

Spencer purchased the **Jaeger** fashion brand from its administrators. The £5 million deal was part of the firm's strategy to boost its clothing division with new names.

LOGO:

During the height of the company's troubles at the beginning of the 21st century, the *St Michael* brand used as the selling label for all M&S products was discontinued in favour of *Marks & Spencer* and a new logo in the **Optima** typeface was introduced and began to appear in place of *St Michael* on product packaging. The same logo was also applied to store fascias and carrier bags. The *St Michael* name was subsequently adopted as a 'quality guarantee' and appeared as the *St Michael Quality Promise* on the back of food products, on the side of delivery vehicles and on in-store ordering receipts.

When Steve Sharp joined as marketing director in 2004, after being hired by Stuart Rose, he introduced a new promotional brand under the *Your M&S* banner, with a corresponding logo.



1930's



1950's



1950's

MARKS &
SPENCER

1988

MARKS &
SPENCER

2000

MARKS &
SPENCER

2004

YOUR M&S

2007

M&S

EST. 1884

2014

OTHER SERVICES:

In addition to the main retail business, M&S partners with other companies to provide additional M&S-branded services:

- **M&S Bank** – financial services and credit products, operated by **HSBC UK**.
- **M&S Energy** – domestic gas and electricity supply, operated by **Octopus Energy**.

M&S Opticians – operated by **Owl Optical**.

WORKING CAPITAL AND RATIO ANALYSIS

SCHEDULE CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-2018

TABLE 4.1

PARTICULARS	2017 (In millions \$)	2018 (In millions \$)	INCREASE	DECREASE
CURRENT ASSETS				
Cash and short-term investments	646	229		417
Total accounts receivables	109	114	5	
Other receivables	209	195		14
Inventories	759	781	22	
Prepaid expenses	-	-		
TOTAL			27	431
CURRENT LIABILITIES	2368	1826	542	-
TOTAL			569	431

INTERPRETATION:

Increased in working capital by **138**.

From the above table it is clear that company has sufficient working capital during 2018 to run the business in an efficient manner. The reason for increase in working capital is due to fall in current liabilities.

SCHEDULE CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

TABLE 4.2

PARTICULARS	2018 (In millions \$)	2019 (In millions \$)	INCREASE	DECREASE
CURRENT ASSETS				
Cash and short-term investments	229	427	198	
Total accounts receivables	114	119	5	
Other receivables	195	59		136
Inventories	781	700		81
Prepaid expenses	-	90	90	
TOTAL			293	217
CURRENT LIABILITIES	1826	2325		499
TOTAL			293	716

INTERPRETATION:

Decreased in working capital by **423**

From the above table, it is clear that company has sufficient working capital during 2019 to run the business in an efficient manner. The reason for decrease in working capital is due to rise in current liabilities.

SCHEDULE CHANGES IN WORKING CAPITAL FOT THE YEAR 2019-2020

TABLE 4.3

PARTICULARS	2019 (In millions \$)	2020 (In millions \$)	INCREASE	DECREASE
CURRENT ASSETS				
Cash and short-term investments	427	266		161
Total accounts receivables	119	147	28	
Other receivables	59	86	27	
Inventories	700	564		136
Prepaid expenses	90	85		5
TOTAL			55	302
CURRENT LIABILITIES	2325	1855	470	
TOTAL			525	302

INTERPRETATION:

Increased in working capital by **223**.

From the above table, it is clear that company has sufficient working capital during 2020 to run the business in an efficient manner. The reason for increase in working capital is due to fall in current liabilities.

SCHEDULE CHANGES IN WORKING CAPITAL FOR THE YEAR 2020-2021

TABLE 4.4

PARTICULARS	2020 (In millions \$)	2021 (In millions \$)	INCREASE	DECREASE
CURRENT ASSETS				
Cash and short-term investments	266	693	427	
Total accounts receivables	147	106		41
Other receivables	86	85		1
Inventories	564	625	61	
Pre-paid expenses	85	54		31
TOTAL			488	73
CURRENT LIABILITIES	1855	2296		441
TOTAL			488	514

INTERPRETATION:

Decreased in working capital by **26**.

From the above table, it is clear that the company does not have sufficient working capital during 2021 to run the business in an efficient manner. The reason for decrease in working capital is due to rise in the current liabilities.

CURRENT RATIO:

