

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Financial analysis of BMW

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Financial analysis of BMW

Objectives of thesis

The object of financial analysis is the financial activity of the enterprise

Subjects are government bodies, research institutes, foundations, centers, public organizations, mass media, analytical services of enterprises

Information base – annual, semi-annual or quarterly financial statements of the enterprise: the balance of the enterprise – form 1, the profit and loss account – form 2.

Carrying out this analysis will identify the most promising areas of activity, as well as the existing problems in the work of your enterprise. At the same time, specialists study the work of the enterprise in a complex for a certain period of time and can assess the dynamics of indicators and determine why these or other values increase or decrease and how this affects the company as a whole and the efficiency of its operation. For example, the analysis of financial results for a certain period, usually examine the indicators for 3-5 years, shows what profit the company received, what the dynamics of its change and what factors had the greatest impact on financial results. This makes it possible to identify the strongest and weakest areas in the work of the enterprise and Make the right decision that would increase profits in the future. Analysis of financial sustainability, for example, allows to determine – at the expense of what means (own or borrowed) the enterprise operates, and also to assess its real ability to meet the existing obligations. All the initial data necessary for the analysis are taken by specialists from accounting reports, as well as documents on analytical and management accounting. It is the evaluation of internal documentation that provides an opportunity to study in detail all the features of the work of the enterprise and to calculate the necessary financial indicators.

The financial analysis, as a rule, is carried out in several stages, differing in composition and labor intensity, the mass of information processed and the time spent.

To achieve the goal, the following tasks were set:

1. Review the main concepts of financial analysis
2. To study the methods of financial analysis
3. To study the basic methods of financial analysis
4. Consider the general characteristics of BMW AG
5. Carry out a financial analysis of the reporting of BMW AG

Methodology

There are six basic methods of financial analysis

- horizontal (temporary) analysis – comparison of each reporting item with the previous period;
- vertical (structural) analysis – the identification of the specific gravity of individual articles in the final indicator, taken as 100%;
- trend analysis – comparison of each reporting position with a number of previous periods and the determination of the trend, i.e., the main trend of the indicator dynamics, cleared of random influences and individual characteristics of individual periods. With the help of the trend, possible values of indicators are formed in the future, and therefore, a forward-looking forecast is conducted;
- analysis of relative indicators (coefficients) – calculation of the relationship between individual reporting positions, determination of the interrelations of indicators;
- comparative (spatial) analysis – on the one hand, this is an analysis of the reporting indicators of subsidiaries, structural divisions, on the other – comparative analysis with the indicators of competitors, industry average indicators, etc .;
- factor analysis – analysis of the influence of individual factors (causes) on the resulting indicator. Moreover, factor analysis can be either direct (the actual analysis), when the resulting index is broken up into constituent parts, and the reverse one (synthesis), when its individual elements are combined into a common indicator.

The main methods of financial analysis conducted at the enterprise:

Vertical (structural) analysis is the determination of the structure of the final financial indicators (the amounts for individual items are taken as a percentage of the balance currency) and the exposure of each of them to the overall result of economic activity. The transition to relative indicators makes it possible to conduct inter-farm comparisons of the economic potential and performance of enterprises that differ in terms of the amount of resources used, and also mitigates the negative impact of inflationary processes that distort the absolute indicators of financial reporting.

Horizontal (dynamic) analysis is based on the study of the dynamics of individual financial indicators over time.

Dynamic analysis is the next stage after the analysis of financial indicators (vertical analysis). At this stage, determine which sections and articles of the balance have changed.

Analysis of financial ratios is based on the calculation of the ratio of various absolute indicators of financial activity among themselves. The source of information is the company's accounting statements.

The most important groups of financial indicators:

1. Liquidity indicators.
2. Indicators of financial stability and solvency.
3. Indicators of profitability.
4. Indicators of business activity.
5. Indicators of market activity

The proposed extent of the thesis

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Keywords

BMW, Germany, market, Mercedes, Audi

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Declaration

I declare that I have worked on my bachelor thesis titled "Financial analysis of BMW" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on

Kirill Boyan

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I would like to thank Ing. Petr Procházka, M.Sc., Ph.D., my mother, and grandmother who supported me throughout my study.

Finanční analýza BMW

Souhrn

Hlavním předmětem finanční analýzy je činnost kterékoli společnosti nebo jejích sdružení. Předmětem analýzy mohou být ekonomické struktury a jejich protistrany: komerční banky, jiné společnosti, auditorské firmy, místní a ústřední vládní úřady, reálné a potenciální partneři, další fyzické a právnické osoby.

Aby bylo možné posoudit finanční situaci organizace a zjistit možné způsoby jejího rozvoje, je třeba analyzovat nejen rozvahu a další výkazy samotného podniku, ale také popisovat ekonomickou situaci svých obchodních partnerů, vyhodnotit konkurenty, provést průzkum trhu o podmínkách na trhu atd.

Posuzování rozvahy a finančního výkaznictví umožňuje určit celkovou finanční situaci, stupeň likvidity, míru solventnosti, finanční stabilitu, podnikatelskou činnost, spolehlivost, míru rizika určitých možností, najít zdroje vlastních, vypůjčených a přilákání fondů, struktura jejich umístění v určitém termínu nebo na určitou dobu, a stále definovat specializaci činností společnosti.

Klíčová slova: Automobil, Automobilový průmysl, BMW, Trh.

Financial analysis of BMW

Summary

The main object of financial analysis is the activity of any individual company or their associations. The subjects of the analysis may be the economic structures and their counterparties: commercial banks, other companies, audit firms, local and central government offices, real and potential partners, other individuals and legal entities.

Indeed, in order to assess the financial state of the organization and determine possible ways for its development, it is necessary to analyze not only the balance sheet and other reporting materials of the enterprise itself, but also describe the economic situation of its business partners, evaluate competitors, conduct market research of market conditions, etc.

The assessment of the balance sheet and financial reporting makes it possible to determine the overall financial condition, the degree of liquidity, solvency, financial stability, businesslike activity, reliability, the level of risk of certain options, to find sources of own, borrowed and attracted funds, the structure of their placement on a fixed date or for a certain period, and still define the specialization of the company's activities.

Keywords: Automobile, Industry, BMW, Market.

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1 Introduction

The main object of financial analysis is the activity of any individual company or their associations. The subjects of the analysis may be the economic structures and their counterparties: commercial banks, other companies, audit firms, local and central government offices, real and potential partners, other individuals and legal entities.

Indeed, in order to assess the financial state of the organization and determine possible ways for its development, it is necessary to analyze not only the balance sheet and other reporting materials of the enterprise itself, but also describe the economic situation of its business partners, evaluate competitors, conduct market research of market conditions, etc.

