

FUNDAMENTALS OF FINANCE

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Executive Summary

“Time value of money” and “Diversification of risk” are the fundamental principles for finance that are required to determine the position of a company. In this report, through using these two principles market growth in aspect to the stock market and share price can be determined. Share related data and dividend regarding “Amalgamated Telecom Holdings Limited and BSP Convertible Notes Limited” have been extracted from the Fiji website. The conceptual data regarding TVM and “diversification of risk” are gathered from several journals and articles. From the entire discussion, it can be found that the future value of ATH is \$ 2.002 and of BCN is \$ 32.34 through using TVM. Diversification of risks has been analyzed as one of the important principles of financial accounting.

This process refers to the implication of mitigation of risks within finance management for the development of an organization for investing on assets. “ATH” Company and “BSP” Company have been determined to have incurred a revenue generation for the growth of these companies. It has been recorded that “ATH” enterprise has been able to implement a revenue generation and hence, an overall growth has been able to generate for the development of this specified organization. On the other hand, this specified business enterprise has incurred an increase within their dividend shares and revenue generation. However, “BSP” Company has been unable to generate a revenue generation and profit shares as this enterprise has failed to do their “diversification of risks”.

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Introduction

"Time value of money" and "Diversification of risk" are two crucial principles of finance through which overall financial statistics and financial conditions of any company can be measured. "Time value of money of TVM" is the concept of the worth of money regarding a company can be more than a future "identical sum" due to the earning capacity of the company. At the same point of time, the "Diversification of risk" strategy can be a mixture of investments that are widely used in a variety of ranges in a certain portfolio. On the other hand, this strategy is constructed of several kinds of assets such as average return and "long term return" regarding the minimization of risk for a company. This report highlights TVM and "Diversification of risk" for FIJI stock market companies such as "Amalgamated Telecom Holdings Limited and BSP Convertible Notes Limited" as per the analysis of three years of financial data. Comparison and contrast of financial data regarding these companies can be analyzed in this report.

Findings and Discussion

Time Value of Money

"Time value of money" is the concept wherein an aspect of equal condition and performance, money becomes much valuable at the time of receiving it to the present. Opportunity cost can be illustrated by the consideration of fact in case the investor receives money on a particular day and the investor may invest the money to get a positive amount of return. On the contrary, Johari *et al.* 2018 cited that the investor may receive the money in any year in future and positive return can be effectively lost from what might be earned in the previous year. TVP can be important for any company due to investment-related decisions. It can be illustrated that one investor can choose any project of "Project A and Project B". Every identical description is the same in the case of both projects rather than the payout of the same amount of money in different periods. In this case, as per the concept of TVP, the money for the minimum period is more positive as it has a higher "present value" (Alikar *et al.* 2017). TVP can be considered as per these two Fiji companies named, "Amalgamated Telecom Holdings Limited and BSP Convertible Notes Limited" according to the concept of "Discounted cash flow analysis or DCF". This above-mentioned strategy can be influential and popular methods for the IT and Automotive companies regarding the valuation of "investment opportunities". This can be an integral part of the "financial planning and risk management activities" as it can be illustrated that the fund

managers have to ensure sufficient funds to the account of employees for pension after retirement.

Amalgamated Telecom Holdings Limited

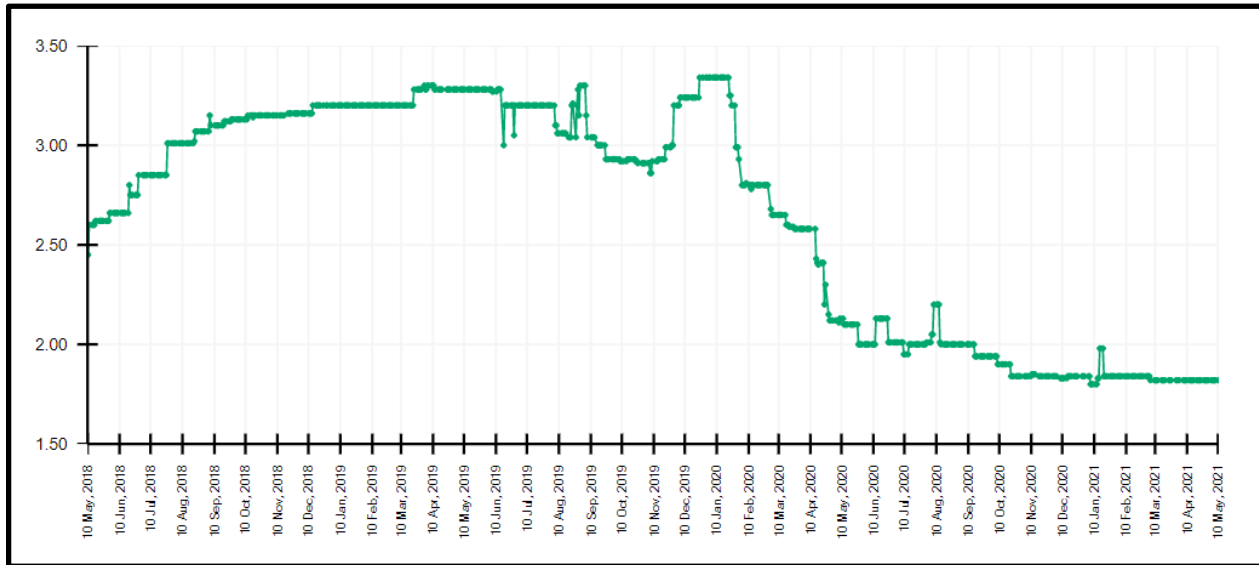


Figure 1: Price History of ATH from 10th May 2018 to 10th May 2021

(Source: Marketreports.spx.com.fj, 2021)

From the above figure, it can be demonstrated that the share price was \$ 2.50 on 10th May 2018 and the price was increased at a certain rate such as \$ 3.25 on 10th May 2019 (Marketreports.spx.com.fj, 2021). On a similar note, due to mismanagement and loss of share the share has fluctuated much in the financial year of 2019 and 2020. As a result, it can be observed that the share price has declined at a rate of \$ 2.10 and due to the Covid-19 pandemic; the sales have been falling devastatingly. Therefore, the share price has been decreased to \$ 1.80 in May 2021 (Marketreports.spx.com.fj, 2021). On the other hand, it can be contrasted that due to the 1800 unit volume trade, the share price is \$ 2.60 due to consideration of \$ 4,680.00 for ATH (Marketreports.spx.com.fj, 2021).

