

1.0 INTRODUCTION

✚ Define SFA and Its Importance

Strategic Financial Analysis is used to assist the financial executives, managers and shareholders in making decisions on their strategies to enhance the company's performance in generating value (What Is Strategic Financial Analysis?, 2017). The financial analyst will analyze the data from the income statement, balance sheet and cash flow statement to provide a comprehensive perspective on the transactions and, mergers and acquisitions (What Is Strategic Financial Analysis?, 2017). This will give a clearer picture on the company's overall performance in making decisions based on current growth and market conditions.

✚ Assignment Objectives

The assignment will analyze the financial statement to understand the performance using traditional methods - ratio analysis, vertical and horizontal analysis, and lastly the DuPont analysis. The limitations in the traditional analysis will be unraveled using the contemporary methods to evaluate data for visibility of performance. The contemporary methods used are Capital Asset Pricing Model, Effective Market Hypotheses and Economic Value Added. This report will assist from the financial management perspective through an in-depth study on the company performance and limitations overall.

2.0 COMPANY INTRODUCTION

Tate & Lyle is one of the largest food ingredients providers in the UK (Annual Report Tate & Lyle 2018, 2018). The products are produced by taking into consideration the customer's health and to make a difference in their lifestyle through diets. The current technology used brings significant changes in overcoming the challenges with health such as diseases and obesity. Therefore, their sales managed to hit \$2.7 billion in 2017 and an increase of 2.5% in the stock market (Tate & Lyle, 2017).

Booker is also a well-known company in the UK, as the largest wholesaler in food. The company merged with Tesco Plc in 2018 to reach the 1.2 million customers with their products that are affordable and sustainable. Booker is also making large contributions to the region with net sales of \$160.7 million. The share price increased by 14% in 2016 due to business diversity and expansion (Booker Group Financial Analysis).

3.0 METHODS OF ANALYSIS

The analysis are done using the three statements – income, balance sheet and cash flow statement. The purpose of using these methods to identify the company's financial standing for long term and short term, as well as understanding how the shareholders will continue to invest and the purpose (Method on Financial Statement Analysis, 2016). The results will be useful in making strategic plans for the company's growth.

✚ Ratio Analysis

Ratio analysis is use to compare the financial standing of the company over a period of time. The analysis is done in-depth using the financial statement for future investment (Megaw, 2017) across different sectors (Nuhu, 2014). However, the data can be inaccurate as issues on products and quality are not considered (Value and Limitations of Ratio Analysis, 2016). Cash that is kept and not paid to supplier indicate higher balance in year end, thus the results from the analysis are inaccurate (Doorasamy, 2016).

✚ Vertical Analysis

Vertical analysis study each line in the financial statement using the goods sold from sales (Ganbaatar, 2010). The data is presented in percentage form (Doorasamy, 2016). The limitation using this analysis is the data on revenue and expenses tend to differ over time due to manipulation led to correlations. Overall this can affect the company's efficiency (Hyunju & Choonsup, 2010).

✚ Horizontal Analysis

Horizontal analysis is known as trend analysis. This is useful to investigate the financial statement according to period of time to time (Ganbaatar, 2010) and for comparison via intra performance (Doorasamy, 2016). Though this analysis is straightforward and beneficial, however if there is missing value in the base year it can mislead the overall analysis (Tugas, 2012).

✚ DuPont Analysis

Using the income statement and balance sheet, the DuPont analysis can be done to identify the ROE and ROA (Yahya, Mir, Ali, & Khan, 2013). It is beneficial to identify the company's growth to make formal decision on their strategic planning for merge and investment (Ganbaatar, 2010). However, the data can be manipulated led to inaccuracy and ineffective (Herciu, Belascu, & Ogrean, 2011).

3.1 Ratio Analysis

The ratio analysis are used for investigation on the attributes to determine the company's sustainability and growth.

3.1.1 Probability Ratios

This ratios are used to measure the company's performance and how the operations are managed using the current financial, and determine its ability in settling debts and dividend for shareholders' investment (Sivathaasan, Tharanika, Sinthuja, & Hanitha, 2012).

		2013	2014	2015	2016	2017
Gross Profit Margin (GPM)	BOOKER GROUP PLC	3.99%	4.40%	4.80%	5.08%	5.48%
	TATE & LYLE	29.94%	30.03%	35.28%	37.54%	38.10%
		2013	2014	2015	2016	2017
Net Profit Margin (NPM)	BOOKER GROUP PLC	2.38%	2.64%	2.95%	3.06%	3.31%
	TATE & LYLE	10.26%	9.11%	1.41%	5.39%	8.46%

Table 1: Profitability Ratio for Booker and Tate & Lyle

✚ Gross Profit Margin

This ratio measure the company's ability controlling the cost from their sales and how well the available resources are being used (Heino, 2015). The data will be illustrated in percentage, and the higher percentage will indicate the resources been effectively used and generated greater sales (Ganbaatar, 2010).