The assessment of the balance sheet and financial reporting makes it possible to determine the overall financial condition, the degree of liquidity, solvency, financial stability, businesslike activity, reliability, the level of risk of certain options, to find sources of own, borrowed and attracted funds, the structure of their placement on a fixed date or for a certain period, And still define the specialization of the company's activities.

The Goal of the work is relevant since the stability of the company's work is related to its overall financial structure, the degree of its dependence on creditors and investors. So, many enterprises in the course of their activities, in addition to their own capital, attract considerable funds borrowed. However, if the structure of "own capital - borrowed funds" has a significant bias toward debt, the enterprise can go bankrupt, if several creditors immediately demand their money to be returned at an "inconvenient time".

2 Objectives and Methodology

2.1 Objectives

The object of financial analysis is the financial activity of the enterprise. Subjects are government bodies, research institutes, foundations, centers, public organizations, mass media, analytical services of enterprises.

Information base - annual, semi-annual or quarterly financial statements of the enterprise: the balance of the enterprise - form 1, the profit and loss account - form 2. Carrying out this analysis will identify the most promising areas of activity, as well as the existing problems in the work of your enterprise. At the same time, specialists study the work of the enterprise in a complex for a certain period of time and can assess the dynamics of indicators and determine why these or other values increase or decrease and how this affects the company as a whole and the efficiency of its operation. For example, the analysis of financial results for a certain period, usually examines the indicators for 3-5 years, shows what profit the company received, what the dynamics of its change and what factors had the greatest impact on financial results. This makes it possible to identify the strongest and weakest areas in the work of the enterprise and make the right decision that would increase profits in the future. Analysis of financial sustainability, for example, allows to determine - at the expense of what means (own or borrowed) the enterprise operates, and also to assess its real ability to meet the existing obligations.

All the initial data necessary for the analysis are taken by specialists from accounting reports, as well as documents on analytical and management accounting. It is the evaluation of internal documentation that provides an opportunity to study in detail all the features of the work of the enterprise and to calculate the necessary financial indicators. The financial analysis, as a rule, is carried out in several stages, differing in composition and labor intensity, the mass of information processed and the time spent.

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3. To study the methods of financial analysis
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6. Carry out a financial analysis of the reporting of BMW AG

2.2 Methodology

There are six basic methods of financial analysis:

Horizontal (temporary) analysis - comparison of each reporting item with the previous period;

Vertical (structural) analysis - the identification of the specific gravity of individual articles in the final indicator, taken as 100%;

Trend analysis - comparison of each reporting position with a number of previous periods and the determination of the trend, i.e., the main trend of the indicator dynamics, cleared of random influences and individual characteristics of individual periods. With the help of the trend, possible values of indicators are formed in the future, and therefore, a forward-looking forecast is conducted; (Lyubushin N.P, Leshcheva V.B, Dyakova V.G. 2015)

Analysis of relative indicators (coefficients) - calculation of the relationship between individual reporting positions, determination of the interrelations of indicators;

comparative (spatial) analysis - on the one hand, this is an analysis of the reporting indicators of subsidiaries, structural divisions, on the other - comparative analysis with the indicators of competitors, industry average indicators, etc;

Factor analysis - analysis of the influence of individual factors (causes) on the resulting indicator. Moreover, factor analysis can be either direct (the actual analysis), when the resulting index is broken up into constituent parts, and the reverse one (synthesis), when its individual elements are combined into a common indicator. (Gilyarovskaya L.T. 2015)

2.2.1 The main methods of financial analysis conducted at the enterprise:

Vertical (structural) analysis is the determination of the structure of the final financial indicators (the amounts for individual items are taken as a percentage of the balance currency) and the exposure of each of them to the overall result of economic activity. The transition to relative indicators makes it possible to conduct inter-farm comparisons of the economic potential and performance of enterprises that differ in terms of the amount of resources used, and also mitigates the negative impact of inflationary processes that distort the absolute indicators of financial reporting. (Makarieva V.I 2014)

Horizontal (dynamic) analysis is based on the study of the dynamics of individual financial indicators over time. (Chernysheva Y.G 2015)

Dynamic analysis is the next stage after the analysis of financial indicators (vertical analysis). At this stage, determine which sections and articles of the balance have changed. Analysis of financial ratios is based on the calculation of the ratio of various absolute indicators of financial activity among themselves. The source of information is the company's accounting statements. (Sheremet E.V, Negashov E.G 2015)

The most important groups of financial indicators:

1. Liquidity indicators.
2. Indicators of financial stability and solvency.
3. Indicators of profitability.
4. Indicators of business activity.
5. Indicators of market activity (Gilyarovskaya L.T 2015)