This value has been changed to \$3.28 due to 1487 unit volume trade along with consideration of \$ 4877.36 (Marketreports.spx.com.fj, 2021). However, after dramatic fluctuation, the share price has been changed to \$ 2.13 due to 230 unit volume trade along with \$ 489.90 consideration (Marketreports.spx.com.fj, 2021). At the same time, the value has been changed to \$ 1.82 due to 139 unit volume trade along with \$ 252.98 consideration (Marketreports.spx.com.fj, 2021). At the same time, in the fiscal year 2018 intermediate it is observed that "dividend per share" \$

0.0250 has been shifted to \$ 0.0200 in the final term and changed up to \$ 0.0250 in the final term of 2019 financial year (Marketreports.spx.com.fj, 2021).

Calculation

From the above graph, it is observed that the present value is \$ 1.82

Interest Rate is 10% (Assumed)

For 3 years the future value will be $FV = PV * (1 + r) = 1.82 * (1 + 10/100) = 2.002$

The future value can be estimated in the next year \$ 2.002

BSP Convertible Notes Limited

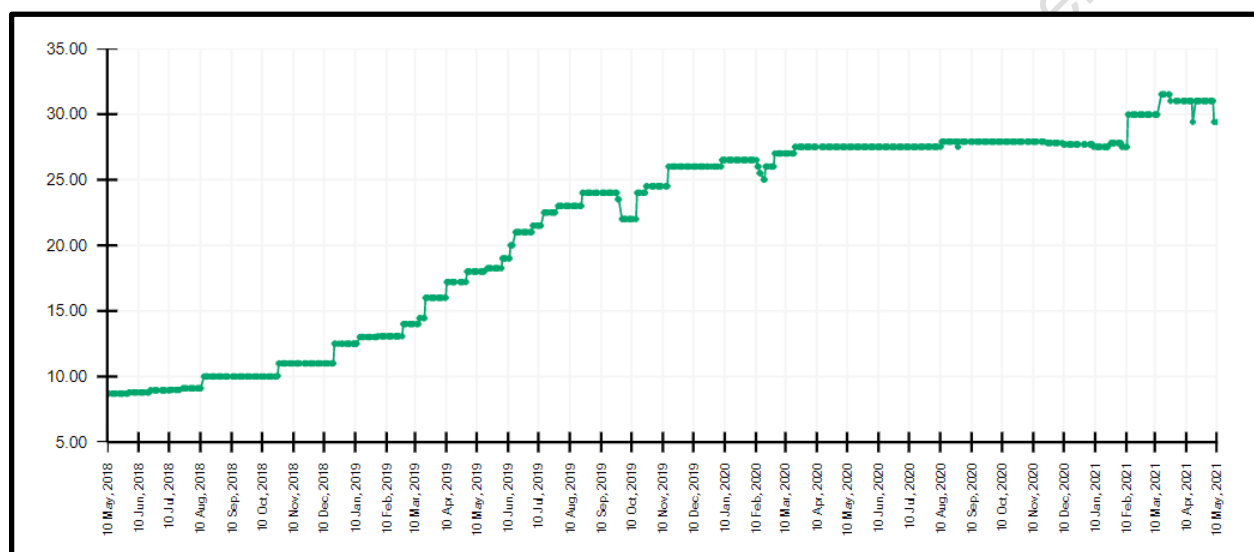


Figure 2: Price History of BCN from 10th May 2018 to 10th May 2021

(Source: Marketreports.spx.com.fj, 2021)

From the above figure, it can be demonstrated that the share price was \$ 8.00 on 10th May 2018 and the price was increased at a certain rate such as \$ 18.00 on 10th May 2019 (Marketreports.spx.com.fj, 2021). On a similar note, due to proper management and buying of shares the share has increased exponentially in the financial year of 2019 and 2020. As a result, it can be observed that the share price has declined at a rate of \$ 27.00 and despite the Covid-19 pandemic; the sales have continuously increased for BCN. Therefore, the share price has been decreased to \$ 31.00 in May 2021 (Marketreports.spx.com.fj, 2021). On the other hand, it can be contrasted that due to 65 unit volume trade, the share price is \$ 8.70 due to consideration of \$ 565.50 for BCN.

This value has been changed to \$18.00 due to 100 unit volume trade along with consideration of \$ 1800.00 (Marketreports.spx.com.fj, 2021). However, after an exponential increase, the share

price has been changed to \$ 27.50 due to 100 unit volume trade along with a \$ 2750.00 consideration (Marketreports.spx.com.fj, 2021). At the same time, the value has been changed to \$ 29.40 due to 20 unit volume trade along with a \$ 588.00 consideration (Marketreports.spx.com.fj, 2021). At the same time, in the fiscal year 2018 intermediate it is observed that "dividend per share" \$ 0.2357 has been shifted to \$ 0.6724 in the final term and decreased to \$ 0.2544 in the intermediate term of the 2019 financial year and has been increased in \$ 0.6572 in the final term (Marketreports.spx.com.fj, 2021). However, this value has been decreased to \$ 0.1591 at the intermediate-term of the fiscal year 2020 (Marketreports.spx.com.fj, 2021).

Calculation

From the above graph, it is illustrated that the present value is \$ 29.40

Interest Rate is 10% (Assumed)

For 3 years the future value will be $FV = PV * (1 + r) = 29.40 * (1 + 10/100) = 32.34$

The future value can be estimated in the next year \$ 32.34

ATH can project towards a capital budgeting by making possibilities to the business owners that need to be flexible enough regarding the "cash flows over time". Discounting over the "present value" and considering the received amount of money gives prefer ability to the ATH in future such as the TVM has been increased to \$ 1.82 to \$ 2.002. On the other hand, in the case of BCN, the TVM has been increased from \$ 29.40 to \$ 32.34. Risk factors, inflation and other potential investment returns along with loan impact can affect the decisions of the business. Through discounting and compounding the company can use this process of comparing the dollars for the company against the future dollar price.

Diversification of risk

The term diversification refers to the financial investment that is insured for the implementation of risk mitigation strategies that are associated with a business organization. Moreover, risk diversification implies an organization's blending of different types of assets that are generally likely to reduce the risks associated with the financial management of a business enterprise. As opined by Zamore *et al.* (2019) application of credits and liabilities for accounting of credits are associated with an effective risk diversification.