$$\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$

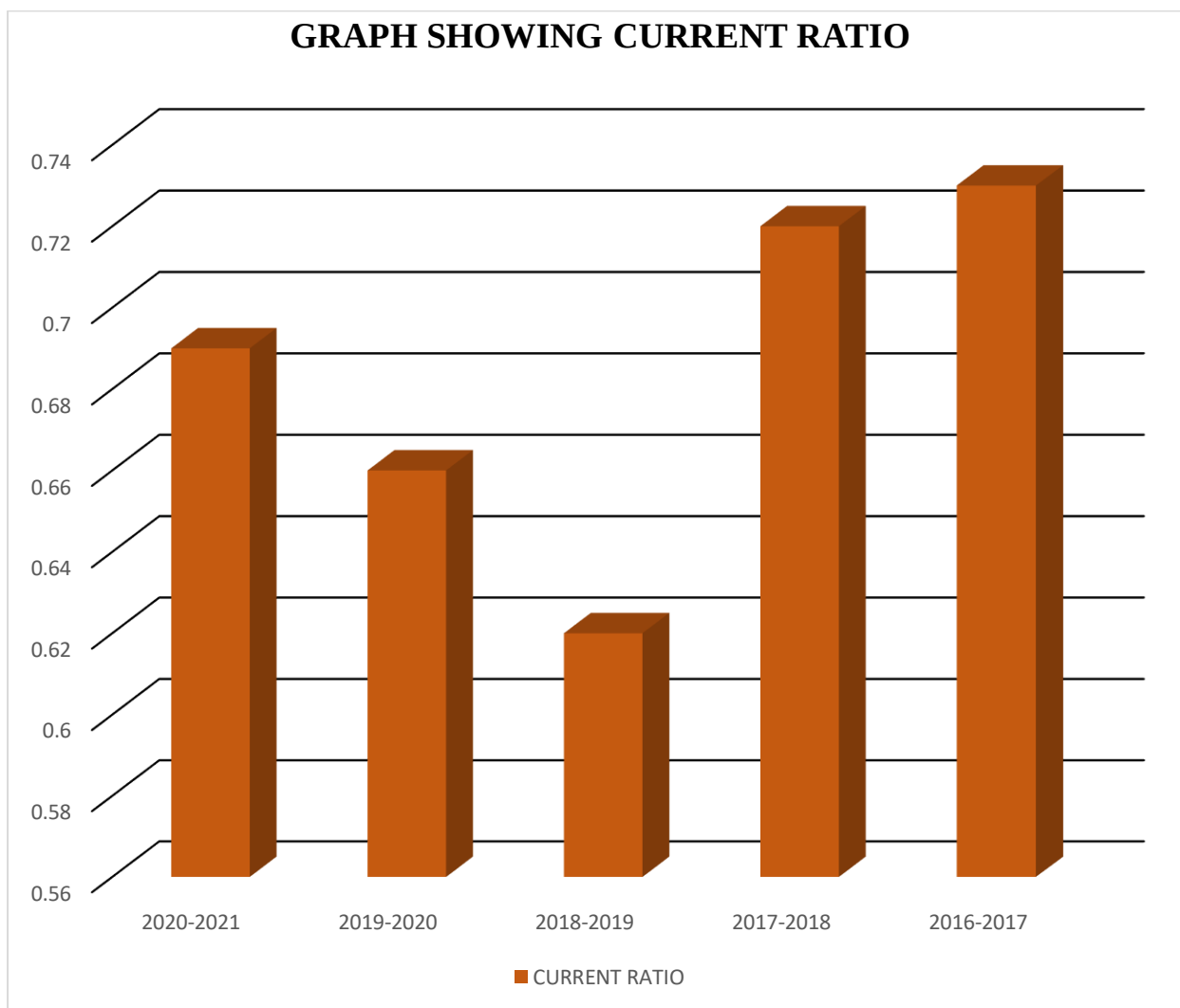
TABLE 4.5

YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
CURRENT ASSETS	1595	1221	1435	1318	1723
CURRENT LIABILITIES	2296	1855	2325	1826	2368
CURRENT RATIO	0.69	0.66	0.62	0.72	0.73

INTERPRETATION:

The ideal current ratio is 2. From the above table, it is clear that the company's ability to meet its immediate cash requirements is insufficient as the average ratio maintained by the company is 0.68 which is below the ideal ratio.

CHART 4.5



LIQUID RATIO:

$$\text{LIQUID RATIO} = \frac{\text{LIQUID ASSETS}}{\text{CURRENT LIABILITIES}}$$

