Supervisor's bachelor thesis assessment

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Title: Financial Analysis of TESCO Company
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The thesis is focused on the problem of financial analysis, which is a topical problem in the area of corporate finance. Ability to calculate financial indicators, properly interpret results and take adequate measures is the key factor in financial management. For this reason, the chosen topic is highly suitable for the bachelor thesis. The main objective is not stated in the first chapter; however with respect to the purpose of chapter four, the student aims at analysing the financial situation and the development of Tesco Company over the period 2007-2011. Based on the content, used methodology and results, it has been achieved by the student.

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 his ability to collect information and data; results are summarized in tables or graphically demonstrated via charts. There are grammar, spelling and formal errors, or inaccurate expressions in the text. Literature references are included, but the style of quotes is not always in line with guidelines.

The work consists of five main chapters. First, methods of financial analysis are described. Purposes of common size and financial ratios analysis are described; the student unusually separates return-on-investment ratios from profitability ratios (see chapter 2.2.4 and 2.2.6). In the next part, the student gives basic information on Tesco Company; the main sources for this chapter are annual reports. The student pays attention to the description of main company's competitors. Though the main focus is on Wal-Mart Stores, the results in chapter four are compared with Sainsbury. For this reason, the student should have concentrated more on Sainsbury 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 he calculates main financial ratios from the areas of activity, liquidity, solvency and profitability. Next, the student pays attention to DuPont analysis (Tesco and Sainsbury) 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 from 2010 to 2011. Overall, this chapter contains rather the description of ratios and changes than a critical assessment and discussion.

Based on the thesis, the student is able to identify a problem and use an appropriate methodology to solve the problem. Regardless of the comments above, the work satisfies the requirements for the elaboration and provides author's original results and suggestions.

Themes for discussion:
- Is the relatively low level of current ratio typical in retail industry?

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

Ostrava, June 18, 2012.

Ing. Martina Novotná, Ph. D.