Hence, it can be highlighted that the financial accounting of an organization ensures the development of the financial results. Thus, it can be deciphered as an implementation of the

credits and assets generated from the revenue generation of the materials. Thus, it can be highlighted that the financial benefits generated by a company significantly depend on the generation of revenues from them and investment within the organization.

Mehmood *et al.* (2019) stated that the application of risk diversification can be estimated from important accounts such as financial statements of an enterprise. Therefore, an increase in the market capitalization of an organization can be generated from the development of the assets generated from the investment of the money generated from the financial statements. Diversification of risks is significantly associated with the terms of minimizing the challenges within the market to reduce chances of incurring loss for the development of a business. On the other hand, the application of diversification of risks can be utilized for the incurring profits of an organization that are obtained from the dividends and share profits.

Amalgamated Telecom Holdings Limited

This specified company within Fiji is a renowned organization that is used for "telecommunication services". It can be highlighted that this telecommunication services organization has been both hardware and software providing the internet services. Since this specific organization has been developed in the determination of "subsidiaries" for their financial purposes has been led in the distribution of the profit shares determined from the annual financial statement. This specified organization has been successful in flourishing their business in the markets of "Vanuatu", "Papua New Guinea" and "Samoa" and hence an increase since the revenue generation can be determined (Marketreports.spx.com.fj, 2021). This organization has incurred a growth in the revenue generation of 681,907,000 dollars in the financial year of 2020 (Marketreports.spx.com.fj, 2021).

Therefore, it can be highlighted that this specified telecommunication business enterprise has not incurred a loss and has successfully implied the process of diversification of risks. Hence, it can be estimated that the application of profit shares has led to an increase from the revenue growth from the financial year 2019, 543,074,000 that indicates that in the financial year 2020, profit shares have incurred and this organization has been able to implement their diversification of risks strategies by investing in different types of an asset for growth within this organization. At the same point in time, trading practiced by the business organization has been beneficial, fitting them in buying and selling of assets that have benefited this enterprise in developing better scopes for the development of revenue shares. The security assets generated by this specified

organization have been with security ATH in the first quarter of the financial year 2021 with a trade valuation of 139 and has priced 1.82 dollars in the generation of share revenues (Marketreports.spx.com.fj, 2021). Hence, it can be illustrated that the application of trades associated with the investment is made available by this specific organization.

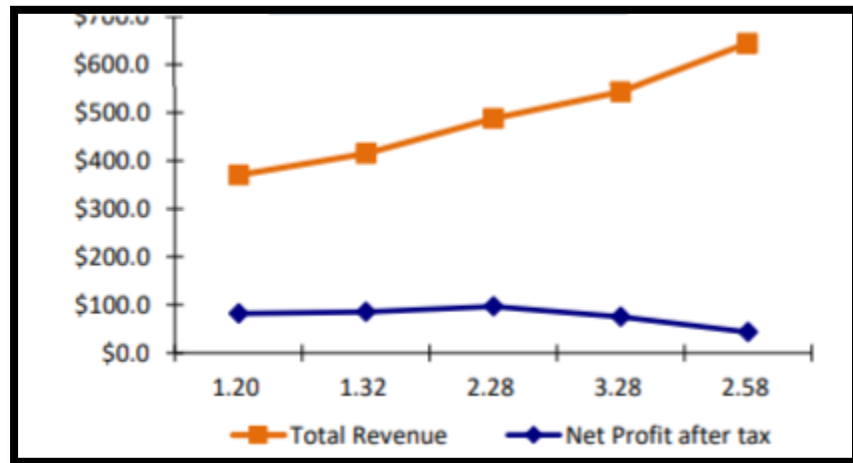


Figure 3: Total Revenue and NIPAT Trend of ATH

(Source: Spx.com.fj, 2021)

The above graph demonstrates that total revenue generated by this specific organization has recorded a low generation of revenue shares in the initial, stage with a total share of profits of 100 dollars. On similar notes, the profit growth within this business enterprise has increased from 300 million dollars to 600 million dollars (Spx.com.fj, 2021). Hence, development within their dividend trends has been evaluated. Thus, it can be highlighted that application of diversification of risks has been beneficial for investing in the development of their share of dividends.

On the other hand, the specific organizations have been implementing dividends per share associated within that has also contributed to the application in the financial year, 2019 with a dividend share of 0.0250 dollars (Marketreports.spx.com.fj, 2021). Therefore, it can be stated that the application of shares of profits has been increasing in terms of annual years. As can be estimated the financial, in the year 2018, the share of "dividends" has been "0.200" dollars per share (Marketreports.spx.com.fj, 2021). Therefore, from the above discussion, it can be highlighted that application of the diversification of risks can be utilized by this enterprise significantly, and hence, a determination of their investments have been done in different capital shares.

BSP Convertible Notes Limited

This specified organization has been significantly doing their marketing and development within the business within the automotive industry. This mentioned enterprise is comparatively lesser established as it does not acquire any kind of market other than in Fiji (Marketreports.spx.com.fj, 2021). Thus, it can be demonstrated that the application of dividends shares and profit revenue generation has been notably higher, and hence, a decrease in the profit has not been required. The dividend shares that have been incurring within this specified organization have been beneficial for their revenue generation as well.

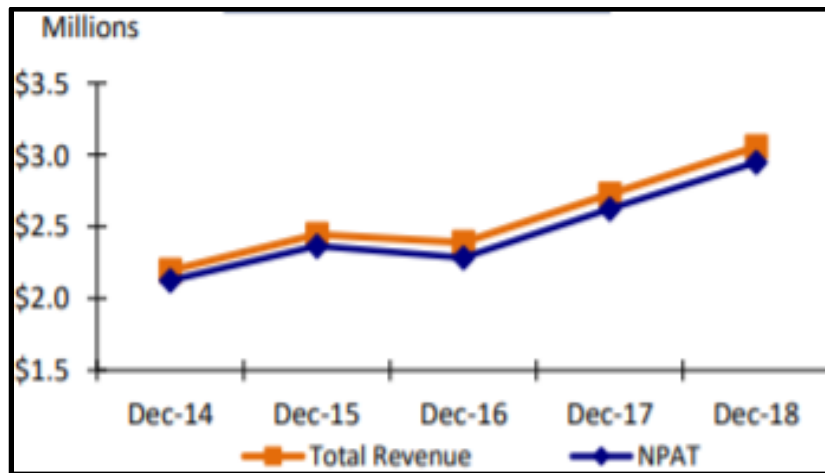


Figure 4: Total Revenue and NIPAT Trend of BNC

(Source: Spx.com.fj, 2021)