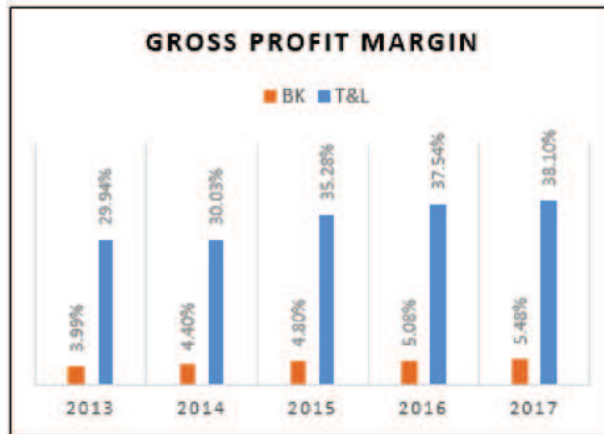


Diagram 1: Gross Profit Margin for Booker and Tate & Lyle

The above diagram indicate the gross profit margin for Booker and Tate & Lyle, and it's shown a higher percentage for Tate & Lyle. Thus this company has a stronger financial management though both companies indicate incline in the span of five years, 2013 – 2017.

✚ Net Profit Margin

This ratio is about the net sales of the companies after subtracting all the expenses (Nuhu, 2014). The result can be used to analyze the company's non-operating expenses.

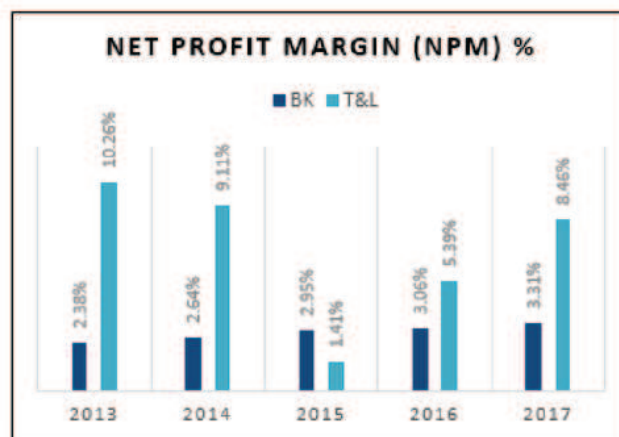


Diagram 2: Net Profit Margin for Booker and Tate & Lyle

Higher margin for Tate & Lyle indicate the company is more profitable than Booker though the figure decline drastically in 2015 due to change of product pricing (Tate & Lyle, 2017). With consistent management effort, the company manage to increase the net profit in year 2016 and 2017. However Booker's ratio been consistent.

3.1.2 Liquidity Ratio

This ratio is used to measure company's ability to repay debts without damaging the current external capital (Ganbaatar, 2010).

		2013	2014	2015	2016	2017
Current Ratio	BOOKER GROUP PLC	0.87	0.98	0.99	0.95	1.01
	TATE & LYLE	2.31	1.50	1.32	1.63	2.10
		2013	2014	2015	2016	2017
Quick Ratio	BOOKER GROUP PLC	0.34	0.44	0.45	0.44	0.46
	TATE & LYLE	1.44	0.98	0.81	1.03	1.20

Table 2: Liquidity Ratio for Booker and Tate & Lyle

Current Ratios

This ratio is use repay debts in short term and long term liabilities (Durrah, Abdul Rahman, Jamil, & Ghafeer, 2016). Higher ratio means the company has higher ability in managing short-term liabilities (Ganbaatar, 2010).

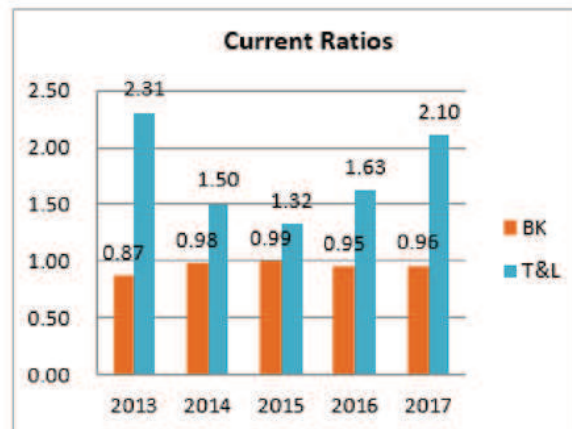


Diagram 3: Current Ratio for Booker and Tate & Lyle

Booker having ratio below 1, therefore the company has lower deficit in managing liquidity. Their short term debt is use to pay their fix assets hence the company is not been in good financial management (Booker Group Financial Analysis). Ratio for Tate & Lyle is higher than 1, therefore the company able to manage their obligations more efficiently than Booker and converting inventories into cash. However though ratio for Tate & Lyle is higher, the company unable meeting the demand for cash due to high receivable (Tate & Lyle, 2017).

✚ Quick Ratio

The quick ratio will measure the company's ability in managing its current liabilities and how fast can it be settled. This is the main ratio to measure the liquidity from the inventories as the current assets are difficult in converting to cash (Ganbaatar, 2010).

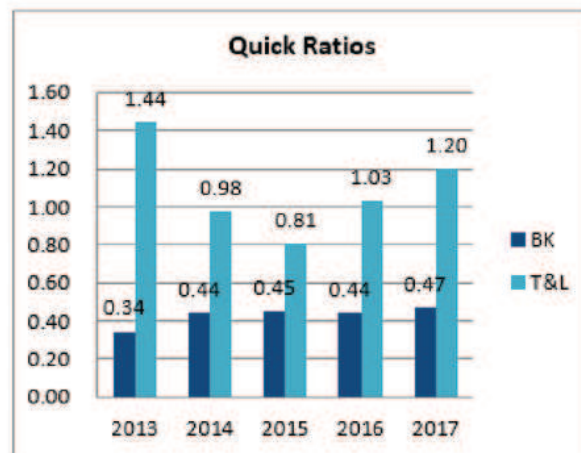


Diagram 4: Quick Ratios for Booker and Tate & Lyle

The ratio for Tate & Lyle is more than 1, hence proven to be more capable and efficient in managing debts than Booker for long term. Though the figure incline in 2014 and 2015, Tate & Lyle manage to increase this in the subsequent years through better financial management.