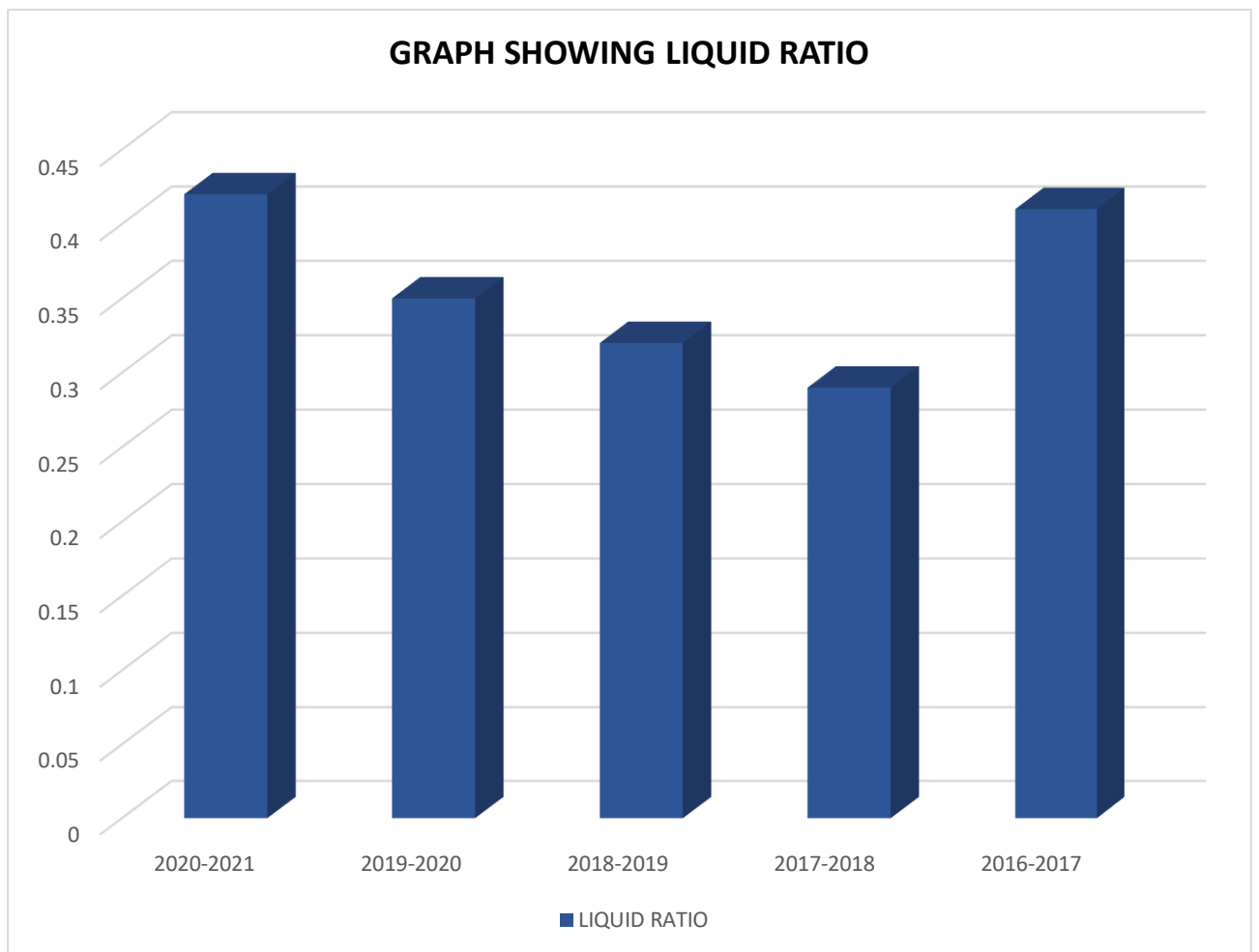
TABLE 4.6

YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
LIQUID ASSETS	970.20	656.80	760.10	536.90	964.30
CURRENT LIABILITIES	2296	1855	2325	1826	2368
LIQUID RATIO	0.42	0.35	0.32	0.29	0.41

INTERPRETATION:

The ideal liquid ratio is 1. From the above table, it is clear that the company will struggle to pay the short-term obligations as the average ratio maintained by it was 0.36 which is below the ideal ratio.

CHART 4.6



CASH POSITION RATIO:

$$\text{CASH POSITION RATIO} = \frac{\text{CASH AND CASH EQUIVALENTS}}{\text{CURRENT LIABILITIES}}$$

