Opponent's Review of Bachelor Thesis

Title: Financial Analysis of TESCO Company

Author: Tao Liu

Assessing of financial health is necessary and permanently repetitious task within financial management, especially when it is focused on seeking further reasons of non-desirable conditions and when suitable recommendations are formulated. For that reason, the theme of the thesis may be considered as actual and well chosen. However, the aim of the thesis is not formulated in the introduction part at all.

The text suffers many imperfections. First and foremost, the text does not at all comply with the formal requirements in Guidelines No. EkF_SME_07_004. Author uses first person singular which is not allowed; uses wrong format of references; the punctuation in the areas of equations is mostly missing; various font sizes are combined; headlines of some graphs are duplicated; the symbol of multiplication is wrong; formats of variables are not unified (for the same variable various font properties are used); margins are too wide on the left side (thanks to that the text seems to be longer!) etc.

In terms of application part, there are also many crucial imperfections. The size with proportion of costs are confused in the Section 3. Some comments are too simplifying or incorrect, for instance p. 44 the fall of net margin in 2009 is explained by lowering prices. In spite of this explanation, sales and operating profit is higher (see the income statement) and other margins except for the net margin remained the same or they are higher. Moreover, some comments are missing and the main causes remain unrevealed, for instance why the Sainsbury is better than Tesco and so on. It is not also clear why the author used two methods of influence quantification. Furthermore, there is a mistake in computation of influence quantification of ORE (p. 56). The difference between the absolute change of ROE and sum of particular influences of ratios may not differ. It is obvious that the decomposition of ROE was made incorrectly. The most of comments are reduced on the describing the numbers in tables or figures and further analysis with seeking further causes is missing at all. Thus, the author does not even reveal any threats and he does not also formulate any recommendations for the company.

Many pieces of knowledge also occur in the application part. This should be separated strictly and they should not be repeated in both parts (theoretical and application). There is also a lack of conclusions resulted from the main text in the concluding Section 5.

General speaking, the thesis does not analyse (in spite of the theme Financial analysis) and the comments are not supported with relevant arguments. Thus, the author did not demonstrate analytical skills and the aim of the thesis was partly complied with only. However, the author works with method correctly and applies them properly. TO recommend the thesis to the defence is possible under substantial reservation only.

Ostrava 20th June 2012

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