3.1.3 Efficiency Ratios

Efficiency ratios are used to compare the various information and portfolios on the company's investment (Durrah, Abdul Rahman, Jamil, & Ghafeer, 2016).

		2013	2014	2015	2016	2017
Days Payable Outstanding (DPO)	BOOKER GROUP PLC	40	38	40	42	46
	TATE & LYLE	42	44	51	55	43
		2013	2014	2015	2016	2017
Total Asset Turnover	BOOKER GROUP PLC	3.90	3.96	3.76	3.75	3.71
	TATE & LYLE	1.14	1.05	0.96	0.95	1.03

Table 3: Investors Ratio for Booker and Tate & Lyle

✚ Days Payable Outstanding

DPO measures the number of days company takes in settling their debts with suppliers and creditors (Days Payable Outstanding, 2018). Higher number indicate longer time for the company to settle their suppliers and company have higher in cash flow (Nuhu, 2014).

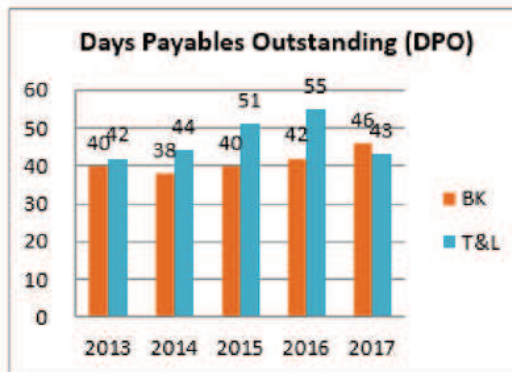


Diagram 5: Days Payables Outstanding (DPO) for Booker and Tate & Lyle

In Diagram 5, Tate & Lyle indicate higher DPO number than Booker. Therefore, Tate & Lyle takes longer time in settling their creditors but having greater cash flow. However, this can jeopardize the relationship with their creditors and suppliers as the basic repayment days are 30 (Days Payable Outstanding, 2018). Though DPO for Booker is also above 30, this company seems to be more lenient in their repayment to increase their revenue in short term.

✚ Total Asset Turnover

This ratio is to measure the company's effectiveness on how sales are generated (Beinabaj, Soleimani, & Rashidi, 2013) and how the total asset turnover is used to measure the shareholders' investment (Ganbaatar, 2010).

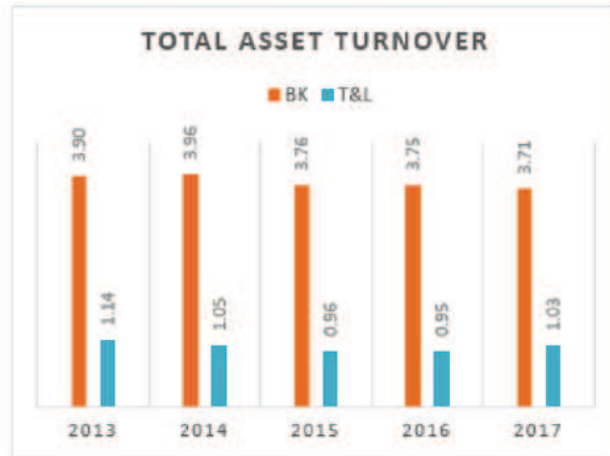


Diagram 6: Total Asset Turnover for Booker and Tate & Lyle

The ratio for Booker is higher than Tate & Lyle, which means Booker able to generate revenues effectively using the available assets. The lower ratio of Tate & Lyle indicate the company have management issues in handling their cash. Overall, both companies have ratio incline for the span of five years due to producing new products and mergers and acquisition to fulfill the customers demand (Booker Annual Report, 2017 and Tate & Lyle Annual Report, 2017).

3.1.4 Investors Ratios

The investors ratio are used to measure and evaluate the available stock and pricing to understand the company's perspective on their future planning and prospect.

		2013	2014	2015	2016	2017
Dividend Payout Ratio	BOOKER GROUP PLC	58%	53%	54%	64%	65%
	TATE & LYLE	45%	47%	433%	80%	51%
		2013	2014	2015	2016	2017
Price-Earnings Ratio	BOOKER GROUP PLC	26.94	27.51	21.94	22.58	25.86
	TATE & LYLE	14.45	11.35	92.45	16.46	13.85

Table 4: Investors Ratio for Booker and Tate & Lyle

✚ Dividend Payout Ratio

This ratio measure the shareholders' return on investment according to current market value (Tugas, 2012).

