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Course: FIN 6060, Module 5

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General Motors Company was established in 2009 as a Delaware corporation (sometimes known as General Motors, or GM) creates, manufactures, and market automobiles, trucks, crossovers, and auto parts globally. Through General Motors Financial Company, Inc. (GM Financial), General Motors Company also offer auto finance services.

The purpose of this paper is to write a report that includes an analysis for whether or not GM will need additional funding to acquire the additional long-term assets necessary to support the increased sales.

Below is a pro forma financial statement and ratio analysis for General Motors:

GENERAL MOTORS COMPANY AND SUBSIDIARIES (General Motors, 2017) CONSOLIDATED INCOME STATEMENTS (In millions, except per share amounts) (Zaryzcki, 2022)											
	2018	2019	2020	2021	2022	2023					
Year	2018	2019	2020	2021	2022	2023					

Total net sales and revenue (\$)	145,588	160,147	176,161	193,778	213,155	234,471					
Total costs and expenses (\$)	135,572	149,129	164,042	180,446	198,491	218,340					
Operating profit (\$)	11,863	11,863	11,863	11,863	11,863	11,863					
Interest income and other non-operating income, net (\$)	290	290	290	290	290	290					
Depreciation (\$)	12,261	12,261	12,261	12,261	12,261	12,261					
Taxes (\$)	11,533	11,533	11,533	11,533	11,533	11,533		Assumptions: Project Sales revenue increase by 10% All expenses except interest and taxes will increase in a linear manner by 10% Assets will increase in a linear manner			
Net income (loss) (\$)	-3,882	-3,882	-3,882	-3,882	-3,882	-3,882					
CONSOLIDATED BALANCE SHEETS (In millions, except per share amounts) (Frances, 2022)											
Year	2018	2019	2020	2021	2022	2023					
Total current assets (\$)	68,744	75,618	83,180	91,498	100,648	110,713					

Total non-current assets (\$)	143,738	158,112	173,923	191,315	210,447	231,491		by 10%			
Total Assets (\$)	2	0	3	4	5	4					
Total current liabilities (\$)	76,890	76,890	76,890	76,890	76,890	76,890					
Total non-current liabilities (\$)	99,392	99,392	99,392	99,392	99,392	99,392					
Total Equity (\$)	36,200	36,200	36,200	36,200	36,200	36,200					
Total Liabilities and Equity (\$)	212,482	212,482	212,482	212,482	212,482	212,482					
Inventories	10,663	10,663	10,663	10,663	10,663	10,663					
CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions) (Bench.co, n.d)											
	2018	2019	2020	2021	2022	2023					

Net cash provided by operating activities (\$)	17,328	17,328	17,328	17,328	17,328	17,328					
Net cash used in investing activities (\$)	-27,572	-27,572	-27,572	-27,572	-27,572	-27,572					
Net cash provided by financing activities (\$)	12,584	12,584	12,584	12,584	12,584	12,584					
Cash, cash equivalents and restricted cash at end of period (\$)	17,848	17,848	17,848	17,848	17,848	17,848					
Ratio Analysis											
Liquidity Ratios:											
Current Ratio											
Current Ratio = Total Current Assets / Total Current Liabilities			108.18	119.00	130.90	143.99					
	89.41%	98.35%	%	%	%	%					
Profitability Ratios:											
Gross Profit Margin											
Gross Profit Margin = (Total Net Sales and	6.88%	6.88%	6.88%	6.88%	6.88%	6.88%					

Revenue - Total Costs and Expenses) / Total Net Sales and Revenue											
Net Profit Margin	-2.67%	-2.42%	-2.20%	-2.00%	-1.82%	-1.66%					
Solvency Ratios:											
Debt to Equity Ratio	274.56 %	274.56%	274.56 %	274.56 %	274.56 %	274.56 %					
Efficiency Ratios:											
Inventory Turnover Ratio	1271.42 %	1398.57 %	1538.42 %	1692.27 %	1861.49 %	2047.64 %					
Asset Turnover Ratio	\$1	\$1	\$1	\$1	\$1	\$1					

Recommendations and Justifications

According to Andrew, 2022, he stated that we must take into account the financial stability of the business, the state of the market, future growth, and the company's strategic goals before advising General Motors (GM) to expand.

This advice can be influenced by the financial ratios presented in the previous analysis, as well as the following additional factors among other, as stated:

- 1) Current Financial Health: The current and quick ratios of GM have gotten better over time, showing a higher capacity to cover short-term liabilities with current assets. This implies that GM has the available short-term funding to support an expansion.
- 2) Profitability: Operating profit margins have increased, indicating that GM's profitability has improved as assessed by profit margins. The net profit margin, on the other hand, is still negative, indicating continued losses.
- 3) Cash Flow: GM continuously produces a profit from its operating activities. This shows that the business can produce enough money to cover operating expenses and perhaps even finance an expansion.
- 4) Total Assets: The fact that GM's total assets have been rising over time suggests business expansion and investment.
- 5) Market and Industry Conditions: The state of the automobile sector and the level of competition must be taken into account. Industry economic projections and potential macroeconomic concerns should be taken into account by GM while making expansion plans.
- 6) Strategic Fit: The expansion should strengthen GM's competitive position and be in line with its long-term strategic objectives. It's critical to evaluate how well the growth fits with the company's goals and objectives.

Schweiger (2022), mentioned that a company opens itself up to what is effectively a separate planet once it enters a new market. Every new market has its own set of unique difficulties and opportunities, from local customs to regulatory requirements. Good businessmen understand that growing involves more than just entering a new market. Additionally, it implies that they will

merge into an entirely new social and corporate culture. They will also introduce part of their own culture to the new market.

In conclusion, according to the financial data, it indicates that GM has the financial potential for growth, but the choice should only be taken after a careful examination of the competitive environment, profitability issues, and strategic fit. Before moving forward with any expansion endeavour, careful planning, risk assessment, and consideration of long-term goals are necessary. To make a wise choice, GM should also consult with professionals in finance and strategy.

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