SUPERVISOR’S BACHELOR THESIS REVIEW

Title: Financial analysis of HUAWEI Company

Student: Zhuo Zhang

Bachelor thesis of the student Zhuo Zhang is focused on important part of the financial management of a company – financial analysis. For company management and correct decision-making it is always important to know and analyse financial situation of the company and on the basis of the results make new decisions and actions. From this point of view, the topic has been chosen well and its contents and the way of solution correspond with the requirements on bachelor’s thesis at Finance department.

The goal of the bachelor thesis is declared in the introduction and it is the financial analysis of the HUAWEI Company. As it is apparent from the results and the way of the solution, the goal of the bachelor thesis has been fulfilled.

Bachelor thesis is in accordance with the bachelor thesis assignment divided into five main chapters, where the chapter fourth is the application part and is the most important part of the bachelor thesis.

Second chapter concentrates on the methods description, which will be applied in the practical part. Author uses elementary methods - common-size analysis (horizontal and vertical), financial ratios application and pyramidal decomposition and influence quantification.

Chapter three is focused on the rough description of the HUAWEI Company description – company operating in telecommunication sector.

The most important part of the bachelor thesis is the chapter fourth. Here, author made the financial analysis of the selected company by employing methods of financial analysis described in the theoretical part. Data source are financial statements of the company over the period of 2007-2011. First, horizontal and vertical analysis is applied on balance sheet, P/L statement and cash flow statement. Next, by financial ratios profitability, liquidity, activity, solvency and capital structure is analysed. In the end, pyramidal decomposition and analysis of influences is employed. At the end, author has selected basic ration characterizing company profitability and one of the key ratio for owners (ROE) and decompose it into three component ratios having influence on its evolution (here profit margin, assets turnover, financial leverage). For influence quantification, two methods are applied: method of gradual changes and logarithmic method. Results of this analysis are summarized in the Tab. 4.25-7.

Results of all methods applied are commented, summarized in the tables and graphically presented.

Overall summary

On the basis of the results and contents of the bachelor thesis it is possible to say, that the main aim has been fulfilled. Author of the thesis showed and proved that he is able to solve and analyse given financial problem, which is the main assumption for recommendation the bachelor thesis for defence.

Ostrava, 22th May 2013

Ing. Miroslav Čulík, Ph.D.
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