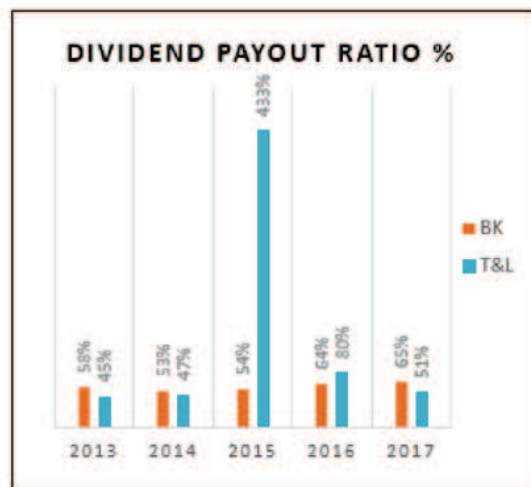


Diagram 7: Dividend Payout for Booker and Tate & Lyle

The dividend payout ratio for Tate & Lyle are above ratio of 3%, which means the companies are meeting the requirement of standard set in measuring performance. Higher ratio means the company has stronger value, therefore Tate & Lyle have illustrated to be on the higher scale of cash flow. The incline in 2018 has created fear among shareholders and investors due to the risk in managing cash flow operations.

Price Earnings Ratio

This ratio determine the shareholders' interest to continue invest, and this is done base on the company's profit (Tugas, 2012), thus decision able to be done easier and strategically (Ganbaatar, 2010).



Diagram 8: Price Earnings Ratio for Booker and Tate & Lyle

Booker is having a consistent ratio base in Diagram 8. Though there is decline in 2014, this is due to the company's investment in product development (Booker Group Financial Analysis). Tate & Lyle's ratio decline in 2014 but outperform in 2015. The P/E for Tate & Lyle incline drastically in 2015 but the figure decline in the following two years.

3.2 Common Size Analysis

The common size analysis deals with various items from the financial statement (Poston, Harmon, & Gramlich, 2011). This analysis will analyze, identify and examine the data from the summarize percentage in different dimension (Sivathaasan, Tharanika, Sinthuja, & Hanitha, 2012).

3.2.1 Vertical Analysis

This analysis interpret the financial statement using the standard processing (Sivathaasan, Tharanika, Sinthuja, & Hanitha, 2012). The result will provide information on the opportunities arising and challenges on the company's financial standing, therefore Booker and Tate & Lyle able to determine the incline and decline of the total revenue (Durrah, Abdul Rahman, Jamil, & Ghafeer, 2016).

Table 5: Vertical Analysis for Booker					
BOOKER					
Vertical Analysis Income Statement for Booker					
	2013	2014	2015	2016	2017
Gross Profit	4%	4%	5%	5%	5%
Net Profit	2%	2%	2%	3%	3%
Vertical Analysis Balance Sheet for Booker					
	2013	2014	2015	2016	2017
Total current asset	39.77%	47.07%	46.99%	47.80%	52.25%
Total Liability	51.47%	52.47%	53.13%	57.41%	62.07%
Total Equity	48.53%	47.53%	46.87%	42.59%	40.67%
Vertical Analysis Cash Flow Statement for Booker					
	2013	2014	2015	2016	2017
Cash and cash equivalents at end of year	90%	119%	109%	73%	91%

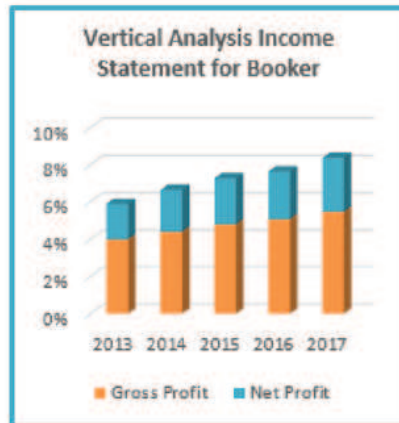


Diagram 9: Vertical Analysis Income BK

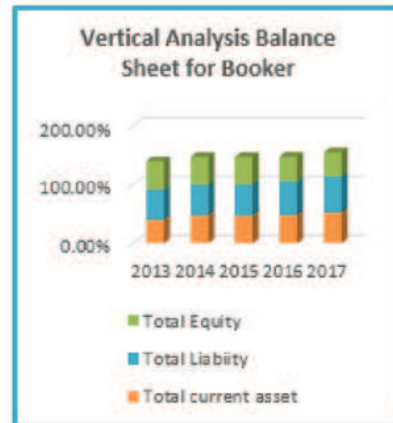


Diagram 10: Vertical Analysis Balance Sheet BK

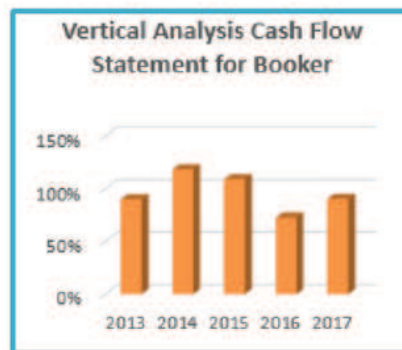


Diagram 11: Cash and Cash Equivalents at Year End for Booker

VERTICAL ANALYSIS SUMMARY FOR BOOKER:

The Diagram 9 indicate the incline of net profit from 2013 – 2017. The gross profit illustrate incline for the five years. In Diagram 10 there is incline in their current assets however decline in third year (2015). As for liability and total equity, the figure incline for five years due to the company’s expansion and product development. This has affected the cash flow to decline by 36% in 2016, but the figure increase in 2017 by 18%.