3 Theoretical part

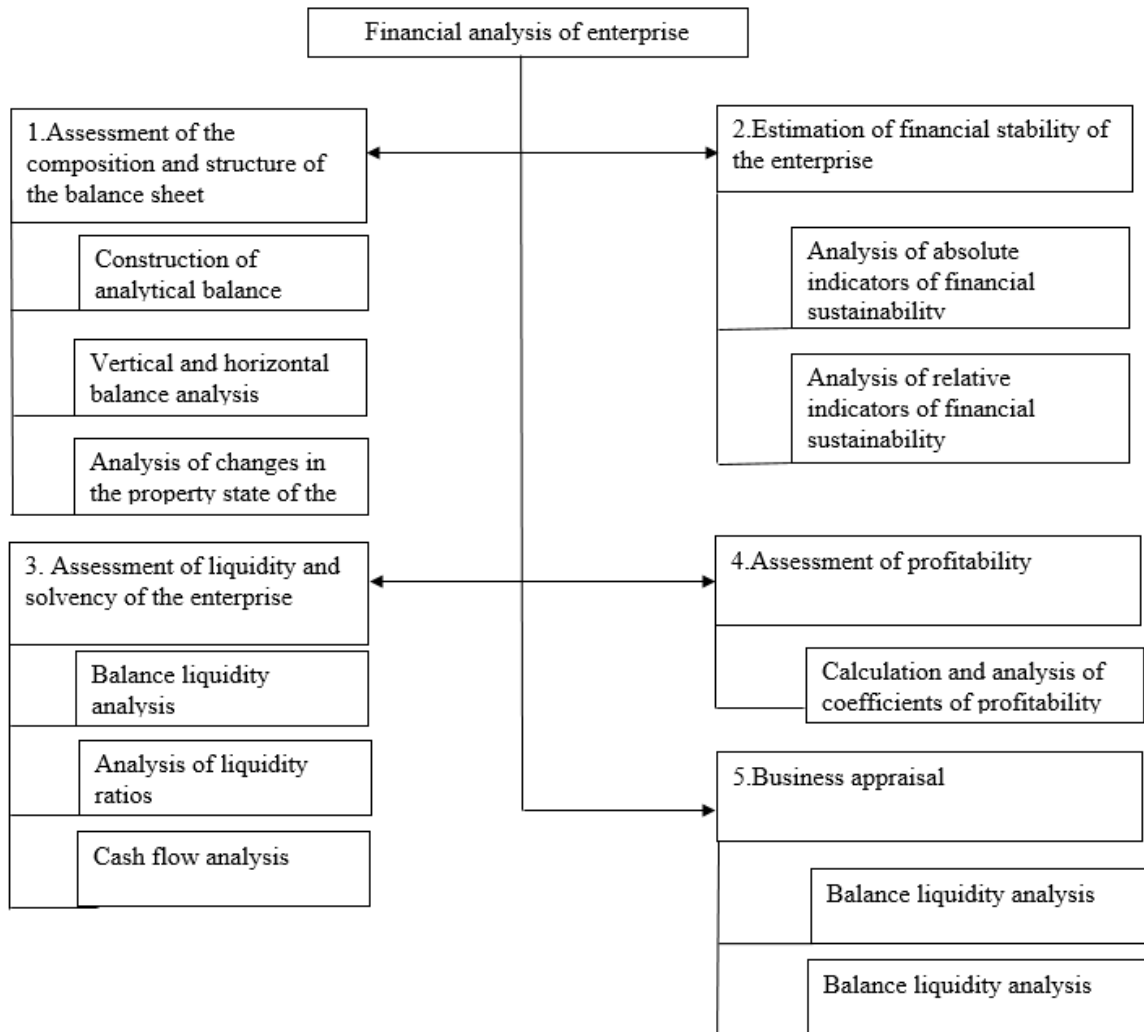
3.1 Theoretical bases of the financial analysis of enterprise

Financial analysis of the enterprise is an assessment of its current financial condition on the basis of calculating indicators that reflect the dynamics of changes in certain parameters that characterize the success of economic activities. As a rule, the analysis is carried out for several years, which allows you to track changes in indicators and identify the reasons that have the greatest impact on the company's work. (Lieberman, I.R 2016)

Analysis of the financial condition in a standard form is a calculation of a number of indicators that show: how the enterprise receives and distributes available financial assets. These indicators characterize the company's potential for further growth and its competitiveness. In addition, carrying out this analysis allows you to assess the economic sustainability and reliability of the enterprise, which is especially important for potential partners. (Krutik AB, Khaikin M.M 2015)

- Financial analysis includes the following activities
 - evaluation of the assets (property) and financial condition of the enterprise;
 - analysis of cash flow;
 - analysis of the company's financial results and profitability;
 - evaluation of sources of financing of the economic activity of the enterprise;
 - assessment of market value and solvency (liquidity of the enterprise);
 - analysis of the company's business activity (asset turnover);
 - analysis of financial stability of the enterprise;
 - evaluation of the feasibility of investment and other types of capital investments;
 - forecasting the financial situation and assessing the likelihood of bankruptcy.
- (Vakhrin P.I 2015)

Figure 1 Stages of financial analysis



Source: Vakhnin P.I 2015. Financial analysis in commercial and non-commercial organizations

Stage 1 - preliminary - involves setting the purpose and objectives of the analysis; Verification of the reliability of information and the selection of source data; Grouping, combining and structuring information; Calculation of absolute and relative indicators. Stage 2 - analytical - provides interpretation of the received materials by an estimation of dynamics, structure of indicators, their grouping etc.; Comparison of financial position of enterprises with the results of analysis of competitors and counterparties; Presentation of the results of the analysis.

Stage 3 - final - is dedicated to assessing the level and quality of management; Development of forecasts and recommendations. The main feature of the construction stages - their logical relationship, which involves moving from the initial

stage to the final, from the simpler to the more complex. (Van Horn JK 2015)

When analyzing financial ratios, the following points should be borne in mind:

the accounting policy of the enterprise influences the value of financial ratios;

diversification of activities makes it difficult to compare the coefficients by industry, since the normative values can vary significantly for different industries;

the regulatory ratios chosen as a basis for comparison may not be optimal and do not correspond to the short-term tasks of the period under consideration.

Comparative financial analysis is based on comparing the values of certain groups of similar indicators among themselves: (Kreynina M.N 2015)

indicators of the given enterprise and average industry indicators;

financial indicators of the given enterprise and parameters of the enterprises-competitors;

financial indicators of certain structural units and divisions of the enterprise;

comparative analysis of reporting and plan indicators. (Van Horn JK 2015)

Table 1 Classification of the analysis of the financial activity of the enterprise

Classificational attribute	Type of analysis
Object	Structural
	Functional
Periodicity of the conduct	Systematical
	Episodical
Goal	Interior
	Comparative
Character	Dynamical
	Statistical
Scale	Complex (system)
	Local (object)
Content	Subject
	Operational-procedural

Form of results evaluation	Quantitative
	Qualitative
Subject	The analysis of an economic entity (self-analysis)
	Analysis of external structures
Method	Statistical
	Factorial
	Expert

Source: Van Horn JK Fundamentals of Financial Management 2015.

3.2 The main methods of financial analysis

Analysis of the financial condition of the enterprise can be carried out in three ways

1. Graphical - an estimation of a financial condition of the enterprise is spent on the balanceogram (graphic display of indicators of a financial condition of the enterprise for the analyzed period of time) by results of the analysis of a condition and change of financial indicators;

2. Tabular - an assessment of the financial condition of the enterprise is given on the basis of analysis of the currency of the balance sheet, assets, liabilities, stocks, financial results, solvency and creditworthiness;

3. Coefficient - evaluation of the individual, most significant characteristics of the financial condition of the enterprise based on the analysis of relative financial indicators. (Kovalev V.V, Volkova O.N 2015)

The graphical method is obvious to the analyst. Based on the analysis of the structure and dynamics of the structure, the ratio of shares of various indicators, it allows you to assess the current financial situation, including the assessment of property, capital, financial results, solvency, creditworthiness, the likelihood of bankruptcy and give a forecast for the future. (Gilyarovskaya AT, Vekhorova AA 2015)

In the tabular method, preliminary calculations for the analysis of absolute and relative indicators (densities), their changes, scale and structure of changes, are reduced to tabular forms. (Kovalev A.I, Privalov V.P. 2015)

Coefficient method allows you to accurately and quickly assess the dynamics of financial indicators of the analyzed enterprise or compare the financial characteristics of several enterprises, including in the dynamics (Ionova A.F 2015)

3.3 Basics of financial analysis

3.3.1 Graphical method

The graphical method allows you to analyze property, capital, solvency, creditworthiness, performance. Basics of financial analysis in a graphic way involve carrying out financial analysis in several stages. (Blank I.A 2015)

The first stage is preparatory, before the construction of the balancegrams. The second stage is the construction of balancegrams. The third stage is the conduct of financial analysis. The fourth is the assessment of the financial condition of the enterprise.

