OPINION ON BACHELOR THESIS

Topic: Evaluation of Financial Situation of China Telecom Company

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The submitted bachelor thesis deals with the evaluation of financial situation of chosen company. The financial analysis is one of the methods used by management of the company as a useful tool for future decision. From this point of view this topic is possible to consider for actual and contributive.

The goal of the thesis is to analyze financial performance of China Telecom Corporation Limited on the basis of financial reports during 2009 to 2013.

Besides introduction and conclusion the bachelor thesis is divided into three main chapters. The first one is devoted to description of the financial analysis methodology. The second chapter presents characterization of the company. The last one is devoted to evaluation of financial situation of the company.

In the first chapter the author describes the meaning and goal of financial analysis, sources of information for financial analysis, i.e. balance sheet, income statement and cash flow. Subsequently the common size analysis is described. Then the groups of financial ratios analysis such as liquidity, activity, solvency and profitability ratios are defined. In the end of this chapter the author presents pyramidal decomposition.

In the second chapter the analysed company is introduced. The author presents the basic data about the company, company culture, business overview, products and so on.

The last chapter can be considered the key part of the thesis. Firstly, Author makes a common-size analysis, i.e. vertical and horizontal of the financial statements. After that the author calculates financial ratios which were defined in theoretical part on the basis of financial statements for the period 2009 – 2013. For quantification of influence of partial indicators on ROE indicator pyramidal decomposition analysis was made. For quantification of influence author used method of gradual changes and logarithmic method. Author presents the results in tables and graphs and suitable comments are stated.

It must be mentioned that the author did not avoid both formal and factual mistakes. The title of the chapter three is not according to assignment of bachelor thesis. There are some discrepancies in quantification of particular indicators within pyramidal decomposition in practical part mainly in determination of order. There are some grammatical mistakes too.

Despite the above mentioned, I recommend the bachelor thesis to the defense.

Ostrava, August 27, 2014