Table 6: Vertical Analysis for Tate & Lyle					
TATE & LYLE					
Vertical Analysis Income Statement for Tate & Lyle					
	2013	2014	2015	2016	2017
Gross Profit	30%	30%	35%	38%	38%
Net Profit	8%	10%	1%	7%	9%

Vertical Analysis Balance Sheet for Tate & Lyle					
	2013	2014	2015	2016	2017
Total current asset	48.87%	43.03%	38.38%	41.39%	36.99%
Total Liability	62.83%	57.46%	61.37%	59.71%	51.93%
Total Equity	37.17%	42.54%	38.63%	40.29%	48.07%

Vertical Analysis Cash Flow Statement for Tate & Lyle					
	2013	2014	2015	2016	2017
Cash and cash equivalents at end of year	151%	121%	109%	169%	88%

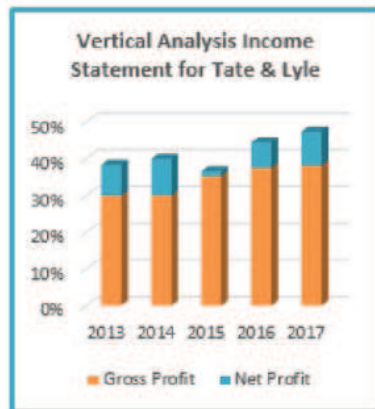


Diagram 13: Vertical Analysis Income BK

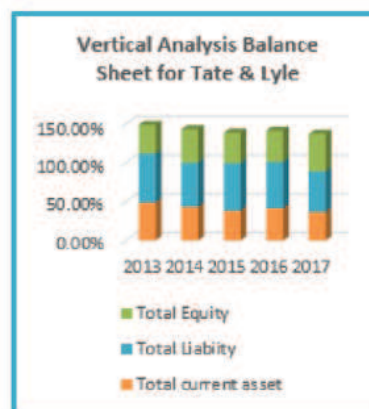


Diagram 14: Vertical Analysis Balance Sheet BK

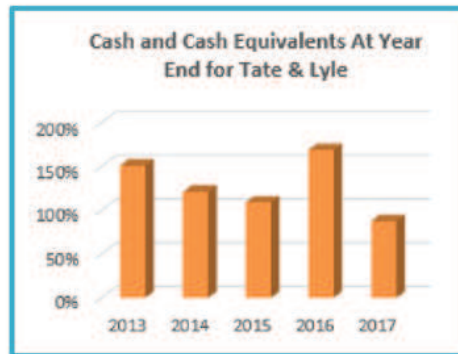


Diagram 15: Cash and Cash Equivalents at Year End for Tate & Lyle

VERTICAL ANALYSIS SUMMARY FOR TATE & LYLE:

The net profit in Diagram 13 illustrated incline for 2013 and 2104, but the figure decline to 0 the following year. As for gross profit, the figure incline from 2013 to 2017 reaching 38%. In Diagram 14, the total assets is seen with decline reaching 38.38% in 2015, and the total liability is not consistent. Though the total equity figure was low, in 2016 and 2017 the figure incline by 1.66% and 7.78%. Total cash for Tate & Lyle in Diagram 15 incline reaching 169%, but decline in 2017 due to changes in product pricing (Tate & Lyle Results, 2018, 2018).

3.2.2 Horizontal Analysis

This analysis is easier to identify the proportion base on the available resources within the company and liabilities (Subho, n.d.).

Table 7: Horizontal Analysis for Booker					
BOOKER					
Horizontal Analysis Income Statement for Booker					
	2013	2014	2015	2016	2017
Total Revenue	100%	138%	155%	168%	202%
Gross Profit	100%	129%	143%	159%	183%

Horizontal Analysis Balance Sheet for Booker					
	2013	2014	2015	2016	2017
Total Assets	100%	138%	155%	168%	202%
Total Liability	100%	115%	119%	139%	162%
Total Equity	100%	111%	111%	110%	113%

Horizontal Analysis Cash Flow Statement for Booker					
	2013	2014	2015	2016	2017
Cash and cash equivalents at end of year	100%	194%	190%	165%	208%

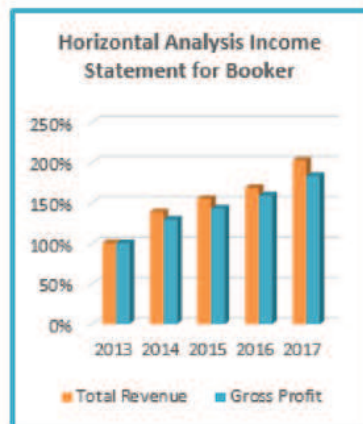


Diagram 16: Horizontal Analysis Income BK

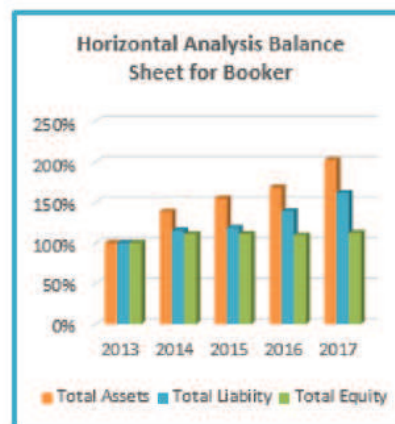


Diagram 17: Horizontal Analysis Balance Sheet BK



Diagram 18: Cash and Cash Equivalents at Year End for Booker

HORIZONTAL ANALYSIS SUMMARY FOR BOOKER:

The above diagrams are illustration using 2013 as base year. The revenue and gross profit indicate incline for the five years in Diagram 16, and in Diagram 17 there has been a constant incline reaching 34% in 2017 for the total assets. The incline trend can be seen for total liability and equity reaching 62% and 138% in 2017. Diagram 18 illustrate a steady incline reaching 268% in 2017.

