Supervisor’s bachelor thesis assessment

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Title: Financial Analysis of Yili Company
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The author has chosen the issue of financial analysis for the thesis. This is and will be a highly topical problem that is a crucial issue in the financial management. The ability to properly apply methods of financial analysis and interpret results is the key aspect of corporate finance and it is a suitable topic for the bachelor thesis. The work aims at studying the Yili Company’s financial situation by analysing the financial statements from the period 2006-2011. The objective has been set clearly; the author defines methods that will be used in the work (vertical and horizontal analysis). Though the financial ratios analysis is not mentioned in the introductory part, this methodology has been also used in the thesis. Based on the content and results, the objective has been met 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 summarizes his findings in tables and interprets results, expressions are not always perfectly clear. The text is well-arranged, the work contains tables and graphs in an appropriate degree. There are minor formal (e.g. the style of quotes on page 7, text alignment in chapter 3), grammar and typing errors in the text.

The work is divided into five main chapters. First, the objective is stated and methods of financial analysis are described. The author could have paid more attention to the chapters 2.2.1 (DuPont analysis is not explained in detail) and 2.2.3 (only two solvency ratios have been described). Among activity ratios (chapter 2.2.4), number of days is not described.

In the third chapter of this work, the overview of the Yili Company is provided; the student describes dairy industry in China and main domestic and foreign competitors. The graphs 3.2 and 3.4 compare the Yili Company with two selected competitors by growth rates of revenue. The data in graph 3.2 are not however shown in correct units.

The practical application of methods of financial analysis is in the chapter four. The student carries out vertical and horizontal analysis of balance sheet and income statement, and then the financial ratios have been calculated. The student has focused on the areas of activity, liquidity, solvency and profitability. The author could have paid more attention to solvency ratios and DuPont analysis.

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

Themes for discussion:
1. The results could have been compared with the industry averages. Is it possible to get suitable data about dairy industry from official Chinese sources?
2. Does the Yili Company export its products? If so, what are the main sales markets?

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

Ostrava, June 18, 2012.

Ing. Martina Novotná, Ph.D.