Macy's short-term debt and shareholder's equity

Finance

number Macys Short-Term Debt and Shareholders Equity Short-term debt refers to a debt taken by an individual that matures within a short time (Khan 3). The time of maturity is one year or less. The most common short-term debt includes bank loans that are taken by the company to finance its short-term needs. Shareholders equity on the other hand refers to the financing made through shares. Such shares include preference shares and ordinary shares (Weil, Schipper & Francis 51).

Macy’s short-term debt as at 29th January 2011 was at $454 while as at 28th January 2012 it was at $1, 103. The difference shows an increase of $649 where the company improved in its short-term financing requirements. The short-term debt however, declined from $1, 103 in 2012 to $124 in February 2nd 2013. This shows a decline by $979. This is due to a decline in the company’s desire for short-term financing (Kline 87).

It is also important to check on the financial health of Macy’s Inc. due to the short-term debt. This is done with reference to the cash and cash equivalents of Macy’s. The cash and cash equivalents were on the rise from $1, 464 in 2011 to $2, 827 in 2012. Thus, the company was in perfect financial position since it could repay the debt from its cash and cash equivalents. The financial health of Macy’s Inc. is evident through increase of short-term debt from the year 2011 to 2012. In the year 2013, the cash and cash equivalents reduced to $1, 836. The financial health was also good since the cash and cash equivalents exceeded the short-term debt (Stickney & Weil 69).

In the case of shareholders equity, there was a slight increase from $5, 530 in 2011 to $5, 933 in 2012. It further increased to $6, 051 in 2013. The ordinary and preference shares are provided by the shareholders and they run the company in their shareholding capacity. The shares form a part of liability to the company in the form of capital. Therefore, shareholders equity is rising all through but the health of the company is also good since the total assets are more than the shareholders equity. In general, the company has a good financial performance (Khan 7-19).

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