Table 8: Horizontal Analysis for Tate & Lyle					
TATE & LYLE					
Horizontal Analysis Income Statement for Tate & Lyle					
	2013	2014	2015	2016	2017
Gross Profit	100%	85%	72%	72%	85%
Net Profit	100%	85%	85%	91%	108%

Horizontal Analysis Balance Sheet for Tate & Lyle					
	2013	2014	2015	2016	2017
Total Assets	100%	89%	87%	92%	99%
Total Liability	100%	81%	85%	87%	82%
Total Equity	100%	101%	90%	99%	129%

Horizontal Analysis Cash Flow Statement for Tate & Lyle					
	2013	2014	2015	2016	2017
Cash and cash equivalents at end of year	100%	91%	51%	84%	69%

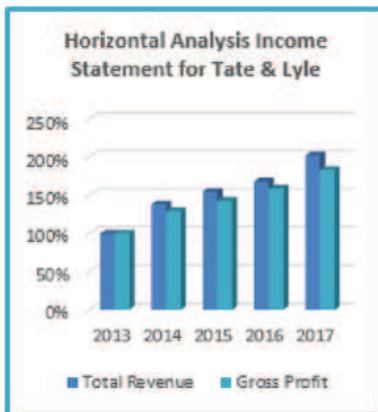


Diagram 19: Horizontal Analysis Income T&L

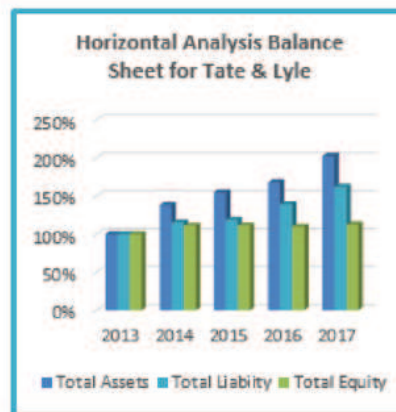


Diagram 20: Horizontal Analysis Balance Sheet T&L

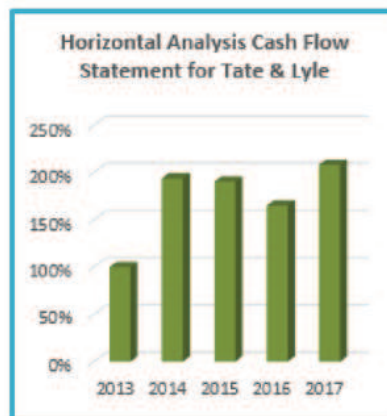


Diagram 21: Cash and Cash Equivalents at Year End for T&L

HORIZONTAL ANALYSIS SUMMARY FOR TATE & LYLE:

Diagram 19 shows decline from 2013 – 2017 by 15% to 28% with 2013 as base year. The gross profit decline till 2016, the figure incline in 2017 to 108%. The total asset in Diagram 20 shows decline from 2013 to 2017, and total equity has incline in 2017 by 29%. In Diagram 21 the available cash decline in 2016 to 84% but manage to increase in the following year by 69%.

3.3 DuPont Analysis

This analysis take into consideration three main cores – the asset utilization, operating leverage and financial leverage (Yahya, Mir, Ali, & Khan, 2013). The Return on Total Assets (ROA) measure company’s effectiveness in managing the returns generated for shareholders (Tugas, 2012) and the Return on Common Equity (ROE) is about measuring shareholders’ investment return (Durrah, Abdul Rahman, Jamil, & Ghafeer, 2016).

Ratio	BOOKER GROUP PLC					TATE & LYLE PLC				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
DuPont - 3 factor ROE	16.75%	18.54%	19.70%	21.51%	25.72%	26.07%	26.17%	3.02%	16.59%	21.69%
Net profit Margin	1.90%	2.25%	2.48%	2.56%	2.89%	8.38%	9.91%	1.28%	6.92%	9.30%
Asset Turnover	3.90	3.96	3.76	3.75	3.71	1.14	1.05	0.96	0.95	1.03
Equity Multiplier	2.25	2.08	2.12	2.24	2.40	2.72	2.52	2.46	2.53	2.26

Table 9: DuPont – 3 Factors ROE

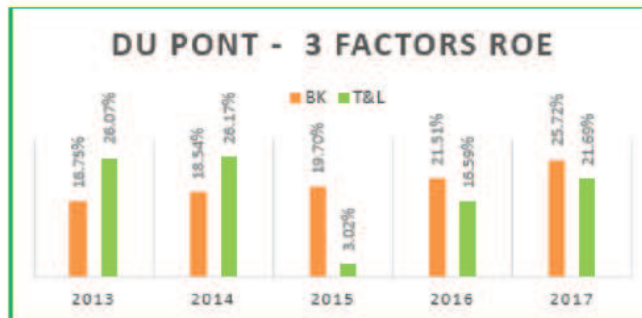


Diagram 22: DuPont – 3 Factors ROE

In Diagram 22, the net profit and asset utilization illustrate decline from 2015. From 2013 – 2017 Booker has incline in return on equity as the shares are used to increase the profit. The current production has increase the asset utilization and financial leverage of the company, thus the ROE incline by 4.94% in span of five years (2013 to 2017). For Tate & Lyle, the net profit showed incline but decline in asset turnover for 2016, therefore the company is at higher risk and weaker.