The above graph highlights that there has been an increase in the analysis of the current trend of total revenue for the past 5 years. In the financial year 2018, total revenue has increased from "\$2.3 million" and increased to "\$3.1 million" in the year 2018 (Spx.com.fj, 2021). The dividend shares have estimated an increase within the profit's revenue. Hence, it can be highlighted that the implementation of assets can be made beneficial for investing them in terms of profit shares, and hence, the change in the trends can be highlighted. Diversification of risks can be evaluated using the " $NV = \sigma 2 p \bar{\sigma} 2$ " where the "n= number of assets".

For this organization, the dividends per share incurred by this enterprise in the financial year, 2020 has been 0.1591 (Marketreports.spx.com.fj, 2021). The dividend shares of this organization, on similar notes, have incurred a growth in the financial year, 2019. This implies that the application of "diversification of risks" of this organization has been ineffective and thus, the dependability within the assets has grown from other terms. Hence, it can be highlighted that

the risks of a sudden outbreak of COVID-19 across the globe have led this enterprise to incur a loss in revenue profits.

Compare and Contrast

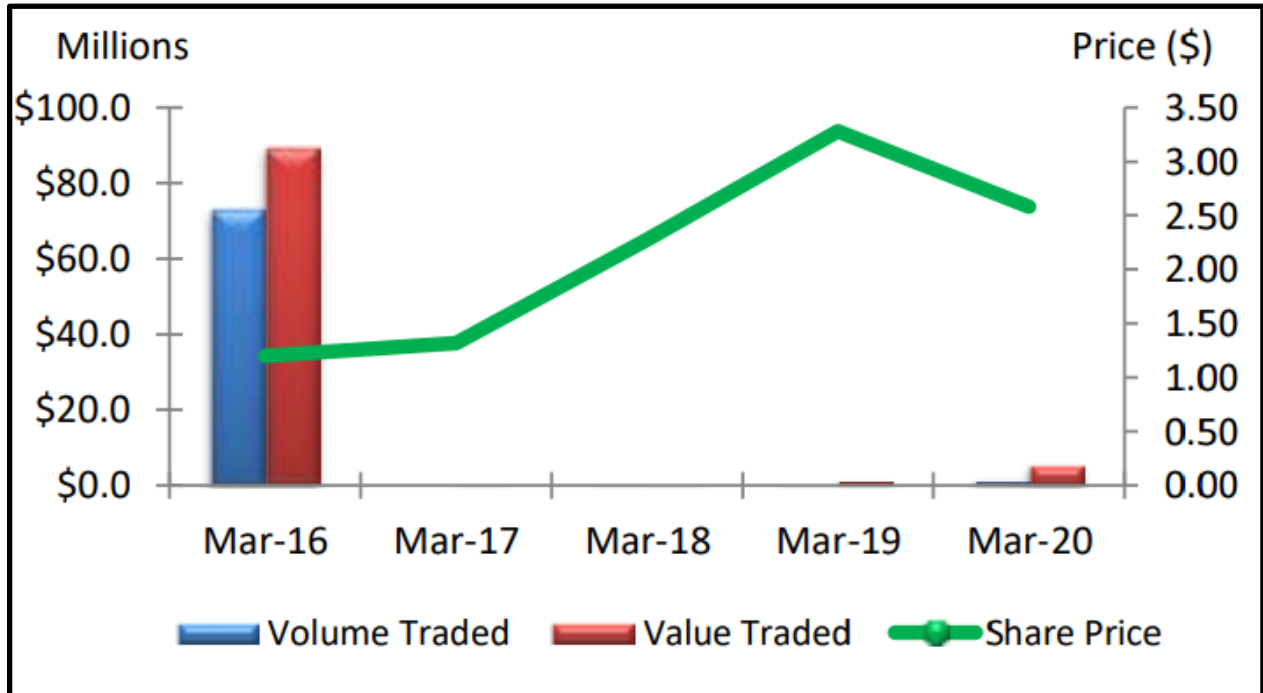


Figure 5: Volume, Value Traded and Share Price Trend for ATH

(Source: Spx.com.fj, 2021)

From the above figure, it can be demonstrated that in March 2016 \$ 70.00 million volume was traded for \$ 3.01 value (Spx.com.fj, 2021). After 2016, the value amount tends to zero for ATH and in March 2020 \$ 1.00 million volume was traded for \$ 0.20 value (Spx.com.fj, 2021). On the other hand, the share price has been increased at a certain rate exponentially from March 2017 to March 2019. At the same time, due to the loss of dividend, the share price has been decreased at a certain rate such as \$ 3.50 to \$ 2.50 (Spx.com.fj, 2021). *[Refer to Appendix 1]*