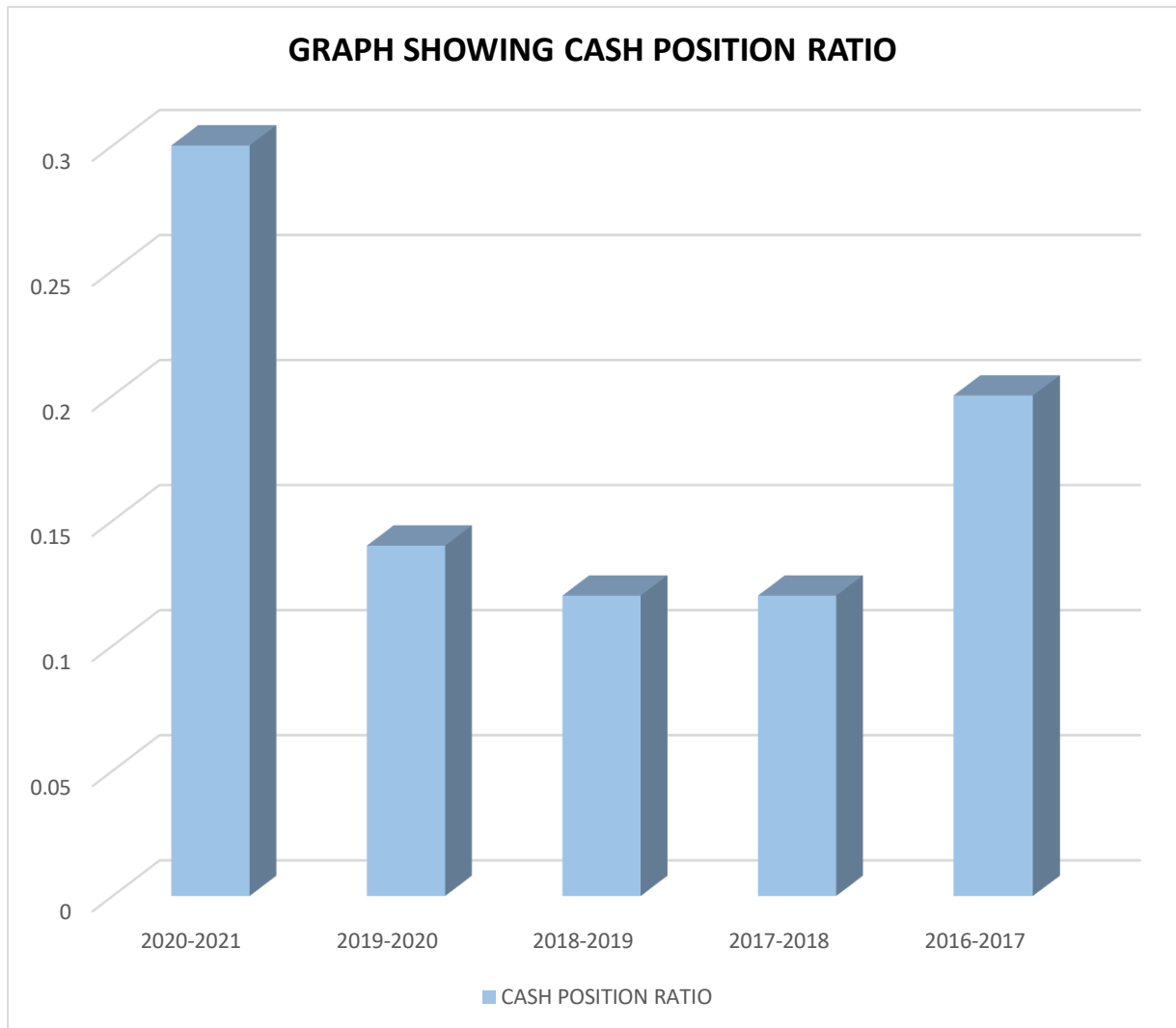
TABLE 4.7

YEAR	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
CASH AND CASH EQUIVALENTS	684	260	290	214	474
CURRENT LIABILITIES	2296	1855	2325	1826	2368
CASH POSITION RATIO	0.30	0.14	0.12	0.12	0.20

INTERPRETATION:

The ideal cash position ratio is between 0.5 and 1. But the average cash position ratio of the company from the above table is 0.5 which makes clear that it does not have any cash or cash equivalents to meet its short-term debt obligations.

CHART 4.7



INVENTORY TURNOVER RATIO:

$$\text{INVENTORY TURNOVER RATIO} = \frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORIES}}$$

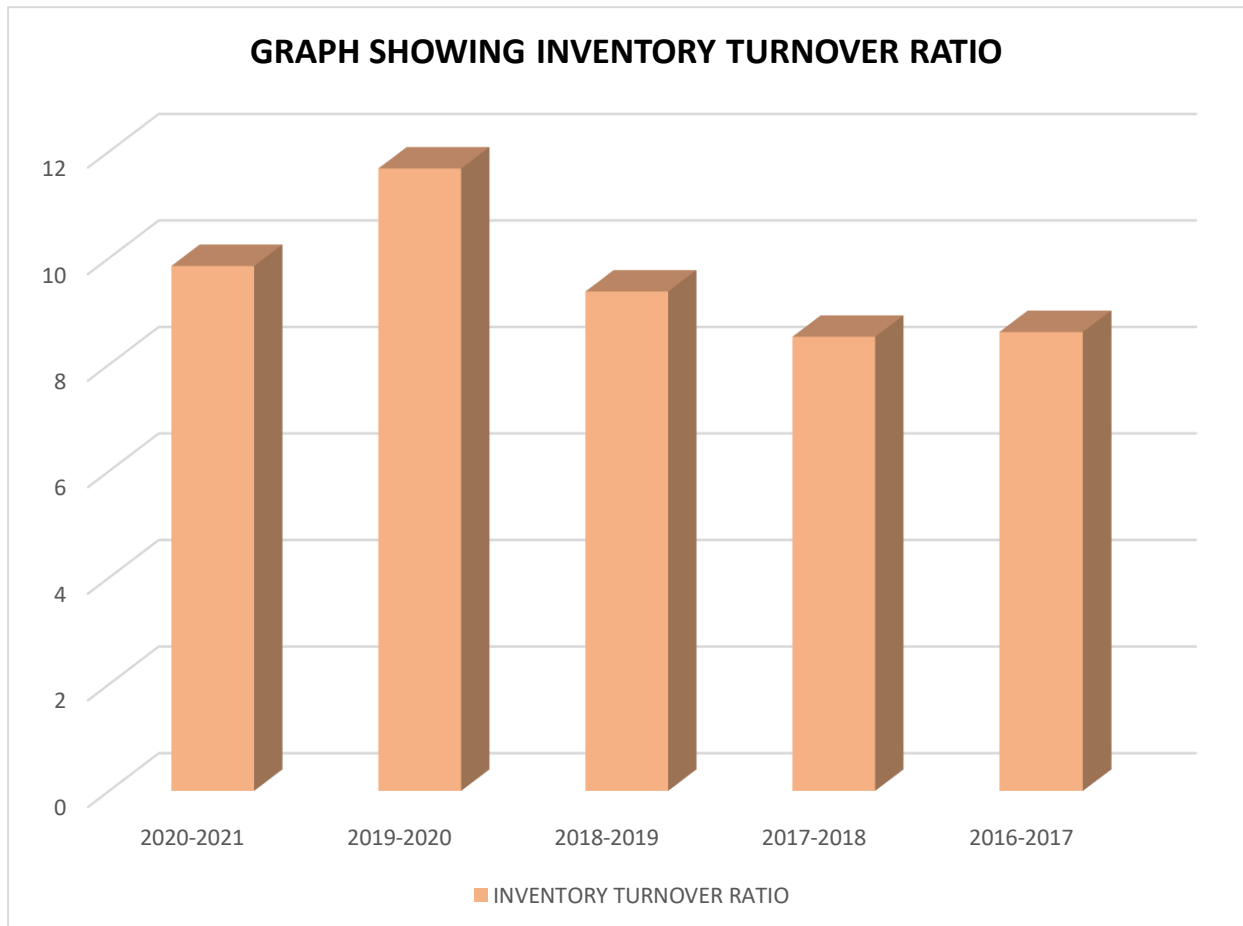
TABLE 4.8

YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
COST OF GOODS SOLD	6158	6590	6558	6651	6534
AVERAGE INVENTORIES	625	564	700	781	759
INVENTORY TURNOVER RATIO	9.85	11.68	9.37	8.52	8.61

INTERPRETATION:

The ideal inventory ratio will lie between 5 and 10. The average inventory turnover ratio of 5 years of this company is 9.61 which means, the efficiency of the company sold and replenished its inventory over a specific amount of time is ideal.