Ratio	BOOKER GROUP PLC					TATE & LYLE PLC				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
DuPont - 2 factor ROA	7.43%	8.90%	9.30%	9.60%	10.70%	9.59%	10.39%	1.23%	6.55%	9.62%
Operating Profit Margin	1.90%	2.25%	2.48%	2.56%	2.89%	8.38%	9.91%	1.28%	6.92%	9.30%
Asset Turnover	3.90	3.96	3.76	3.75	3.71	1.14	1.05	0.96	0.95	1.03

Table 10: DuPont – 2 Factors ROA

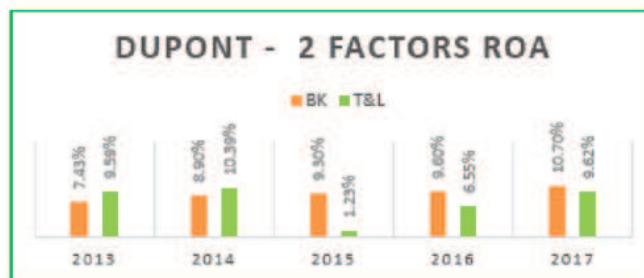


Diagram 23: DuPont – 2 Factors ROA

The above diagram illustrate Booker has significant incline for the span of five years (2013 to 2017). This results is due from the production and operating improvements. In 2015, Tate & Lyle ROA has decline 9.14% but incline the following years. Overall Tate & Lyle shows a better performance than Booker by incline in ROA by 3.27%.

4.0 Merits and Demerits

The traditional methods analyze in section 3 is seen with various limitations that led to inaccurate data and results. Therefore the below tables will identify the limitations and drawbacks to recommend the appropriate contemporary methods as solution and reduce associated risk (Almatrooshi, Singh, & Farouk, 2016).

4.1 Ratio Analysis

MERIT	<p>The ratios are used to measure company performance and cash generated during particular time (Lan, 2012). <i>Diagram 4 shows how Booker and Tate & Lyle manage their debts through comparison.</i></p> <p>The financial ratios can be used for benchmarking (Heino, 2015). <i>Diagram 6 shows how Booker and Tate & Lyle manage their assets for investment purpose and determine the company's financial standing.</i></p> <p>The DPO identify any issues with the creditors and ways to enhance their relationship (Durrar, Abdul Rahman, Jamil, & Ghafeer, 2016). <i>Diagram 5 indicate the capacity of Tate & Lyle managing creditors and enhance profit in shorter period.</i></p>
DEMERIT	<ol style="list-style-type: none"> 1. The ratios does not include inventories and stock from their current assets for analysis (Singh & Yadav, 2013). <i>The Diagram 3 and 4 indicate inaccurate ratios as the stocks are not included. Hence benchmarking both companies, Booker and Tate & Lyle are not practical.</i> 2. The comparison using financial analysis can be done only from the same industry (Dita & Murtaqi, 2014). <i>Therefore, Diagram 1 and 2 are not practical as Tate & Lyle and Booker are from different industry, hence the comparison are not practical.</i> 3. The total asset turnover not considering the risk in their analysis (Lesakova, 2007). <i>Diagram 6 not utilizing the information to identify how the assets are used efficiently in their investment and income generation.</i>

4.1.1. Evaluation of Contemporary Method for Ratio Analysis

METHOD	HOW TO OVERCOME
1.CAPITAL ASSET PRICING MODEL (CAPM)	This is appropriate model to analysis the data for comparison with the current market situation of Tate & Lyle and Booker (Gordon, 1963). The analysis can overcome the unsystematic results for future development (Stulz, 1999).
2.DIVIDEND GROWTH MODEL (DGM)	This model is best use to measure the internal management for comparison using the operating costing and capital equity (Olsen, 2007). The

	estimation done can be more accurate (Doorasamy, 2016).
3.CAPITAL ASSET PRICING MODEL (CAPM)	CAPM can be used to overcome the risk in the return and create positive relationship during hazard (Stulz, 1999).

4.2 Vertical Analysis

MERIT	<p>This analysis is useful to evaluate the total assets and liabilities trend which are in percentage format (Olsen, 2007). <i>In Diagram 11, the data can be evaluated for identify the trend for Tate & Lyle for five years.</i></p> <p>The analysis derived information from balance sheet for benchmarking (Ganbaatar, 2010). <i>Diagram 11 illustrate the incline despite changes of five years with Tate & Lyle and Booker.</i></p> <p>This analysis can be analyzed individually and measure the individual performance for five years (Yahya, Mir, Ali, & Khan, 2013). <i>The Diagram 10 measure the net profit from the current sales.</i></p>
DEMERIT	<ol style="list-style-type: none"> 1. Data from past years led to inaccurate information for forecasting (Renu & Sekar, 2014). <i>Diagram 13 – 15 do not give the accurate information for Booker and Tate & Lyle budgeting.</i> 2. Information can be manipulated (Jayawardhana, 2016). <i>The data in Diagram 15 are not 100% accurate.</i> 3. This analysis is traditional method, therefore the information does not give accurate information for shareholders to make decision for future investing (Gordon, 1963). <i>Diagram 13 and 14 are not practical to make decision on business performance and development.</i>

4.2.1. Evaluation of Contemporary Method for Vertical Analysis

METHOD	HOW TO OVERCOME
1.DIVIDEND GROWTH MODEL (DGM)	This is more practical and useful model to determine the profits of the companies for Booker and Tate & Lyle (Acheampong & Agalega, 2013). The data can be used for comparison with past years.
2.CAPITAL ASSET PRICING MODEL (CAPM)	This model can overcome the drawbacks and reduce the errors and frauds for a more accurate results (Saxena, 2016).
3.CAPITAL ASSET PRICING MODEL (CAPM)	The CAPM can be used to share the financial performance of Booker and Tate & Lyle, and to ensure the development are done in better ways in the future (Biplob, Alam, & Hossain, 2018).