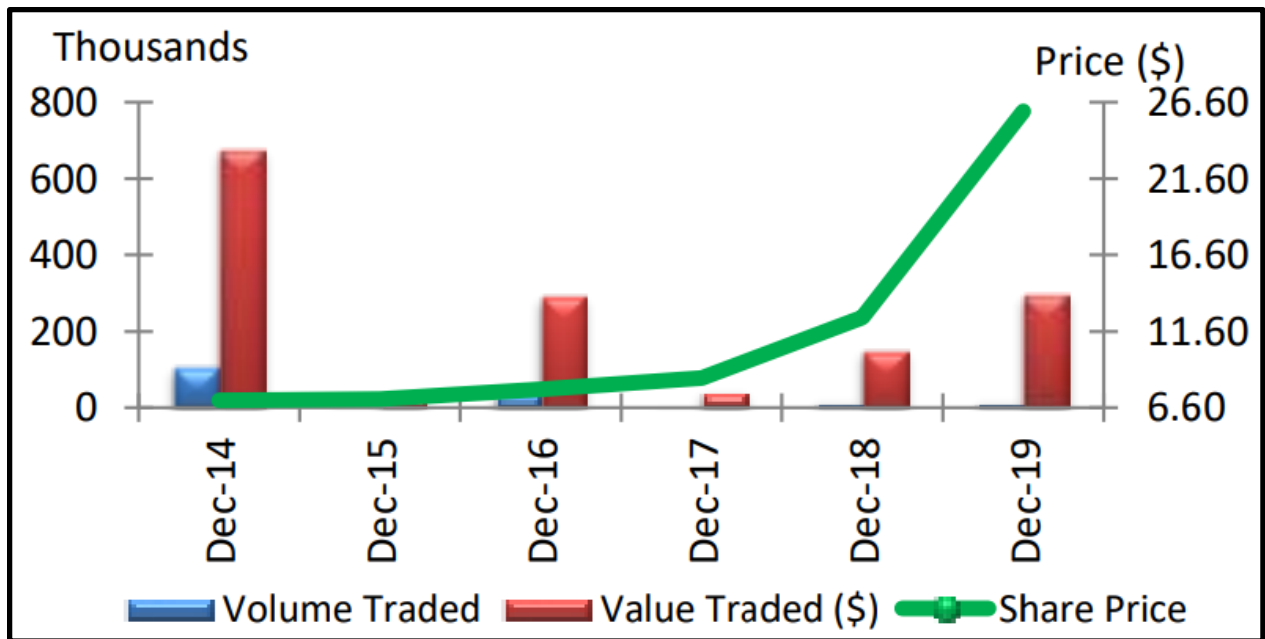


Figure 6: Volume, Value Traded and Share Price Trend for BCN

(Source: Spx.com.fj, 2021)

In contrast, from the above figure, it can be demonstrated that in December 2014 100 thousand volumes was traded for \$ 22.60 value (Spx.com.fj, 2021). After 2014, the value amount tends to decrease for BCN and in December 2016 10 thousand volume was traded for \$ 12.60 value (Spx.com.fj, 2021). Therefore, the value has fluctuated from 2016 to 2019 in between \$ 7.60 to \$ 12.60 (Spx.com.fj, 2021). On the other hand, the share price has been increased at a constant rate exponentially from December 2017 to December 2019. At the same time, due to an increase in market sales, the share price has been increased at a certain rate such as \$ 12.60 to \$ 26.60 within the financial year 2018 to 2019 (Spx.com.fj, 2021). *[Refer to Appendix 2]*

In contrast, in the context of ATH, it is observed that "Net profit margin" has decreased from 20.99 to 6.54 within 2018 to 2020 whereas, the "Cash flow per share" has increased from 0.31 to 0.35 within 2018 to 2020 (Spx.com.fj, 2021). In comparison, in the aspect of BCN, the "Net profit margin" has increased from 491.60 to 552.45 within 2018 to 2019 whereas, the "Cash flow per share" has remained constant at 0.14 between 2018 to 2019 (Spx.com.fj, 2021).

As has been highlighted from the above discussion, it has been estimated that the application of their risk diversification has been demonstrated in terms of their revenue generated by both of these organizations. As highlighted by Vuong and Nguyen (2020), risks can be mitigated within accounting and financial management can be analyzed by the implementation of diversification

of risks. The "Amalgamated Telecom Holdings Limited" has recorded to gather revenue shares in the financial year, 2020 and that has been 681,907,000 dollars (Marketreports.spx.com.fj, 2021).

On the other hand, BSP Limited has generated revenue growth of 2,716,502 dollars in 2020 (Marketreports.spx.com.fj, 2021). As it can be evaluated from the statistical reports, ATH Company has been able to develop a better revenue generation compared to that of BJP organization. Therefore, it can be demonstrated that the ATH enterprise has been able to implement the diversification of risks effectively and evaluated their shares in different assets. The dividend analysis has been comparable on similar terms that imply the application of their strategies for the development of risk diversification. ATH enterprise has incurred a dividend share in a financial year, 2019 0.0250 and on contrary, BSP in the financial year, 2020 has incurred a share of 0.159. Thus, it can be estimated that the ATH Company has been able to incorporate a share of dividends and has been able to develop an increase within.

The trade history of both these organizations has been able to develop a share of trades and hence, development within the business thus has been estimated. Both of these business enterprises, however, have recorded growth within the change in the dividend shares. Thus, it can be highlighted that the ATH enterprise has been able to generate better dividend rates and revenue generation than that of BSP. Hence, it can be estimated that ATH has been able to implement the diversification of risks for development within their business enterprise.

Conclusion

Based on the above discussion, it can be determined that financial principles such as "time value of money" and "diversification of risks" for the acquisition of accounting and financial reports for evaluation of financial statements of ATH and BSP have been highlighted. Within the FIJI market, it has been highlighted that application within the stock market, financial reporting have been demonstrated. Opportunity cost has been made applicable in terms of receiving from investors to acquire a return of financial. The share prices of both the companies have been highlighted to have fluctuated and hence, development has been determined within the ATH Company. Overall calculation over TVM estimates the future value of ATH is \$ 2.002 and of BCN is \$ 32.34.

Diversification of risks has been analyzed as one of the important principles of financial accounting. The rate of interest of the ATH enterprise has been highlighted to be 10%. The

interest received by ATH has incurred from 2845000 dollars. Therefore, it can be highlighted that principles of financial management have been more applicable in the case of ATH Company than that of BSP Limited Company. The given degree of both these organizations has incurred a profit in the last 5 financial years. However, it has been highlighted that ATH has experienced more revenue generation than that of "BSP" for their better acquisition of financial principles.

