

Evaluate if youngs is a good investment. in this answer you need to consider any ...

[Finance](#)



EVALUATION OF YOUNGS By of the of the School Young is a good investment because of the following reasons. Firstly, Young has a highly competitive advantage in the clothing industry. It is an up market retailer that sells high quality ladies and gents clothing. Having more approximately 300 shops across the UK, the firm has developed a well respected name for its range of fashionable products as well as excellent customer service. The company produces high-quality products at the lowest price possible. Such a good reputation has created a moat around the company's business thus allowing it to keep its competitors at bay thereby enabling it to enjoy profits and growth. The competitive advantage will make the company to reward its shareholders very well for decades thus making it a good investment. The good reputation has provided the company with a real opportunity to expand in the future hence a good investment. Such conditions make Youngs to have higher future financial performance hence being able to provide the highest financial rewards to the investors or shareholders.

Secondly, Youngs has an increasing profitability and liquidity. The current ratio of Youngs shows an upward trend and the trend is likely to continue into the future, this indicates an increase in its ability to meet short-term obligations. On the other hand, its profitability ratios show an upward trend. The net profit ratio of the company increased in 2014 so is return on assets. This implies an increase in the company's efficiency. The company is therefore very profitable and the trend is likely to continue into the unforeseeable future. Even though the company has an increasing use of debts, it has sufficient liquidity to meet its interest payments.

Its cash flow in terms of interest payment is, therefore, limited hence the

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company is able to keep such costs to a minimum. The lower interest payments leave more cash at the disposal of the company which they can use as financial rewards to the investors in terms of dividends. In addition, the surplus cash can be reinvested into the company to generate or create value for the shareholders of the company. In either way, the investors stand to benefit.

Thirdly, the company has a very simple business model. It sells high quality ladies and gents clothing. It is therefore very easy to monitor the performance of the stock of the company. The ever increasing demand for designer and fashionable clothing acts as a driver for future growth and this makes the company to be a good investment because it has a bright future in the fashion industry. This provides the company with opportunities which when utilized properly will lead to future economic growth. The company's products are appealing and have become a fashion brand. This offers the company a strong financial performance, and the trend is likely to continue into the unforeseeable future.

The company has good corporate governance due to its good reputation and is able to look out for the interests of its investors as well as other stakeholders. Finally, Young is positioned to be a good investment and will provide the highest financial rewards since it is more profitable, more liquid, and more efficient in its operations. In addition, it has strong loyalty and brand recognition. All these provide the company with an opportunity to obtain high revenues that they can offer to their investors.

Summary financial ratios

Liquidity ratios

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2014

2013

Liquid ratio

1. 48

1. 37

Quick ratio

0. 43

0. 36

Profitability ratios

2014

2013

Net profit ratio

8%

6. 48%

ROA

16. 72

13. 69

ROE

32. 18

25. 03

Efficiency ratios

2014

2013

Days sales outstanding

2. 61days

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2. 32

Inventory turnover

6. 47

7. 04

Total asset turnover

2. 09

2. 11

Fixed asset turnover

3. 26

3. 12

Gearing ratios

2014

2013

Debt to equity ratio

0. 93

0. 83

Debt ratio

0. 48

0. 45