Opponent's bachelor thesis review

Author: Yin Xu

Topic: Evaluation of the Profitability and Liquidity of the TSINGTAO Brewery

Company Limited

The submitted bachelor thesis is devoted to important part of financial management it means to
a financial analysis. Topic of the thesis can be considered as traditional, current and convenient for
thesis on this level of study.

The topic of thesis is analysis of profitability and liquidity ratios of chosen company during period
2009 – 2013 and not only quantification of these ratios but pyramidal decomposition and calculations
influence of individual selected items to top indicator as well. The aim of bachelor thesis is explicitly
stated within Introduction, is in line with assignment and it can be declared that the goal was fulfilled.

The bachelor thesis is divided into two main parts – methodological and application part. It can be
confirmed that the structure of the thesis is logical and in line with goal. The second chapter is devoted
to description of main methodology which is used to analyze of company’s financial position. Firstly
author described contents of financial statement – balance sheet, income statement and cash flow
statement. All presented facts in this part of thesis are correct. Then the most important principles of
common-size and ratio analysis are explained. With regard to the ratios author stated profitability
ratios and liquidity ratios. Because attention is given only this two group of ratios, it would be better if
author explained ROCE, net profit margin and cash ratio in this part of bachelor thesis.

In practical part we can find author’s results of above mentioned methods. Firstly common size
analysis is described. In my opinion the author only just did not use convenient way of presentation
obtained results. It means that results of horizontal and vertical analysis were always part of only one
a chart. In additional author instead of chart describing the development of assets used the chart of
liabilities. Not all facts which was found are described well by author. For example on the page 30
author said that cost of goods sold decreased after 2012 and as we can see in income statement, it is
not true. In part of thesis, which is concentrated on ratio analysis, results of cash ratio are not correct.
With regard the results of pyramidal decomposition of ROE, influences of individual items are not
calculated correct. For example absolute change of ROE between period 2009 – 2010 was 0.6 %.
Total sum of influence of individual items which are presented in table 4.7 is -0.29 %. Vice versa
results of pyramidal decomposition of current ratio are correct. It means that author correctly
understood essential part of pyramidal decomposition but concerning ROE used incorrect entry data.
Positively can be evaluated that author used sensitivity analysis. But with regard this analysis is not
clear why author did not tested influence of items which the most influenced top ratio (according her
calculated result). Nevertheless a final commentary that was presented by author is correct, clear and
sufficient.

Formal aspects of the thesis are satisfactory, unfortunately the author did not avoid typing errors.
Number of citations and references can be considered sufficient.

Despite this above mentioned objections, I can conclude that the goal of the thesis was fulfilled and
thus I recommend the thesis for defense.

Ostrava, June 1st, 2015

Ing. Karolína Lisztovanová, Ph.D.