

The online internet shopping

[Business](#), [E-Commerce](#)



It could be said that profitability is everything that is desirable. It must be stressed that accounting is needed, not just to calculate profitability, but also know the whether or not the business will be able to pay its creditors, expenses, loans falling due, etc. at the correct times. Failure to ensure that these payments are covered effectively otherwise it could mean that the Supermarkets would be effected by being able to pay one's debts as they fall due or liquid. The main measure of liquidity is current ratio.

It could be said that the best current ratio is if current assets are equalling current liabilities. For Tesco supermarkets this number is $1204 / 1321 = 0.91/1$ this can be said relatively on a stable condition and able pay its creditors, however with J. Sainsbury's this number falls down to $357 / 678 = 0.53/1$ this is stating that the company might have problems in paying their creditors or expenses in the short term. Tesco plc's net debt in the fiscal year has increased by 340 million to 2, 060, with gearing increasing to 43%.

Tesco supermarkets also opened 38 new stores comprising one Extra, 13 Superstores, 14 Compact stores and 10 Express stores and Tesco supermarkets has 579 million on these new stores and 182 million on extensions and refits. The investment potentials of Tesco supermarkets is the its latest venture, with the Royal Bank of Scotland, launched in November 1997, is to offer customers competitive financial services through its stores. And also the company is putting so much effort in IT and the online internet shopping.

Tesco supermarkets is Britain's largest owner-occupier property developer, investing some 500 million a year in new and existing stores in the UK. This

investment leads to thousands of new jobs, not only in the stores themselves but also increased employment in construction and at their suppliers and ancillary services. The construction of stores also contributes to urban renewal and the provision of community services and amenities.

To evaluate the present findings, it could be said that it may not be exactly comparable between the two stores because J. Sainsbury's supermarkets has Savacentres "super saver stores" and whereas Tesco supermarkets 659 stores compare to J. Sainsbury's only 432 which is 227 stores fewer in comparison however for Sainsbury's it is meaning that each store's sale is 30, 710m on average and this number is only 27. 816m. On the other hand both stores compete on online shopping as well as petrol stations and banking business.

Moreover both companies now open local shops in town centres these are called Tesco express or J. Sainsbury's local and also both open branches other countries. However it is clear that Tesco supermarkets has been doing better than J. Sainsbury's in the past two years and seem that the company is still investing high and therefore having a high gearing ratio compare to J. Sainsbury's stores. Tesco is also keeping their profitability high and doing better than J. Sainsbury's and finally the liquidity of the company is on a middle scale whereas that, it is not holding cash and able to its debts.