Bachelor thesis appraisal

Name of the student: Haoyun Shen
Name of the supervisor: Ing. Jiří Valecký, Ph.D.
Title of the thesis: Profitability Assessment of Boeing Company

The topic of the thesis is financial analysis. The goal of the thesis is to analyze profitability of Boeing company. The stated goal is in line with both the assignment and the topic of the thesis. As can be seen from the elaboration of the thesis the goal was fulfilled.

Excluding the introduction and conclusion chapters, the thesis is structured into three main parts. The first part is theoretical and student describes the financial analysis methodology within this chapter. In the second part the Boeing company is characterized – student describes the Boeing company and analyses its financial statements by means of common-size analysis. The third chapter is the most important part of the thesis as student performs financial analysis of the selected company within this chapter. Student analyses the company by means of financial ratios, pyramidal decomposition of ROE and influence quantification. The results are also compared with its competitor – Airbus company.

It must be said that the thesis contains many imperfections: spaces before commas and dots (page 6-7); questions in the text; missing legend in the Figure 3.2; the font of the text, bibliography format and the order of bibliography and list of abbreviations are not in line with the obligatory guidelines; etc.

More importantly, by checking some randomly chosen results, I found out that they are wrongly calculated. To support this claim the following errors can be listed:

- the values of total assets as well as total current assets are always increasing (on y-y basis), see the annex 1, however that is not the case in Figure 3.7, the directions of changes in non-current assets do not match the data as well,
- operating revenues are always increasing (on y-y basis), however "net sales or revenue" in Figure 3.9 is not increasing, the same holds for "cost of goods sold" and "cost of revenue",
- calculating current ratio for the year 2008 according to formula (2.11) I obtained the value of 1.137 (assuming total current assets and total current liabilities as stated in Annex 1) while in Figure 4.2 the value is clearly below 1,
- calculating the cash ratio according to formula (2.14) I obtained the value of 0.366 while in Figure 4.4 the value is clearly below 3.5.

The above errors are mentioned as illustrative examples only – I have checked only few results provided by student. However, these errors clearly suggest that the student is not able to apply (simple) financial ratios methodology. Thus, the question which should be raised is whether the application of more advanced methodologies such as influence quantification is in his power. Due to my opinion, the bachelor thesis would have been much better if student had applied only
financial ratios methods (had he done it correctly). Of course, it would have made the thesis shorter which does not contradict the guidelines (citing guidelines "A bachelor thesis should focus on a partial and simpler topic. A less demanding methodology may be used and it should contain at least 40 pages (15,000 words)." see the point 12 in part II).

Understanding the difficulties in processing of such a complex work and despite all above mentioned objections, I suggest to allow the student to defend his thesis.

Ostrava, May 25, 2015

Ing. Aleš Kresta, Ph.D.