CHART 4.8



WORKING CAPITAL TURNOVER RATIO:

$$\text{WORKING CAPITAL TURNOVER RATIO} = \frac{\text{SALES}}{\text{WORKING CAPITAL}}$$

TABLE 4.9

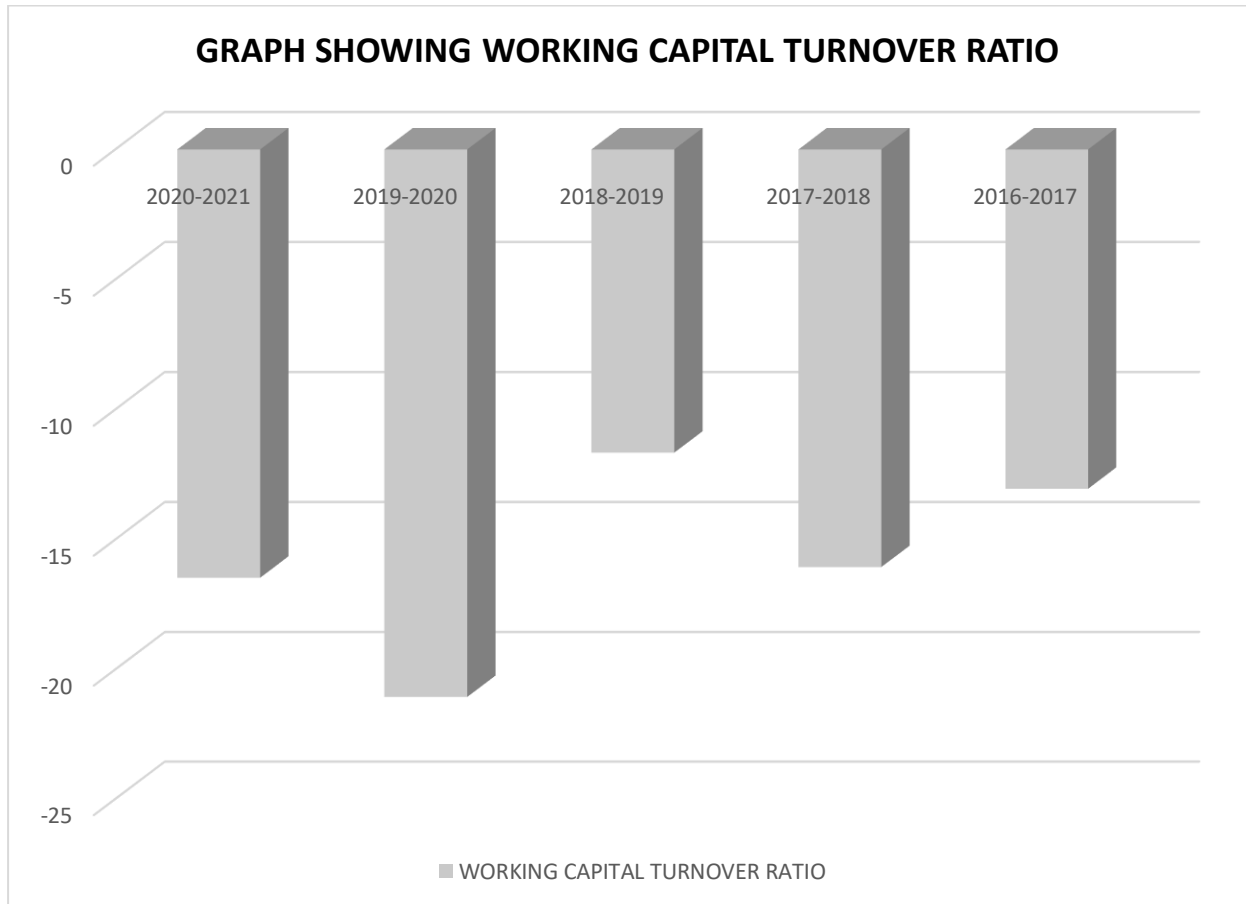
YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
SALES	10622	10698	10377	10182	9,145
WORKING CAPITAL	-645	-508	-890	-634	-701
WORKING CAPITAL TURNOVER RATIO	-16.47	-21.06	-11.66	-16.06	-13.05

INTERPRETATION:

The ideal working capital turnover ratio is between 1.5 and 2. A higher ratio indicates greater efficiency which means the operations of the company can run smoothly and limit the need for additional funding.

From the above table, it is clear that the company have a negative working capital turnover ratio, which means it can go out of funds if working capital is not increased within the given sales.