At the first stage, the analyzed indicators are selected and calculated. The results of selection and calculation are reduced to a table, the data of which serve for the construction of balancegrams. (Baranov V.V 2016)

The second stage is based on the balancegrams. There should be at least two of them: at the beginning and at the end of the analyzed period. Each of the balancegrams is a diagram consisting of six columns (representing the parts of the financial statements) into which the proportion of the indicator is entered in the balance currency in the sequence defined at the first stage, the vertical scale is the percentage scale in ascending order from the top down. Also on the balancegrams, absolute values can be plotted, in this case the money scale is used. Absolute values can be reduced to a single point in time, in this case discounting coefficients are used. (Baranov V.V 2016)

In the third stage, using the balancegrams, the analysis of the objects of the financial analysis of the enterprise is performed:

- property, according to balance sheet data reported to the balance sheet asset (columns A, B, B balancegrams);
- Capital on the balance sheet liabilities entered in the balancegrams accounting records (columns E, E of the balancegrams);
- financial results on the report of the profit and loss account entered in the balance-log (column G of balance sheets);
- Solvency in accordance with the balance sheet data reported assets and liabilities of the balance sheet (columns A, B, C, E, E balancegrams);
- the creditworthiness of the balance sheet assets and liabilities of the balance sheet (columns B, D, E of the balancegrams);
- the likelihood of bankruptcy on the balance sheet data reported asset and liability balance (column B and E balanceograms).

The analysis of the objects of financial analysis is made on the basis of studying their condition at the beginning of the analyzed period, at the end of the analyzed period and their dynamics in the analyzed period.

It is studied and analyzed:

- the structure, dynamics and efficiency of the use of property, the shares of non-current (immobilized) and circulating (mobile) assets are determined, the value of material circulating assets (unjustified overstating of which leads to overstocking, and the disadvantage - to the impossibility of a normal operation of production), the value of receivables Which is expected more than 12 months after the reporting date and within 12 months), the amount of free cash of the enterprise in cash (cash) and non-cash (settlement, currency accounts) forms and the amount of short-term financial investments; (Baranov V.V 2016)

Structure, dynamics and efficiency of capital use. When analyzing the liability structure of the balance sheet (liabilities of the enterprise), the ratio between the borrowed and own sources of the enterprise's funds is determined (a significant proportion of borrowed sources, more than 50%, testifies to the risky activity of the enterprise, which can cause insolvency), the dynamics and structure of accounts payable, its specific Weight in the liabilities of the enterprise;

- structure, dynamics and efficiency of using the financial results of the enterprise. The analysis provides an assessment of the dynamics of revenue and profit indicators,

reveals and measures various factors that affect the dynamics of revenue and profit indicators;

- sufficiency of sources of formation for maintenance of the basic and turnaround production assets at an estimation of solvency of the enterprise;

- sufficiency of assets for the repayment of obligations, the period of transformation of which into money, corresponds to the maturity of obligations when assessing the creditworthiness of the enterprise;

- the adequacy of cash and tangible current assets to pay off short-term liabilities in assessing the likelihood of bankruptcy. (Bakanov M.I. Sheremet A.D. 2016)

After summarizing the results of the analysis of the objects of the financial analysis of the enterprise, an overall assessment of the financial condition of the enterprise is made, directions for improving the financial condition of the enterprise are determined, and possible changes in the financial condition of the enterprise are projected.

3.3.2 Tabular method.

Tabular method is a general analysis of the financial condition of the enterprise. The result of the general analysis is an assessment of the financial condition of the enterprise, which includes the results of the analysis. Fundamentals of financial analysis in tabular fashion:

- analysis of the dynamics of the balance sheet;
- analysis of the structure and dynamics of assets;
- analysis of the structure and dynamics of liabilities;
- analysis of the structure and dynamics of financial results;
- analysis of the structure of the company's reserves. (Dontsova L.V., Nikiforova N.A. 2016)

At the same time, the absolute values of the indicators, their specific weights, characterizing the structure of the asset, liability, reserves, financial results of the enterprise, changes in absolute values that characterize the growth or decrease of balance sheet items, changes in the specific weights characterizing the dynamics of the structure of the asset, Enterprises, the growth rate is a relative indicator characterizing the dynamics of the asset, liabilities of the balance sheet, reserves and financial results, the specific weights of the

changes that characterize the structure of changes in the asset, liabilities of the balance sheet, reserves and financial results of the enterprise for the analyzed period.

Fundamentals of financial analysis also imply an analysis of financial sustainability conducted to identify the solvency of the enterprise. (Dontsova L.V., Nikiforova N.A. 2016)

In accordance with the indicator of security of reserves and costs by own and borrowed sources, the following types of financial stability differ:

- Absolute stability of financial condition - own circulating assets provide stocks;
- normally stable financial condition - the reserves are provided by own circulating assets and long-term borrowed sources;
- Unsustainable financial condition - reserves are provided by own working capital, long-term borrowed sources and short-term loans and borrowings, i.e. Due to all major sources of stock formation;
- Crisis financial condition - stocks are not provided by the sources of their formation.

An analysis of the liquidity of the balance sheet is made to assess the creditworthiness of the enterprise. Liquidity is determined by covering the liabilities of the enterprise with its assets, the period of conversion into money corresponds to the maturity of liabilities. The most liquid assets should be greater or equal to the most urgent obligations; Quickly realized assets - more or equal to short-term liabilities; Slowly sold assets should be greater than or equal to long-term liabilities; Hard-to-sell assets should be less than or equal to constant liabilities. (N.V. Kolchina 2015)

If these conditions are met, the balance is considered to be absolutely liquid. To comprehensively assess the liquidity of the balance sheet, an overall liquidity indicator is calculated.

3.4 Fundamentals of financial analysis

Coefficient method

Fundamentals of financial analysis are based on the analysis of financial ratios for the study of changes in financial stability of the enterprise and the conduct of a comparative analysis of several enterprises. (Shulyak PN 2015)

When analyzing the financial condition of an enterprise, the distribution coefficients and coordination factors are used.