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Appendices:

Appendix 1: Financial Statement of ATH

AMALGAMATED TELECOM HOLDINGS LIMITED (ATH) FINANCIAL ANALYSIS FOR THE YEARS ENDING 31 st MARCH 2016 - 2020					
Amalgamated Telecom Holdings Limited					
Statement of Financial Performance - for the financial year ended 31st March					
	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Revenue	356,211,000	394,702,000	460,416,000	523,950,000	662,927,000
Other Operating revenue	13,799,000	20,018,000	26,914,000	19,395,000	18,980,000
Total Revenue	370,010,000	414,720,000	487,330,000	543,345,000	681,907,000
Net profit before tax	91,559,000	108,556,000	120,392,000	102,573,000	70,416,000
Income tax Expense	9,733,000	23,290,000	23,744,000	27,549,000	27,062,000
Net Profit after tax	81,826,000	85,266,000	96,648,000	75,024,000	43,354,000
Extraordinary item after tax	-	-	-	-	-
Net Profit after tax & Extraordinary item	81,826,000	85,266,000	96,648,000	75,024,000	43,354,000
OEI in net profit and extraordinary items after income tax	(25,101,000)	(31,044,000)	(31,722,000)	897,000	(6,751,000)
Net profit after Extraord. Items and Income tax attributable to members of the company	56,725,000	54,222,000	64,926,000	75,921,000	36,603,000
Retained Profit at Beginning	85,960,000	108,255,000	136,757,000	176,150,000	208,004,000
1% Transitional tax on undistributed profits	662,000	394,000	138,000	-	-
Increase (Decrease) in equity/non-controlling interests	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-
Adjustments for share of profit from associate	-	-	-	-	-
Total available for appropriation	142,023,000	162,083,000	201,545,000	176,150,000	208,004,000
Ordinary dividend provided for	33,768,000	25,326,000	18,995,000	10,553,000	2,060,000
Preference dividend provided for	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-
Other Comprehensive Income	-	-	-	42,407,000	-
Total appropriations	33,768,000	25,326,000	18,995,000	52,960,000	16,331,000
Retained profit at year end	108,255,000	136,757,000	182,550,000	208,004,000	224,333,000

Amalgamated Telecom Holdings Limited					
Statement of Financial Position - for the financial year ended 31st March					
	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Current Assets					
Cash Assets	25,466,000	46,745,000	48,283,000	80,276,000	92,223,000
Trade receivables	42,672,000	47,947,000	49,119,000	103,929,000	102,717,000
Other receivables	21,097,000	37,993,000	21,451,000	16,958,000	15,938,000
Inventories	11,799,000	18,537,000	23,903,000	36,790,000	37,808,000
Short-term investment (Held-to-maturity investments)	26,447,000	33,526,000	47,534,000	30,778,000	19,988,000
Other assets	4,201,000	6,236,000	20,955,000	34,959,000	34,852,000
Total current assets	131,482,000	170,944,000	210,355,000	303,690,000	303,536,000
Non-current assets					
Property, plant and equipment	208,880,000	324,957,000	357,437,000	563,465,000	622,872,000
Long-term investment	30,989,000	23,056,000	9,000,000	2,797,000	3,116,000
Term deposit	-	-	-	-	-
Deferred Tax Assets	8,277,000	5,220,000	4,678,000	8,849,000	11,339,000
Intangible assets	27,054,000	31,056,000	29,742,000	207,445,000	187,563,000
Right of use assets	-	-	-	44,452,000	75,020,000
Other	-	80,080,000	78,235,000	2,586,000	2,984,000
Total non-current assets	275,200,000	464,369,000	479,092,000	829,594,000	902,894,000
Total Assets	406,682,000	635,313,000	689,447,000	1,133,284,000	1,206,430,000
Current liabilities					
Trade payables	68,669,000	64,702,000	68,911,000	159,285,000	144,439,000
Other payables and accruals	45,926,000	43,387,000	44,358,000	44,761,000	42,677,000
Current tax liabilities	1,950,000	3,513,000	3,035,000	5,937,000	3,601,000
Interest-bearing borrowings	-	-	-	-	-
Term loan - secured	16,654,000	130,158,000	82,358,000	22,886,000	40,411,000
Bank overdraft	2,979,000	787,000	4,492,000	18,701,000	22,201,000
Unsecured advance	-	-	-	-	-
Inter-company loan	-	-	-	-	-
Provisions	29,115,000	28,075,000	25,444,000	19,323,000	7,666,000
Other (e-value in circulation & IRU Lease)	7,295,000	6,442,000	20,252,000	34,959,000	34,862,000
Lease Liabilities	-	-	-	4,451,000	5,044,000
Total current liabilities	171,588,000	277,064,000	248,450,000	310,303,000	306,901,000
Non-current liabilities					
Term loan - secured	11,525,000	30,401,000	65,405,000	290,222,000	307,176,000
Unsecured advance	7,198,000	9,812,000	751,000	6,485,000	2,585,000
Inter-company loan	-	-	-	-	-
Deferred tax liabilities	18,884,000	19,244,000	20,090,000	34,180,000	32,520,000
Provisions	-	2,234,000	2,002,000	583,000	183,000
Other (Trade & Other Payables, Deferred Income & IRU Lease)	4,207,000	4,077,000	4,016,000	3,890,000	40,757,000
Lease Liabilities	-	-	-	28,089,000	56,262,000
Total non-current liabilities	41,814,000	65,768,000	92,254,000	363,949,000	439,883,000
Total liabilities	213,402,000	342,832,000	340,704,000	674,252,000	746,784,000
NET ASSETS	193,280,000	292,481,000	348,743,000	459,032,000	459,646,000
Equity					
Contributed equity	105,526,000	107,600,000	107,600,000	107,600,000	107,600,000
Reserves	2,074,000	-	-	-	-
Foreign Currency translation reserve	(1,517,000)	(1,360,000)	(923,000)	(384,000)	(5,519,000)
Retained profits/accumulated losses	108,255,000	136,757,000	182,550,000	208,004,000	224,333,000
Equity attributable to members	213,938,000	242,997,000	289,227,000	315,320,000	326,416,000
OEI in Controlled Entities					
Contributed equity	38,542,000	49,484,000	59,106,000	144,212,000	139,630,000
Reserves	-	-	-	-	-
Retained profits/accumulated losses	-	-	-	-	-
Total outside equity interest in controlled entities	38,542,000	49,484,000	59,106,000	144,212,000	139,630,000
TOTAL EQUITY	252,480,000	292,481,000	348,333,000	459,532,000	466,046,000

