Bachelor thesis appraisal

Name of the student: Zhang Yichen
Name of the supervisor: Ing. Kateřina Zelinková
Title of the thesis: Evaluation of Financial Performance of IKEA Company

The topic of the thesis is financial analysis. The goal of the thesis is to assess the financial performance of IKEA company during 2010 to 2013 period. 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 IKEA company is characterized. The third part 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 and influence quantification is also performed.

It must be said that the thesis contains some imperfections: titles of the chapters are sometimes at the end of page, numbering of the formulas is not in sequence – formulas (2.20) – (2.22) are missing, tables and charts are wrongly referred, debt ratio and debt-to-capital ratio are completely the same, the conclusion can be shorter, etc. However, there are also some more serious issues in the thesis: the results of the functional decomposition in table 4.14 for years 2013-2013 are wrongly calculated, student misinterprets the item "minority interests" in consolidated income statement and thus wrongly calculates the interest coverage ratio.

On the other hand, from the financial analysis description provided by student in the second chapter it is apparent that she understands the topic and that she is able to explain it clearly to the reader. The language level of the thesis is very good. Although there are only three books listed as the bibliography, the correct definition of the inventory turnover ratio indicates that student really read them.

Despite above mentioned objections, it can be concluded that student has proved her ability to elaborate the scientific work focused on a given topic. Thus, I recommend her thesis for defense at the final exam.

Question for the final exam: The calculated cash ratios are above 1.3 in all analyzed years. What recommendations can be given to the management of the company and what can be the reason of such a high value?

Ostrava, May 25, 2015

Ing. Aleš Kresta, Ph.D.