4.3 Horizontal Analysis

MERIT	<p>This analysis can measure the profitability of the companies (Jayawardhana, 2016). <i>Diagram 17 illustrate the comparisons of Tate & Lyle and Booker though from different industries.</i></p> <p>The information derived can be done using company's financial performance for developments (Olsen, 2007). <i>Diagram 19 compare the company's effectiveness for Tate & Lyle and Booker.</i></p> <p>The analysis provide a clearer clarification on the financial statement especially for those not well versed with the documents (Beinabaj, Soleimani, & Rashidi, 2013). <i>Diagram 16 – 21 are in percentage form, thus it is easy to understand the business operations and lessens the complexity.</i></p>
DEMERIT	<ol style="list-style-type: none"> 1. The data can vary due to continuous changes (Ghaeli, 2017). <i>Diagram 13 and 14 do not accurate data for interpretation on Tate & Lyle and Booker.</i> 2. The computations can lead to complications (Tugas, 2012). <i>In Diagrams 15 and 21, the result could be wrong as there are negative figure in line items such as loan and borrowings and join venture.</i> 3. The analyst provide their opinion in this calculation and result, hence the information can be misleading (Beinabaj, Soleimani, & Rashidi, 2013). <i>The results from Diagram 10 to 18 can be misleading and subjective to bias that could affect the business activities and operations.</i>

4.3.1. Evaluation of Contemporary Method for Horizontal Analysis

METHOD	HOW TO OVERCOME
1.CAPITAL ASSET PRICING MODEL (CAPM)	This model can be used to analyze the data from the past for both companies and to analyze the company's performance.
2.EFFECTIVE MARKET HYPOTHESES (EMH)	This model can be very powerful to limit the changes in financial statement to overcome the complications for investment (Brock, Lakonishok, & LeBaron, 1992).
3.CAPITAL ASSET PRICING MODEL (CAPM)	CAPM model provide a more detail and accurate information derived from the financial statement (Saxena, 2016), also it can be reliable and consistent (Ganbaatar, 2010).

4.4 Du Pont Analysis

MERIT	<p>This analysis able to decrease the data from being manipulated to generate profits in short term (Chang, Hassabelnaby, & Chichernea, 2013). <i>Diagram 23 indicate the ability of Tate & Lyle generating value for shareholders. The DuPont analysis able to overcome the weaknesses from investment.</i></p> <p>This analysis can eliminate the irrelevant data for long term ratio analysis (Rogova, 2014). <i>Diagram 22 provide information from the evaluation done on Tate & Lyle and Booker for mode detail and accurate information.</i></p> <p>The company analyze ROA using the assets available in determining the profits (Biplob, Alam, & Hossain, 2018). <i>Diagram 23 enable the managers to understand the ROA for better understanding.</i></p>
DEMERIT	<ol style="list-style-type: none"> 1. DuPont analysis do not provide the required information on the growth and operating performance (Chang, Hassabelnaby, & Chichernea, 2013). <i>Diagram 23 is not complete with the necessity information especially on debt restructuring and adjustment in policy.</i> 2. Information on investment are excluded in this ratio (Chen, Wang, & Qiao, 2014). <i>Diagram 22 and 23 did not include the investment information in this analysis on Tate & Lyle and Booker (Booker Annual Report, 2017 and Tate & Lyle Results, 2018).</i> 3. The equity capital not analyze for accurate information on the shareholders and future investors (Chen, Wang, & Qiao, 2014). <i>Diagram 22 and 23 do not have this required information for decision making on strategies and increasing the profitability.</i>

4.4.1. Evaluation of Contemporary Method for DuPont Analysis

METHOD	HOW TO OVERCOME
1.EFFECTIVE MARKET HYPOTHESES (EMH)	This model assess the risk with profitability from ROE and ROA (Fakhry, 2016). It is recommended to analysis the trend lines from Tate & Lyle's financial statement (Metghalchi et. al., 2018).
2.ACTIVITY-BASED COSTING (ABC)	This model is appropriate in evaluating the profit and cost for ROE and ROA (Fakhry, 2016), also to reduce the limitations in making decision on the company resources, capital and shareholders' investment (Metghalchi, Hajilee, & Hayes, 2018).
3.CAPITAL ASSET PRICING MODEL (CAPM)	This model is ideal for strategic planning and reducing risk on investment in Tate & Lyle and Booker (Wang & Zhou, 2016).

5.0 CONCLUSION AND RECOMMENDATION

The Tate & Lyle and Booker financial statement are used in making strategic decision for profitability and solvency. The traditional methods are initially used for the analysis on the available information for a more accurate results that are verifiable and comparative. The limitations from this methods led to different contemporary methods to be used. Based on the contemporary methods, CAPM is identified to be the best available option to overcome the weaknesses in business performance and increase the stock price in share market under any conditions.

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