Supervisor's bachelor thesis evaluation report

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Title: Financial Analysis of Lianhua Supermarket Holdings Company
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The author has focused on the problem of financial analysis, which is a topical problem in the area of corporate finance. The main objective is stated in the introductory chapter as assessing the company's present financial position. The student attempts to carry out the financial analysis of Lianhua Supermarket Company over the period 2007-2011. Based on the content and results of this work, the objective has been achieved successfully 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 selected methods. The work is divided into five main chapters. First, the methods of financial analysis are described. The student has paid adequate attention to all main areas of financial analysis. In the third chapter of this work, the overview of the Lianhua Company is provided, including the company profile and characterisation of main competitors. However, the content of the chapter 3.1 is not fully in line with its title (e.g., recent stock prices in the chapter on history), the detailed list of departments on page 23 is not necessary for the purposes of the thesis. The core chapter of this work is chapter four, in which the practical application of selected methods is carried out by the student. The company has been assessed by common size analysis and financial ratios analysis, the attention is paid to four main areas such as activity, liquidity, solvency and profitability analysis. The author depicts the development of financial ratios in charts and pays attention to the interpretation of partial results; however there are minor imperfections, e.g., the format of charts is not unified in the text, the chart 4.8 is not clearly organized. DuPont analysis and quantification of influences (2007-2011) is carried out in detail, including author's interpretations. The chart 4.22 shows some components of ROE expressed as percentages (e.g., total asset turnover or financial leverage) which is not an appropriate way.

Based on the thesis, the student is able to identify a problem and use an appropriate methodology to solve the problem. The author summarizes her findings in tables and interprets results. The visual layout is adequate; the work contains tables and graphs in an appropriate degree. References have been properly included in the text. There are minor spelling errors, some expressions are not clear. 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.

In conclusion, the student states that the company has a problem with liquidity. What are the industry averages of liquidity ratios typical for retail and supermarkets?

I recommend the thesis for the oral defence.

Ostrava, June 3, 2013

Martina Novotná