Supervisor’s bachelor thesis assessment

Student: Yulei Chen
Title: Financial Analysis of the China Mobile Company
Supervisor: Ing. Martina Novotná, Ph.D.

The thesis is focused on the financial analysis problem and evaluation of company’s financial performance. Understanding of this topic and its practical application is the core issue in corporate finance and it is a proper and current topic for the bachelor thesis. The objective of the thesis has been clearly stated in the introductory part. The work aims at evaluating the financial performance of China Mobile Limited Company by common size and financial ratios analysis over the period 2006-2010. With respect to the content and results of the thesis, it is evident that the student has achieved the objective of her work.

The structure of the thesis is consistent with the thesis assignment, the author proceeds systematically and logically from the theoretical background to the practical application of chosen methods. The author has demonstrated her ability to collect information and data and to present results concisely and in a scholarly form. The student summarizes her findings in tables and interprets results; the inclusion of tables and graphs is in an appropriate degree. There are minor grammar and spelling errors in the text.

The work consists of five main chapters. First, the objective is stated and methods of financial analysis are described. In the next part, the student gives basic information on China Mobile Limited Company; the main sources for this chapter are annual reports (even if the student uses footnotes, the annual reports are not included in the list of bibliography). The student pays attention to the description of main company’s competitors and their market share in the Chinese market in chapter three.

The practical application of financial analysis is in chapter four, where the student uses methods of financial analysis on company’s data. The student carries out vertical and horizontal analysis of balance sheet and income statement, and then she calculates main financial ratios from the areas of activity, liquidity, solvency and profitability. Next, the student pays attention to DuPont analysis and quantification of components with the largest affect on changes in ROE. The method of gradual changes and logarithmic method are used for annual changes over the period 2006-2010, summarization of results is available at the end of chapter 4.3.

The thesis shows that the student is capable of original and independent work. The work contains minor grammar and spelling errors; some parts could have been discussed in more detail, or compared with the industry average. Regardless of the comments above, the work satisfies the requirements for the elaboration and provides author’s original results.

Themes for discussion:

- What are main factors that can affect the future development of the company?

For the reasons above, I recommend the thesis for the oral defence.

Ostrava, June 18, 2012.

[Signature]
Ing. Martina Novotná, Ph.D.