CHART 4.9



DEBTORS TURNOVER RATIO:

$$\text{DEBTORS TURNOVER RATIO} = \frac{\text{CREDIT SALES}}{\text{AVERAGE ACCOUNTS RECEIVABLE}}$$

TABLE 4.10

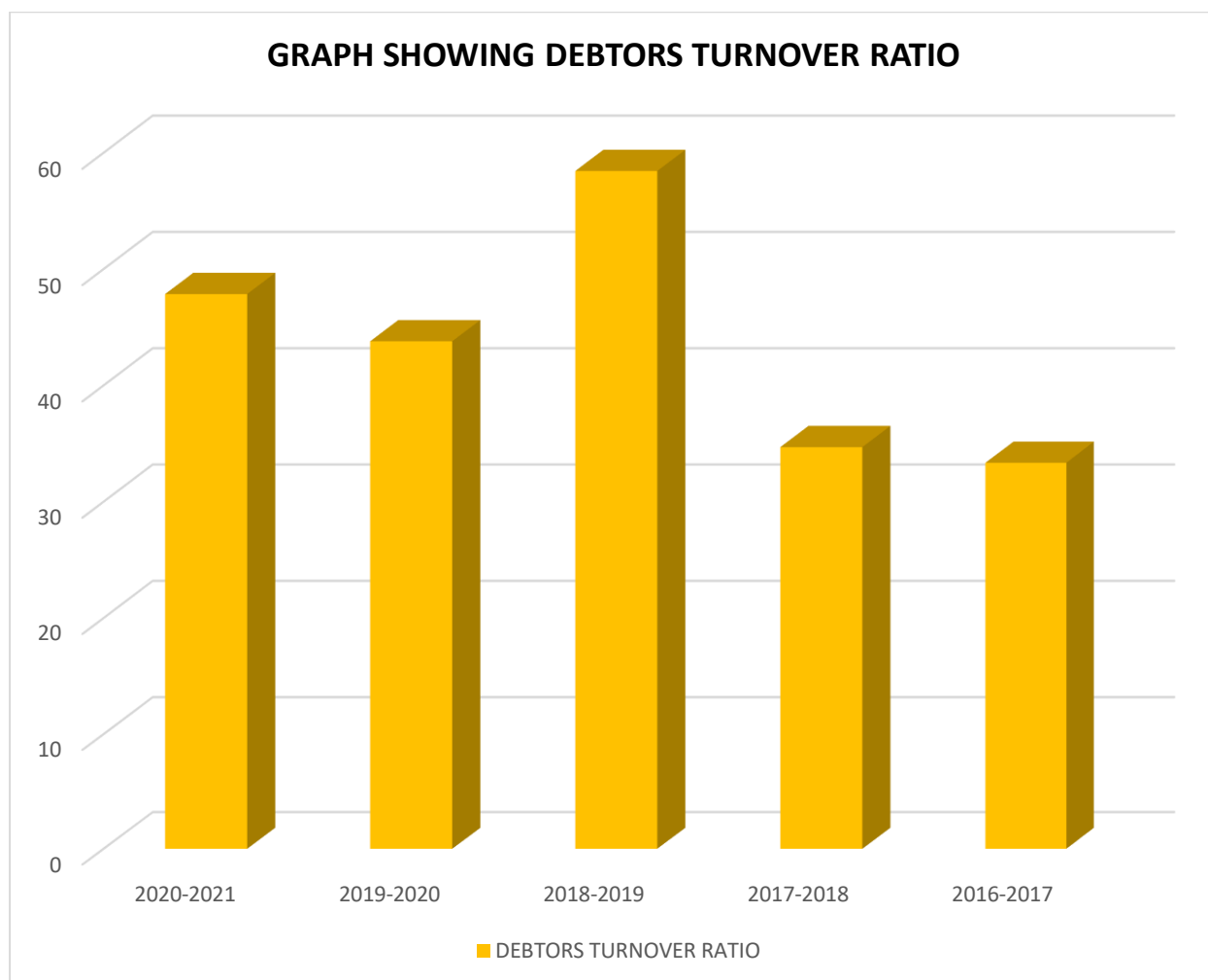
YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
CREDIT SALES	5072.1	6437.13	6953.17	3954.66	3634.06
AVERAGE ACCOUNTS RECEIVABLES	106	147	119	114	109
DEBTORS TURNOVER RATIO	47.85	43.79	58.43	34.69	33.34

INTERPRETATION:

An ideal debtors turnover ratio is 7.5. A high receivables turnover ratio can indicate that a company's collection of accounts receivable is efficient and that it has a high proportion of quality customers who pay their debts quickly.

From the above table, it is clear that the company has an average debtors turnover ratio for five years is 43.62 which can collect accounts receivables within an average period of 8.36 days from the customers.

CHART 4.10



FIXED ASSET TURNOVER RATIO:

