

Bidding to Increase Future Resources

Next may need increase the money that they have available in the business. This is so that they can expand their business or to buy equipment to help increase the efficiency of their business, for example. . They could possibly do this by applying for capital grants to fund their brand expansion without having to take out a bank loan, or by requesting that small or large investors invest in their business, perhaps for shares in return. Next also have the option of requesting a grant from local or national governments to give them a sufficient fund to help them to expand their business.

Appropriate Liquidity/Working Capital

Working capital is the amount of money that Next need each day to pay their bills and fixed costs in order for them to keep the business going. This is the variance between current assets and the current liabilities.

Working capital = assets – liabilities

NEXT

Total assets = £2,543.8m

Total liabilities = £988.3m

$£2,543.8m - £988.3m = £1,555.5m$

Working capital is really important to Next as it means they have the ability to pay their bills.

Appropriate Reserves to Address Emergencies/Crises

Next will have to make sure they keep some money set aside each month of the financial year as provision in case of an emergency. This is important in case there are any problems, and mean they have the money to cover this and carry on with business. This is generally set at the beginning when originally planning budgets.