Review of bachelor thesis

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Bachelor thesis topic: Evaluation of Financial Position of Poly Company

Knowledge of financial analysis is not only an important part of financial management. It is also subject of interest of financial analysts and other external entities. Verification methods and tools of financial analysis on the data of selected company are important for all students.

The aim of this work is realized financial analysis of specific firm for the selected period. Bachelor thesis reached the defined objectives although with certain difficulties.

Bachelor thesis is divided into five chapters. The second chapter is only theoretical. Author described theoretical principles of financial analysis – common size analysis, trend analysis, financial ratio analysis and pyramidal decomposition. In case of common size and trend analysis can be connected formulas. This methods are describes only verbally and not quite specifically. In the case of ratio analysis only some selected ratios are described. For example, these following ratios are not presented: Gross, Operating and Pretax profit margin, Return on total capital, Working capital turnover, Number of days of receivables and payables. But ratios which are mentioned are described without important mistakes. Only formulas (2.3 and 2.5) contain minor errors of formal nature.

Third chapter which is devoted to description of selected company, contains, in my opinion, too much irrelevant information (for example level of education of employees at page 28). Additionally, not all data from graphs are easy to read (graph 3.2 on page 28). Content of fourth chapter is the practical application of selected methods of financial analysis. At this point it should be noted that the author made a number of errors. The title of chapter 4.1.2 is general situation of Income statement but text is devoted to common-size analysis of assets from balance sheet statement. It means that results of vertical analysis of Income statement are not mentioned in this bachelor theses at all. Problems with practical application of horizontal analysis we can find in chapter 4.2. Horizontal analysis is created according selected data of Cash flow statement, Income statement and Balance sheet statement. But it is important to mention that this selection was not suitable. For example Cash flow from investment activity, Revenues, Operating income before interest and taxes, Inventories, Current liabilities, Non-current liabilities and Total equity are not analysed. In addition, value and percentage of changes of these items are not included. All ratios are not well calculated
even in the case of ratio analysis (for example Assets turnover, Receivables turnover). Interest cover ratio could not be calculated, because interest expenses are not mentioned in Annex 2. Incorrect calculations also appear in chapter 4.4. According above mentioned text author had problems with calculations, but he tried to describe the findings quite well and adequately to the identified results. It means that the author showed that he understand to the issue of financial analysis only he has problems with processing some input data.

With regard to the formal aspects of the bachelor thesis can be confirmed with some criticism that this thesis meets these requirements. For example authors tried to add text by tables and graphs, but some form of graphs is not properly used (for example chart 4.11, 4.9. and 3.2), author could use more references, the name of bachelor thesis is different from name of thesis of assignment and he used different numbers of pages than are recommended in guidelines. However evaluation of formal level of thesis is relatively positive.

Despite the above objections I recommend the thesis for defence.

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