Amalgamated Telecom Holdings Limited					
Statement of Cash Flows - for the financial year ended 31st March					
	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers	370,875,000	370,380,000	473,872,000	544,591,000	717,253,000
Payment to suppliers and employees	(234,508,000)	(218,567,000)	(315,203,000)	(469,435,000)	(518,152,000)
Dividend received	-	-	-	287,000	-
Interest received	3,798,000	3,341,000	2,721,000	3,021,000	2,845,000
Borrowing costs (Interest paid)	(1,998,000)	(3,307,000)	(8,563,000)	(21,722,000)	(21,722,000)
Income tax paid	(12,642,000)	(18,266,000)	(22,813,000)	(27,026,000)	(32,200,000)
Royalty Proceeds	-	-	-	-	-
Tax on undistributed profits paid	(539,000)	(991,000)	(186,000)	-	-
Payments relating to extraord. item	-	-	-	-	-
Net cash provided by operating activities	105,006,000	132,590,000	129,828,000	140,350,000	148,024,000
Cash flows from investing activities					
Fixed asset acquisitions	(41,267,000)	(53,033,000)	(79,680,000)	(150,472,000)	(114,385,000)
Payment for business acquisition	(14,638,000)	(74,956,000)	-	-	-
Proceeds from sale of fixed assets	476,000	653,000	5,026,000	676,000	1,927,000
Payment for Held-to-maturity investments	(2,427,000)	2,280,000	(9,068,000)	-	-
Interest received	(604,000)	(1,135,000)	(1,293,000)	(504,000)	(4,021,000)
Redemption of Held-to-maturity investments	860,000	4,000,000	7,930,000	20,767,000	10,790,000
Acquisition of subsidiary companies, net of cash acquired	-	-	-	(92,361,000)	-
Other	2,377,000	(45,200,000)	2,654,000	-	-
Net cash provided by investing activities	(55,223,000)	(167,391,000)	(74,431,000)	(221,894,000)	(115,689,000)
Cash flows from financing activities					
Dividends paid	(35,676,000)	(53,967,000)	(36,484,000)	(41,923,000)	(39,437,000)
Payment of borrowings & Finance Lease	(20,518,000)	107,821,000	(21,962,000)	(52,537,000)	(47,123,000)
Proceeds from borrowings	-	-	-	191,301,000	67,904,000
Payment of lease liabilities	-	-	-	(3,542,000)	(4,765,000)
Intercompany Loans (net)	-	-	-	-	-
Net cash provided by financing activities	(56,294,000)	53,854,000	(58,446,000)	93,306,000	(23,421,000)
Net increase (decrease) in cash held	651,100	190,300	(3,049,000)	11,765,000	8,914,000
Cash at beginning of year	30,718,000	23,238,000	52,138,000	48,791,000	61,499,000
Effects of exchange rate changes on cash	(989,000)	74,000	(298,000)	943,000	(391,000)
Addition in cash from acquisition of shares in subsidiary	20,000	9,773,000	-	-	-
Cash at end of year	29,238,000	52,138,000	48,791,000	61,499,000	70,022,000

Profitability & Return Ratios					
Year to	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Return on Equity (%)	32.41	35.09	27.75	16.31	9.30
Return on Assets (%)	23.67	20.41	21.57	10.93	8.30
EBIT Margin (%)	25.51	27.50	27.39	21.26	13.66
Net Profit Margin (%)	22.97	21.61	20.99	14.32	6.54

Liquidity & Working Capital Ratios					
Year to	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Current Ratio (times)	0.75	0.62	0.85	0.96	1.03
Quick Ratio (times)	0.71	0.55	0.76	0.92	0.95
Inventory turnover (times)	13.64	26.02	21.70	17.27	17.77
Days Stock held (days)	30	14	17	21	21
Days Debtors (days)	38	42	38	53	57
Days Creditors (days)	60	62	55	79	84
Solvency Ratio	0.58	0.38	0.44	0.22	0.21

Capital & Debt Structure Ratios					
Year to	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Net Debt to Equity (%)	5.11	42.54	30.70	56.15	60.13
Gearing (%)	95.11	131.14	107.07	262.77	265.86
Debt to Gross Cashflow (yrs)	0.30	1.29	1.18	2.41	2.52

Market Performance Ratios					
Year to	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Earning Per Share (cents)	13.44	12.85	22.90	17.77	10.27
Price/Earning Ratio (times)	8.93	10.28	9.96	18.45	25.12
Dividend Per Share (cents)	8.00	6.00	4.50	2.50	0.00
Dividend Yield (%)	6.67	4.95	1.97	0.76	0.00
NT Asset Per Share (\$)	0.44	0.50	0.75	0.60	0.66
Cashflow Per Share (\$)	0.25	0.31	0.31	0.33	0.35

Stock Market Information					
Year to	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20
Last Sale Price	1.20	1.32	2.28	3.28	2.58
52 Week Low (\$)	1.00	1.08	1.32	2.28	2.58
High (\$)	1.25	1.32	2.30	3.28	3.34
No. of Trades	121	111	183	156	188

Appendix 2: Financial Statement of BCN

BSP CONVERTIBLE NOTES LIMITED (BCN) FINANCIAL ANALYSIS FOR THE YEARS ENDING 31st DECEMBER 2015 - 2019

BSP Convertible Notes Limited Statement of Financial Performance - for the financial year ended 31st December					
	2015	2016	2017	2018	2019
Revenue	494,200	532,394	532,640	533,393	533,622
Other Operating revenue	1,701,000	1,913,000	1,858,000	2,194,000	2,522,000
Total Revenue	2,195,200	2,445,394	2,390,640	2,727,393	3,055,622
Net profit before tax	2,168,564	2,412,228	2,331,999	2,669,718	2,994,449
Income tax Expense	43,150	48,525	47,049	47,572	46,432
Net Profit after tax	2,125,414	2,363,703	2,284,950	2,622,144	2,948,017
Extraordinary item after tax	-	-	-	-	-
Net Profit after tax & Extraordinary item	2,125,414	2,363,703	2,284,950	2,622,144	2,948,017
OCI in net profit and extraordinary items after income tax	-	-	-	-	-
Net Profit after Extraordinary items and income tax attributable to members of the company	2,125,414	2,363,703	2,284,950	2,622,144	2,948,017
Retained Profit at Beginning	(734,496)	(619,394)	(509,668)	(401,459)	(293,508)
Total available for appropriation	1,390,918	1,744,309	1,775,282	2,220,685	2,654,509
Ordinary dividend provided for	-	2,253,977	2,176,741	2,514,193	2,940,612
Preference dividend provided for	-	-	-	-	-
Transfer to general reserves	-	-	-	-	-
Total appropriations	-	2,253,977	2,176,741	2,514,193	2,940,612
Retained profit at year end	(619,394)	(509,668)	(401,459)	(293,508)	(186,103)