$$\text{FIXED ASSET TURNOVER RATIO} = \frac{\text{SALES}}{\text{FIXED ASSET}}$$

TABLE 4.11

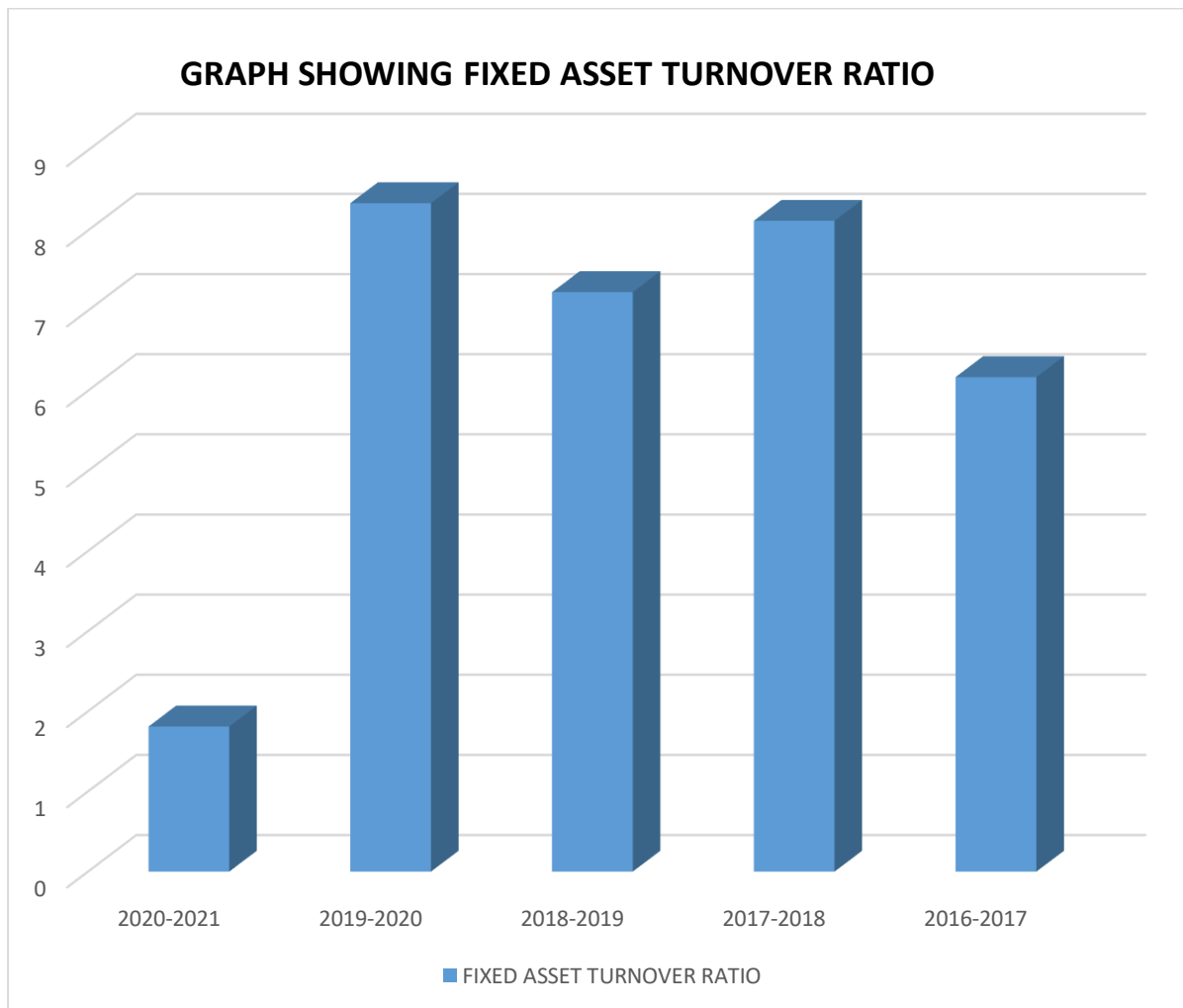
YEARS	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
SALES	9145	10182	10377	10698	10622
FIXED ASSET	5059	1221	1435	1318	1723
FIXED ASSET TURNOVER RATIO	1.81	8.34	7.23	8.12	6.17

INTERPRETATION:

The fixed asset turnover ratio indicates how efficient a company is at generating sales from its existing fixed assets. A higher ratio implies that the management is using its fixed assets more effectively. A low fixed asset turnover ratio indicates that the company is over-invested in the fixed assets.

The fixed asset turnover ratio is higher during the 2017-2020 which indicates higher sales of fixed assets. But during 2021, the fixed asset ratio falls to 1.81 which is considered as a more investment in the fixed assets.

CHART 4.11



FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

- The working capital of the company has increased during the year 2018 and 2020 and decreased during the year 2019 and 2021.
- The current ratio, liquid ratio and cash position ratio of the company is below the ideal ratio.
- The inventory ratio of the company has been maintained above the ideal ratio.
- The working capital turnover ratio of the company resulted in negative.
- The debtors turnover ratio of the company is maintained above the ideal ratio which can collect its debts from the debtors easily.
- The fixed asset turnover ratio of the company is higher except during the financial year 2021 which is considered as over investment in that particular year on fixed assets.

SUGGESTIONS:

- The company can investigate the management to see if any loans can be re-amortized in order to improve the current ratio.
- Careful analysis of variable business expenses can often uncover savings opportunities through expense reduction or cost cutting which can lead to improvement in working capital turnover of the company.
- The company can focus on reducing the price of their brand so that the sales will be increased.

CONCLUSION:

The study of working capital management is done to analyse the day to day operating of the company and financial ability of the company. We have found the schedule changes in the working capital management for the financial years from 2018 – 2021. We have analysed the efficiency of the company to meet its short-term obligations using solvency ratios. The fixed assets of the company generated high sales which concludes that the investment is put to good use. The working capital of the company increases and decreases each year. The turnover of the company is less than the investment which can result in shortage of funds in the future. As the company has faced the depression during the lockdown it can take some measures to improve its profitability.

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ANNEXURE

FINANCIAL STATEMENT OF MARKS AND SPENCER FOR THE FINANCIAL YEAR FROM 2016 – 2017 TO 2020 - 2021

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Assets

Fiscal year is April-March. All values GBP Millions.