The distribution coefficients are used when it is required to determine which part of an absolute financial condition indicator is from the total of the absolute indicator group that includes it. Coefficients of coordination are used for expression. (Shulyak PN 2015)

Relations between the absolute indicators of the financial state having different economic sense or their linear combinations. (Dybal S.V 2015)

Coefficients of profitability and turnover (business activity) are calculated and analyzed for the study of changes in the performance of the enterprise for several periods and for comparison of related enterprises. (Kostromina D.V 2016)

3.5 General characteristics of BMW AG

BMW AG (abbreviation from Bayerische Motoren Werke AG, with it - "Bavarian motor factories") - German manufacturer of cars, motorcycles, engines, and bicycles. Today, Norbert Reithofer is the company's chairman, and Karim Habib is the chief designer. (Dranko O.I. 2016)

The motto of the company is "Freude am Fahren", with it. "With pleasure at the wheel." For the English-speaking countries, the "Ultimate Driving Machine" was also invented.

In Russian, the name "BMW" is pronounced "bey-em-ve", which is close to German pronunciation; Occasionally occurs the writing of "BMW". In English-speaking countries, they say "bi-em-double-yu".

There are also several "unofficial" names: for the company's motorcycles, the name "beemer" historically, for cars, is similar but not equivalent to "bimmer". In Russia, the names of "bey", "boomer", "beeper", "beba" in Greece, and "BM" in the Arab countries can also be used to designate a brand. (Druzhinin A.I, Dunaev O.N 2015)

Cars can also be called, respectively, their series, for example for the 5-series - "five", German. Fünfer, Eng. Fiver.

On July 25, 2011, Stefan Kwandt owns 17.4% of the automaker's securities, his sister Suzanne Klatten - 12.6%, their mother Johanna Kwandt - 16.7%. The market trades 53.3 percent of the company's shares. (Kondrakov N.P 2015)

In 2008, BMW produced 1,203,482 cars (a drop of 7.6% compared to the same period in 2007) (Ermolovich L.L.2015)

The main competitor of BMW in the market of cars is Mercedes-Benz. Also, Audi and Lexus cars compete with the firm.

Member of the Association of European Automobile Manufacturers (ACEA).

The main production facilities of the company are concentrated in Germany (Dingolfing, Regensburg, Leipzig, Munich). Also, cars are going to enterprises in Thailand, Malaysia, India, Egypt, South Africa, Vietnam and the USA (Spartanberg). In Russia, BMW cars are going to Kaliningrad ("Avtotor"). Also in China, he interacts with Huacheng Auto Holding, a company that produces cars under the brand name Brilliance.

Significant dates in the history of BMW

- 1951 - BMW produces its first post-war car - 501.
- 1954- BMW becomes the world champion in motorcycle racing with wheelchairs and holds the world championship for the next twenty years.
- 1955 - BMW Triebwerk GmbH returns to life. The company is guided by the tradition of manufacturing aircraft engines. The next step in the right direction was to change the policy of the company BMW in order to popularize its products from the middle class. And the first mass car in the post-war years was BMW Isetta. The idea of creating a miniature car belonged to the Italian company Iso, and the prototype of the body created by it was bought by the Germans.
- 1956- Sports cars of models 503 and 507.
- 1959 - The 700 was the first big serial success for BMW cars. The company BMW is put up for sale.
- 1975 - In those years, the first three in the history of BMW appeared, it was released in the body of the E21.
- 1994 - The BMW plant in Spartanburg was launched. The 16th branch of BMW de Mexico S.A. was opened; a sales office was established in Beijing.
- 1995 - Presentation of the legendary BMW Z8. The car becomes a star of the cinema and is shot in the James Bond film.
- 1999 - Presentation of the new all-wheel drive off-road car BMW X5.x takes place at the Detroit Motor Show
- 2013 - Presentation of electric BMW i3 and hybrid i8 takes place

3.6 BMW competitors

The list of competitive companies for the concern BMW Group is large enough. These include Ford Motor Company, General Motors Corporation, Mazda Motor Corporation, Suzuki Motor Corporation, Toyota Motor Corporation, Yamaha Corporation, Nissan Motor Co, Fiat S.p.A., Harley-Davidson, Inc. Hyundai Motor Co., Renault S.A., Honda Motor Co., Ltd. However, the most competitive products from Volkswagen Group companies, namely Porsche and Audi, Daimler AG, namely Mercedes Benz and Toyota Motor Corporation, namely Lexus. With the global comparison of concerns, the share of BMW Group in the world market is quite low - only 2%, against 10% of Volkswagen Group, example figure 2.

