SUPERVISOR’S BACHELOR THESIS ASSESSMENT

Title: Financial Situation Assessment of the P&G Company

Student: Menghan Pan

Bachelor thesis of the student Menghan Pan is focused on financial analysis of a company. This topic is important for company management to get rough information on financial health of the company and help to support future financial decisions. From this point of view, the topic is chosen in an appropriate manner; moreover its difficulty complies with the requirements on such works at Finance department.

As it is stated in the introduction, the objective of the bachelor thesis is to assess the financial performance of P&G Company during the period of 2008-2012 by applying chosen methods of financial analysis. As it is apparent from the contents and the conclusion, the objective has been fulfilled.

Bachelor thesis is in accordance with the bachelor thesis assignment divided into six main chapters, where the chapter five and six is the application and the most important part of the bachelor thesis.

Second chapter concentrates on the methods description, which will be applied in the practical part of the bachelor thesis, i.e. common-size analysis (horizontal and vertical), financial ratios application and pyramidal decomposition and analysis of influences.

The chapter three is focused on the description of the company, which will be analysed. In this case it is P&G Company – a daily consumer company.

The application part of the bachelor thesis is the contents of the chapter four. On the basis of available accounting data provided from financial statements over the period of 2008 – 2012, chosen methods of financial analysis are applied. First, horizontal and vertical analysis is applied on balance sheet, income statement and cash flow statement. Next, financial ratios are used for analysis of company’s profitability, liquidity, solvency and activity. In the end, pyramidal decomposition and influence quantification is applied. As a base ratio, return on equity is chosen, which is decomposed by the following component ratios: net profit margin, assets turnover and financial leverage. Influences of component ratios on base ratio are quantified by the following methods: method of gradual change, logarithmic method and functional method. Results are presented in Tab. 4.17-4.20 and in Charts 4.25 – 4.28 and compared in tab. 4.21; general summary on results is provided in the chapter five.

Overall summary

On the basis of the results and contents of the bachelor thesis it is possible to say, that the objective of the bachelor thesis has been fulfilled. Author of the thesis proved, that she is able to solve and analyse given financial issue, which is the main assumption for bachelor thesis defence.

Ostrava, 19th May 2015

Ing. Miroslav Čulík, Ph.D.

bachelor thesis supervisor