	2021	2020	2019	2018	2017	5-year trend
Cash & Short Term Investments	693	266	427	229	646	
Cash Only	684	260	290	214	474	
Short-Term Investments	9	6	137	15	172	
Cash & Short Term Investments Growth	160.55%	-37.76%	86.96%	-64.64%	-	
Cash & ST Investments / Total Assets	8.02%	2.61%	4.83%	3.03%	7.79%	
Total Accounts Receivable	191	233	178	308	319	
Accounts Receivables, Net	106	147	119	114	109	
Accounts Receivables, Gross	110	151	122	114	111	
Bad Debt/Doubtful Accounts	(4)	(4)	(3)	(0)	(2)	
Other Receivables	85	86	59	195	209	

Accounts Receivable Growth	-17.81%	30.91%	-42.41%	-3.20%	-	
Accounts Receivable Turnover	47.85	43.79	58.43	34.69	33.34	
Inventories	625	564	700	781	759	
Finished Goods	-	-	-	-	759	
Other Current Assets	87	158	130	-	-	
Prepaid Expenses	54	85	90	-	-	
Miscellaneous Current Assets	33	74	40	-	-	
Total Current Assets	1,595	1,221	1,435	1,318	1,723	
Net Property, Plant & Equipment	5,059	5,494	5,662	4,394	4,838	
Property, Plant & Equipment - Gross	9,824	10,113	10,333	10,119	10,855	
Buildings	2,810	2,888	2,886	2,963	3,008	
Construction in Progress	68	138	98	97	96	



Leases	1,496	1,630	1,675	-	-	
Other Property, Plant & Equipment	5,450	5,457	5,674	7,059	7,750	
Accumulated Depreciation	4,765	4,619	4,671	5,725	6,017	
Buildings	788	720	637	546	421	
Construction in Progress	18	18	18	18	18	
Other Property, Plant & Equipment	3,959	3,881	4,016	5,162	5,578	
Total Investments and Advances	851	898	49	60	82	
LT Investment - Affiliate Companies	826	760	4	7	7	
Other Long-Term Investments	25	138	45	53	75	
Long-Term Note Receivable	65	72	74	2	15	
Intangible Assets	232	399	500	599	709	
Net Goodwill	24	64	78	77	78	

Net Other Intangibles	208	335	422	522	631	
Other Assets	836	2,106	1,130	1,177	925	
Deferred Charges	836	2,106	1,130	1,177	925	
Total Assets	8,637	10,190	8,851	7,550	8,293	
Assets - Total - Growth	-15.23%	15.12%	17.23%	-8.95%	-	
Asset Turnover	0.97	-	-	-	-	
Return On Average Assets	-2.10%	-	-	-	-	

Liabilities & Shareholders' Equity

All values GBP Millions;	2021	2020	2019	2018	2017	5-year trend
ST Debt & Current Portion LT Debt	388	213	657	89	472	
Short Term Debt	168	16	72	88	70	
Current Portion of Long Term Debt	219	197	585	0	401	

Accounts Payable	1,092	1,018	904	873	968	
Accounts Payable Growth	7.24%	12.56%	3.59%	-9.78%	-	
Income Tax Payable	-	-	26	50	67	
Other Current Liabilities	817	625	737	814	862	
Accrued Payroll	125	72	72	-	-	
Miscellaneous Current Liabilities	692	553	665	814	862	
Total Current Liabilities	2,296	1,855	2,325	1,826	2,368	
Current Ratio	0.69	0.66	0.62	0.72	0.73	
Quick Ratio	0.42	0.35	0.32	0.29	0.41	
Cash Ratio	0.30	0.14	0.18	0.13	0.27	
Long-Term Debt	3,660	3,866	3,629	1,671	1,712	
Long-Term Debt excl. Capitalized Leases	1,473	1,501	1,233	1,623	1,663	

Non-Convertible Debt	1,473	1,501	1,233	1,623	1,663	
Capitalized Lease Obligations	-	-	-	48	48	
Provision for Risks & Charges	151	204	290	479	451	
Deferred Taxes	42	332	120	256	282	
Deferred Taxes - Credit	42	332	120	256	282	
Other Liabilities	203	223	18	365	329	
Other Liabilities (excl. Deferred Income)	190	207	6	365	329	
Deferred Income	13	16	13	-	-	
Total Liabilities	6,352	6,481	6,382	4,596	5,142	
Total Liabilities / Total Assets	73.54%	63.61%	72.10%	60.87%	62.01%	
Common Equity (Total)	2,283	3,703	2,470	2,957	3,156	
Common Stock Par/Carry Value	489	488	406	406	406	

Additional Paid-In Capital/Capital Surplus	910	910	417	416	416	
Retained Earnings	5,325	6,598	6,025	6,560	6,648	
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(60)	(36)	(44)	(29)	-	
Other Appropriated Reserves	(4,382)	(4,257)	(4,335)	(4,397)	(4,314)	
Common Equity / Total Assets	26.43%	36.34%	27.90%	39.16%	38.06%	
Total Shareholders' Equity	2,283	3,703	2,470	2,957	3,156	
Total Shareholders' Equity / Total Assets	26.43%	36.34%	27.90%	39.16%	38.06%	
Accumulated Minority Interest	3	6	(0)	(3)	(6)	
Total Equity	2,286	3,709	2,469	2,954	3,150	
Liabilities & Shareholders' Equity	8,637	10,190	8,851	7,550	8,293	