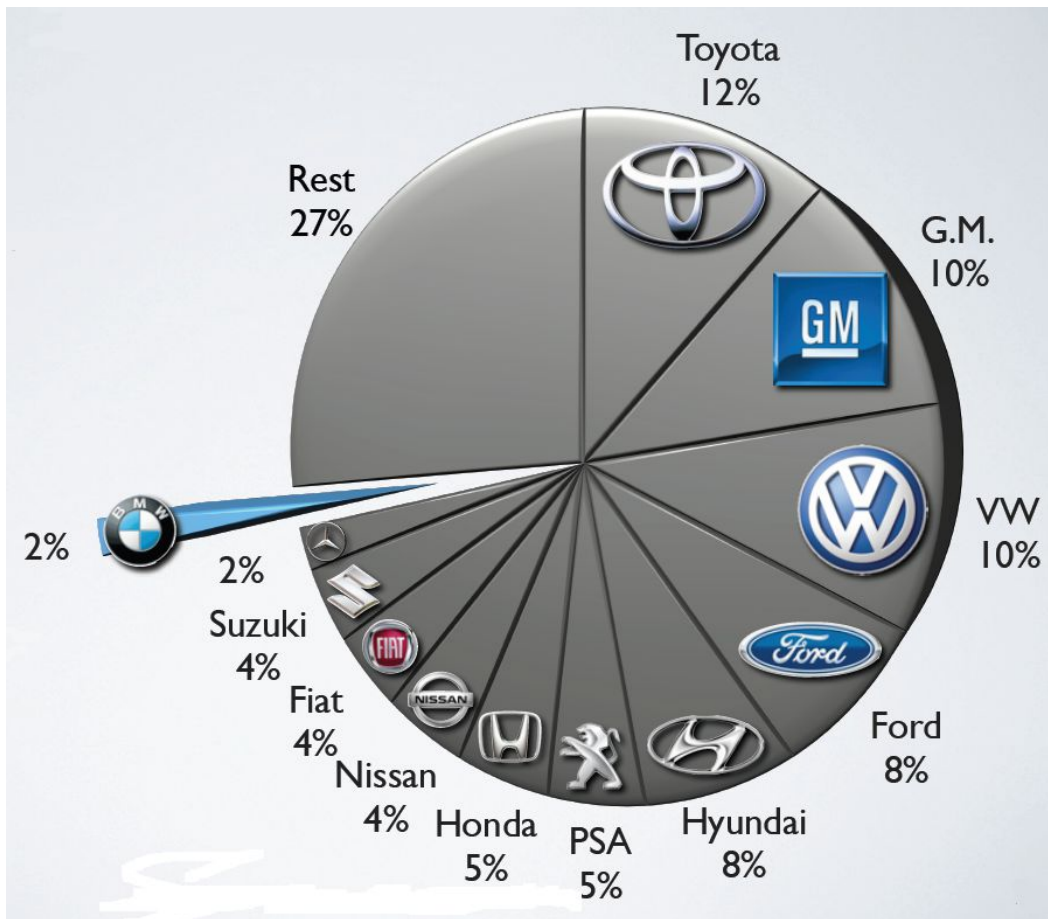


Figure 2 BMW competitors

Source: Federal Motor Transport Authority

However, such a comparison is not correct due to the market positioning of the product and the marketing strategy of competitive companies. Neither the Volkswagen Group nor the Daimler Group can be called premium concerns, as they contain mass brands

of cars in their product portfolios. A particularly pronounced strategy for multi-branding is the concern of the Volkswagen Group, which in total owns twelve car brands of different focus.¹

Since in any country the mass consumption segment occupies a large share of the automotive market, Volkswagen Group wins with a wide product line on the back of production.

According to the rating of Fortune Global 500 2012, which annually makes the rating of 500 largest TNCs in the world, considering as the main criterion of revenue and profit, the BMW Group ranks 69th in the general list of TNCs and 8th among automotive concerns. The company is not the largest due to its specialization, which allowed two German rivals Volkswagen Group and Daimler AG to overtake it. If both these companies have a fairly wide range of price categories that belong to cars, especially from the Volkswagen Group, which allows them to cover more target groups, winning on the sales of cheap cars and the price level of expensive ones, then BMW has a clear framework. Concern has focused on the production of cars exclusively premium segment, and its high position in the rating it holds solely with the quality and high price of cars. Consider the positioning of the product group BMW Group in more detail.²

3.7 Conclusion for first chapter.

Financial analysis is a method for assessing a retrospective financial condition of an economic entity based on the study of the dependence and dynamics of financial reporting indicators.

In the market economy, the role of financial analysis has not only intensified, but has also changed qualitatively. This is due, first of all, to the fact that financial analysis from the ordinary level of economic analysis has turned in the market conditions into the main method of assessing the economy.

Financial analysis is an essential element of financial management. The owners analyze financial reports in order to find ways to increase the profitability of

¹ Brands and Products // Volkswagen Group – http://www.volkswagenag.com/content/vwcorp/content/en/brands_and_products.html

² Global 500, The world's most large corporations // Fortune Magazine – http://money.cnn.com/magazines/fortune/global500/2012/full_list/index.html

capital, to ensure the stability of the position of the firm. Lenders and investors analyze financial reports in order to minimize their risks on loans and deposits. When deciding whether to invest in a company or an enterprise (for example, when a bank issues a loan), each investor evaluates the risks that may arise in this case. An important role in this case is the assessment of the financial condition of this enterprise and the effectiveness of its work.

If the investor considers the risk of income shortfall to be unjustifiably high, then he may refuse to invest in this project or demand an increase in fees in the form of, for example, interest on the loan.

Obviously, the quality of the decisions made depends to a large extent on the quality of their analytical substantiation.

4 Practical Part

4.1 Analysis of financial standing of BMW AG

We will carry out a financial analysis of BMW AG for 2014-2015 according to the financial statements

Table 2 Changes in the asset balance

Assets	31.12.2014	31.12.2015	Million Euro	Growth rate	%
1. Fixed assets					
Intangible Assets	6 135,00	7 008,00	873,00	14,23%	0,11%
Results of research and development	0,00	0,00	0,00	0	0,00%
Intangible search assets	0,00	0,00	0,00	0	0,00%
Tangible search assets	364,00	364,00	0,00	0,00%	-0,02 %
Fixed assets	47 347,00	52 724,00	5 377,00	11,36%	0,04%
Profitable investments in tangible assets	37 438,00	41 865,00	4 427,00	11,82%	0,13%
Financial investments	3 520,00	4 869,00	1 349,00	38,32%	0,55%
Deferred tax assets	0,00	0,00	0,00	0	0,00%
Other noncurrent assets	3 155,00	3 513,00	358,00	11,35%	0,00%
Total for section I	97 959,00	110 343,00	12 384,00	12,64%	0,81%
2. Current assets					
Inventory	11 089,00	11 071,00	-18,00	-0,16 %	-0,73 %
Value added tax on purchased valuables	0,00	0,00	0,00	0	0,00%
Receivables	27 645,00	33 310,00	5 665,00	20,49%	1,49%
Financial investments	0,00	0,00	0,00	0	0,00%
Cash	13 072,00	12 757,00	-315,00	-2,41 %	-1,03 %
Other current assets	5 038,00	4 693,00	-345,00	-6,85 %	-0,53 %
Total for section II	56 844,00	61 831,00	4 987,00	8,77%	-0,81 %
Balance	154 803,00	172 174,00	17 371,00	11,22%	0,00%

Source: Own computation are based on prior BMW group annual reports

When analyzing the assets of the balance sheet it is clear that the total value of the assets of the enterprise in the reporting period, compared with the base, increased.

Compared to the data as of December 31, 2014, assets and currency of the balance sheet increased by 11.22 percent, which in absolute terms amounted to 17,371.00 million euro. Thus, in the reporting period, the balance sheet asset and balance currency are at the level of 172 174,00 million euro To a larger extent, this was due to an increase in the item "Accounts receivable". Over the past period, the growth of this article amounted to 5,665.00 million euros (as a percentage of 0%), and at the end of the analyzed period, the value of the item "Accounts receivable" reached 33 310,00 million euros

In the general structure of assets, non-current assets, the value of which as of 31.12.2014 was 97,959.00 million euro, increased by 12,384.00 million euros (the rate of growth was 12.64%). As of December 31, 2015, their value was 110 343,00 million euro (64% of the total structure of property).