BSP Convertible Notes Limited Statement of Financial Position - for the financial year ended 31st December					
	2015	2016	2017	2018	2019
Current Assets					
Cash Assets	679,466	761,413	853,091	963,489	1,071,191
Trade receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Inventories	-	-	-	-	-
Short-term investment	-	-	3,262	1,090	1,090
Other assets	-	-	-	-	-
Total current assets	679,466	761,413	856,353	964,579	1,072,281
Non-current assets					
Property, plant and equipment	-	-	-	-	-
Long-term investment	-	-	-	-	-
Term deposit	-	-	-	-	-
Future income tax benefit	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other - Advance to BSP Fij Branch	15,100,000	15,100,000	15,100,000	15,100,000	15,100,000
Total non-current assets	15,100,000	15,100,000	15,100,000	15,100,000	15,100,000
Total Assets	15,779,466	15,861,413	15,956,353	16,064,579	16,172,281
Current liabilities					
Trade payables	14,904	22,563	17,006	16,363	17,464
Other payables and accruals	-	-	-	-	-
Current tax liabilities	43,150	7,712	-	-	-
Interest-bearing borrowings	-	-	-	-	-
Term loan - secured	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Unsecured advance	-	-	-	-	-
Inter-company loan	-	-	-	-	-
Provision for income tax	-	-	-	918	114
Other	-	-	-	-	-
Total Current liabilities	58,054	30,275	17,006	17,281	17,578
Non-current liabilities					
Term loan - secured	-	-	-	-	-
Unsecured advance	-	-	-	-	-
Inter-company loan	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
Other	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-
Total liabilities	58,054	30,275	17,006	17,281	17,578
NET ASSETS	15,721,412	15,831,138	15,939,347	16,047,298	16,154,703
Equity					
Contributed equity	16,340,806	16,340,806	16,340,806	16,340,806	16,340,806
Reserves	-	-	-	-	-
Retained profits/accumulated losses	(619,394)	(509,668)	(401,459)	(293,508)	(186,103)
Equity attributable to members	15,721,412	15,831,138	15,939,347	16,047,298	16,154,703
OCI in Controlled Entities					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained profits/accumulated losses	-	-	-	-	-
Total outside equity interest in controlled entities	-	-	-	-	-
TOTAL EQUITY	15,721,412	15,831,138	15,939,347	16,047,298	16,154,703

BSP Convertible Notes Limited Statement of Cash Flows - for the financial year ended 31st December						
	2014	2015	2016	2017	2018	2019
Cash flow from operating activities						
Receipts from customers	-	-	-	-	-	-
Payment to suppliers and employees	(23,648)	(24,092)	(25,507)	(65,288)	(58,320)	(60,072)
Dividend received	-	-	-	-	-	-
Interest received	455,294	494,200	532,394	532,640	533,393	533,622
Income tax paid	-	-	(83,963)	(56,933)	(44,482)	(47,296)
Insurance Proceeds	-	-	-	-	-	-
Net Net Paid	-	-	-	-	-	-
Payments related to extracord. item	-	-	-	-	-	-
Net cash provided by operating activities	431,646	470,108	421,924	410,419	430,591	426,314
Cash flow from investing activities						
Purchase of investments	-	-	-	-	-	-
Fixed asset acquisitions	-	-	-	-	-	-
Proceeds from sale of fixed assets & disposal of investments	-	-	-	-	-	-
Investment in term deposit	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Payment for Investments	-	-	-	-	-	-
Proceeds from sale of shares	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-
Cash flow from financing activities						
Proceeds from issue of shares	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	-	-
Dividends paid	(1,494,785)	(2,010,312)	(2,253,977)	(2,176,741)	(2,514,193)	(2,840,612)
Other (Proceeds from Support fees)	1,174,000	1,701,000	1,913,000	1,858,000	2,194,000	2,522,000
Net cash provided by financing activities	(320,785)	(309,312)	(340,977)	(318,741)	(320,193)	(318,612)
Net increase in cash held	110,861	160,796	81,947	91,678	110,398	107,702
Cash at beginning of year	407,809	518,670	679,466	761,413	853,091	963,489
Effects of exchange rate changes on cash	-	-	-	-	-	-
Cash at end of year	518,670	679,466	761,413	853,091	963,489	1,071,191

Profitability & Return Ratios						
Year	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Return on Equity (%)	10.26	13.52	14.93	14.34	16.34	18.25
Return on Assets (%)	7.59	11.09	12.45	11.91	14.15	16.30
EBIT Margin (%)	251.86	338.80	353.09	337.81	400.52	461.16
Net Profit Margin (%)	351.86	430.07	443.89	428.89	491.60	552.45

Liquidity & Working Capital Ratios						
Year to	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Current Ratio (times)	43.96	11.70	25.15	50.36	55.82	61.00
Quick Ratio (times)	43.96	11.70	25.15	50.36	55.82	61.00
Days Creditors (days)	8.44	10.07	12.84	13.56	11.42	11.57
Solvency Ratio (%)	129.61	36.61	78.07	134.36	151.74	167.71

Capital & Debt Structure Ratios						
Year to	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Gearing (%)	6.08	0.37	0.10	0.11	0.11	0.11

Market Performance Ratios						
Year to	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Earning Per Share (cents)	52.27	69.35	77.17	74.55	85.55	96.18
Price/Earning Ratio (times)	13.55	10.33	10.09	11.44	14.61	27.03
Dividend Per Share (cents)	-	65.59	73.54	71.02	82.03	92.68
Dividend Yield (%)	-	9.16	9.45	8.33	6.56	3.56
NT Asset Per Share (\$)	5.09	5.13	5.17	5.20	5.24	5.27
Cashflow Per Share (\$)	0.14	0.15	0.14	0.13	0.14	0.14

Stock Market Information						
Year to	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Last Trade Price	7.08	7.16	7.78	8.53	12.50	26.00
52 Week Low (\$)	7.06	7.08	7.65	7.78	8.53	12.50
52 Week High (\$)	7.08	7.16	7.78	8.53	12.50	26.00
No of Trades	13	15	48	24	33	93
Volume of Share Traded	106,165	3,821	38,047	5,485	16,645	15,580
Value of Shares Traded (\$)	678,528	27,430	292,575	44,350	151,753	297,744
Market Capitalisation (\$m)	21.70	21.95	23.85	26.14	38.31	79.69

Total Revenue & NPAT Trend

Volume, Value Traded & Share Price Trend

(Source: Spx.com.fj, 2021)