The value of current assets, which amounted to 56,844.00 million euros as of December 31, 2014, also increased by 4,987.00 million euro (the rate of growth was 8.77%), and as of December 31, 2015, their value was 61,831.00 million euro (36% of the total structure of property).

As can be seen from Table No. 4, at the end of the reporting period, the largest share in the structure of total assets falls on non-current assets (64.09%), which indicates a low-mobile asset structure and contributes to a decrease in the turnover of the enterprise's funds. In addition, there is a tendency towards deterioration in the analyzed period. In the reporting period, the share of non-current assets in the overall structure of the balance decreased by 0.81%.

In the structure of non-current assets, the largest change was due to an increase of 5,377.00 million euros over the base period of the item "Fixed Assets". In the structure of current assets, the largest change was due to an increase of 5,665.00 million euro, compared to the base period, of the item "Accounts receivable". The amount of accounts receivable for the analyzed period increased by 5,665.00 million euro, which is a negative change and may be caused by a problem with the payment of products or the active provision of consumer credit to buyers, i.e. diverting part of the current assets and immobilizing part of the working capital from the production process. Considering the accounts receivable of BMW, it should be noted that the company as of 31.12.2015 has an active balance (accounts receivable more than creditor), thus representing to its customers a free loan of 25 344.00 million euro.

Table 3 Balance Sheet Structure

Changes in the balance sheet liability					
Liability	31.12.2014	31.12.2015	Million Euro	Growth rate	%
III. Capital and reserves					
Authorized capital	656,00	657,00	1,00	0,15%	-0,04 %
Own shares redeemed from shareholders	0,00	0,00	0,00	0	0,00%
Extra capital	2 005,00	2 027,00	22,00	1,10%	-0,12 %
Reserve capital	0,00	0,00	0,00	0	0,00%
Undistributed profit (uncovered loss)	35 621,00	41 027,00	5 406,00	15,18%	0,82%
Total for section III	38 282,00	43 711,00	5 429,00	14,18%	0,66%
IV. long term liabilities					
Borrowed funds	41 954,00	47 171,00	5 217,00	12,44%	0,30%
Deferred tax liabilities	1 988,00	2 116,00	128,00	6,44%	-0,06 %
Other long-term liabilities	14 346,00	14 532,00	186,00	1,30%	-0,83 %
Total for section IV	58 505,00	64 053,00	5 548,00	9,48%	-0,59 %
V. Short term liabilities					
Borrowed funds	12 245,00	13 718,00	1 473,00	12,03%	0,06%
Accounts payable	7 876,00	7 966,00	90,00	1,14%	-0,46 %
Revenue of the future periods	3 405,00	3 945,00	540,00	15,86%	0,09%
Reserves for future expenses and payments	4 537,00	4 234,00	-303,00	-6,68 %	-0,47 %
Other short-term liabilities	29 953,00	34 547,00	4 594,00	15,34%	0,72%
Total for section V	58 016,00	64 410,00	6 394,00	11,02%	-0,07 %
Balance	154 803,00	172 174,00	17 371,00	11,22%	0,00%

Source: Own computation are based on prior BMW group annual reports

In terms of liabilities, the increase in the currency of the balance sheet was mainly due to the growth in the item "Retained earnings (uncovered loss)". Over the past period, the growth of this article amounted to 5,406.00 million euro. (In percentage terms, its growth was 15.18 percent.). Thus, at the end of the analyzed period, the value of the article "Retained earnings (uncovered loss)" was established at the level of 41,027.00 million euro.

Considering the change in BMW's own capital, it can be seen that its value over the analyzed period has increased. As of December 31, 2015, the value of the company's equity capital was 52,124.00 million euro. (30.23% of total liabilities).

The share of liabilities in aggregate sources of formation of assets for the analyzed period has slightly increased. As of December 31, 2015, the aggregate amount of long-term and adjusted short-term liabilities of the enterprise amounted to 120,284.00 million euro. (69.77% of total liabilities). The increase in the company's borrowed funds leads to an increase in the degree of its financial risks and may adversely affect its financial stability.

Considering the change in the reserves of the enterprise and undistributed profit, it can be noted that for the analyzed period their total value increased by 5,406.00 million euro. And amounted to 41,027.00 million euro. The change in reserves was 0.00 million euro, and retained earnings amounted to 5,406.00 million euro. In general, this can be called a positive trend, as the increase in reserves, funds and retained earnings can speak about the effective operation of the enterprise.

In the general structure of liabilities, the amount of capital and reserves (Section III of the balance sheet), which as of 31.12.2014 was 38,282.00 million euro, increased by 5,429.00 million euro. (The rate of growth was 14.18%), and as of 31.12.2015 its value was 43 711.00 million euro. (25.39% of the total structure of property). To the greatest extent this change was due to the growth of the article "Retained earnings (uncovered loss)" - by 5,406.00 million euro.

As of 31.12.2015, long-term liabilities exceed short-term liabilities by 7,822.00 million euro, which indicates a good financial stability of the enterprise and, possibly, a future increase in the company's turnover in the event that long-term liabilities are aimed at expanding the fleet of equipment and production volumes. It is necessary to compare the above-described factors and to conduct a more in-depth analysis.

Long-term liabilities, the value of which as of December 31, 2014 was 58,505.00 million euro, increased by 5,548.00 million euro. (The growth rate was 9.48%), and as of December 31, 2015 its value was 64,053.00 million euro. (37.2% of liabilities).

The greatest influence on the increase in long-term liabilities was the growth of the article "Borrowed funds". Over the past period, the growth of this article amounted to 5,217.00 million euro. (In percentage terms - 12.44%), and at the end of the analyzed period, the value of the article 'Borrowed funds' reached 47,171.00 million euro.

The value of short-term liabilities, which as of 31.12.2014 was 58,016.00 million euro, also increased by 6,394.00 million euro. (The growth rate was 11.02%), and as of December 31, 2015 their value was 64 410,00 million euro.

The largest share in the structure of short-term debt obligations as of December 31, 2015 is the item "Other short-term liabilities". At the end of the analyzed period, the amount of arrears under this item is 34,547.00 million euro. (The share in the total value of short-term accounts payable is 53%).

The aggregated balance sheet is constructed by combining homogeneous balance sheet items for the convenience of subsequent analysis.

Table 4 Aggregated balance sheet

Aggregated balance					
Assets	31.12.2014	31.12.2015	Million Euro	Growth rate	%
Fixed assets	97959,00	110343,00	12384,00	12.64%	0,81%
Current assets	56844,00	61831,00	4987,00	8.77%	-0,81%
Stocks and expenses	11089,00	11071,00	-18,00	-0.16%	-0,73%
Short-term accounts receivable	27645,00	33310,00	5665,00	20.49%	1,49%
Cash and short-term financial investments	13072,00	12757,00	-315,00	-2.41%	-1,03%
Other current assets	5038,00	4693,00	-345,00	-6.85%	-0,53%
Balance	154803,00	172174,00	17371,00	11.22%	0,00%
liabilities					
Equity	46441,00	52124,00	5683,00	12.24%	0,27%
Long-term liabilities	58505,00	64053,00	5548,00	9.48%	-0,59%
Loans and credits	41954,00	47171,00	5217,00	12.44%	0,30%
Other long-term liabilities	16551,00	16882,00	331,00	2%	-0,89%
Short-term liabilities	50074,00	56231,00	6157,00	12.3%	0,31%
Loans and credits	12245,00	13718,00	1473,00	12.03%	0,06%
Accounts payable	7876,00	7966,00	90,00	1.14%	-0,46%
Other short-term liabilities	29953,00	34547,00	4594,00	15.34%	0,72%
Balance	155020,00	172408,00	17388,00	11.22%	-0,00%

Source: Own computation are based on prior BMW group annual reports

Table 5 Change of the report on financial results in the reporting period in comparison with the base period

Change in the statement of financial results					
Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate	%
Income and expenses for ordinary activities					
Revenues	80 401,00	92 175,00	11 774,00	14,64%	0,00%
Cost of sales	-63 396,00	-74 043,00	-10 647,00	16,79%	-1,48 %
Gross profit (loss)	17 005,00	18 132,00	1 127,00	6,63%	-1,48 %
Commercial expenses	-7 892,00	-8 633,00	-741,00	9,39%	0,45%
Managerial expenses	0,00	0,00	0,00	0	0,00%
Profit (loss) from sales	9 113,00	9 499,00	386,00	4,24%	-1,03 %
Other income and expenses					
Income from participation in other organizations	5,00	94,00	89,00	1 780,00%	0,10%
Interest income	0,00	0,00	0,00	0	0,00%
Percentage to be paid	-306,00	-297,00	9,00	-2,94 %	0,06%
Other income	0,00	0,00	0,00	0	0,00%
Other expenses	-105,00	-72,00	33,00	-31,43 %	0,05%
Profit (loss) before taxation	8 707,00	9 224,00	517,00	5,94%	-0,82 %
Change in deferred tax assets	0,00	0,00	0,00	0	0,00%
Change in deferred tax liabilities	0,00	0,00	0,00	0	0,00%
Current income tax	-2 890,00	-2 828,00	62,00	-2,15 %	0,53%
Net profit (loss) for the reporting period	5 817,00	6 396,00	579,00	9,95%	-0,30 %
Aggregate financial result of the period	0,00	0,00	0,00	0	0,00%
Basic profit (loss) per share	0,00	0,00	0,00	0	0,00%
Diluted profit (loss) per share	0,00	0,00	0,00	0	0,00%

Source: Own computation are based on prior BMW group annual reports

Table 6 Changes in the indicators of financial and economic activity in the reporting period in comparison with the base period

Change in indicators of financial and economic activity				
Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate
1. Sales volume	80 401,00	92 175,00	11 774,00	14,64%
2. Revenue from sales	9 113,00	9 499,00	386,00	4,24%
3. EBITDA	9 113,00	9 499,00	386,00	4,24%
4. Net profit	5 817,00	6 396,00	579,00	9,95%
5. Profitability of sales, %	11,33%	10,31%	-1,03 %	-9,08 %
6. Net assets	41 904,00	47 890,00	5 986,00	14,29%
7. Net assets turnover, %	191,87%	192,47%	0,60%	0,31%
8. Profitability of net assets, %	20,78%	19,26%	-1,52 %	-7,30 %
9. Equity	46 441,00	52 124,00	5 683,00	12,24%
10. Profitability of equity capital, %	12,53%	12,98%	0,45%	3,61%
11. Credits and loans	54 199,00	60 889,00	6 690,00	12,34%
12. Financial leverage	233,80%	230,77%	-3,03 %	-1,30 %
13. Reinvested earnings	0,00	0,00	0,00	0
14. Coefficient of reinvestment	0,00	0,00	0,00	0
15. The economic growth of the enterprise	0,00	0,00	0,00	0
16. Amount of interest for loans	0,00	0,00	0,00	0
17. Weighted average cost of capital	0,00%	0,00%	0,00%	0

Source: Own computation are based on prior BMW group annual reports

From table 6 the proceeds from the sale of the company in comparison with the base period increased (from 80,401.00 million euro as of December 31, 2014 to 92,175.00 million euro as of December 31, 2015). For the analyzed period, the change in sales volume amounted to 11,774.00 million euro. The growth rate was 14.64 percent.

The gross profit as of December 31, 2014 was 17,005.00 million euro. For the analyzed period, it increased by 1,127.00 million euro, which should be regarded as a positive moment, and as of December 31, 2015 was 18,132.00 million euro.

The sales profit as of December 31, 2014 was 9,113.00 million euro. For the analyzed period, it, in the same way as gross profit, increased by 386.00 million euro. And as of 31.12.2015 the sales profit was 9,499.00 million euro, and, like gross profit, it remained at the same level.

It should be noted the high level of commercial and managerial expenses in the structure of the report on financial results of the organization. At the beginning of the analyzed period, their share was 12.45% of the cost of sales, and at the end of the period - 11.66% of the cost of goods sold, products, works, services.

The indicator of a decrease in the efficiency of the company's activities can be called a higher growth in production costs relative to revenue growth. The growth in production costs, while revenue increased by 14.64%, amounted to 16.79%.

Negative point is the presence of losses under the section "Other income and expenses". As of December 31, 2015, the balance under the section was set at -275.00 million euro. In addition, there is a negative trend - for the period from 31.12.2014 to 31.12.2015 the balance under the section "Other income and expenses" decreased by 65.00 million euro.

As can be seen from the table No. 9, the net profit for the analyzed period increased by 579.00 million euro. And as of 31.12.2015 it was established at the level of 6,396.00 million euro. (The growth rate was 9.95%).

Considering the dynamics of the indicators of financial and economic activities of BMW, special attention should be paid to the profitability of net assets and the weighted average cost of capital.

For successful development of activities, it is necessary that the profitability of net assets is higher than the weighted average cost of capital, then the enterprise is able to pay not only interest on loans and declared dividends, but also reinvest part of the net profit in production.

4.2 The analysis of changes in the financial stability

Table 7 The analysis of changes in the financial stability indicators of BMW in absolute terms for the whole period under review

Analysis fin. stability according to abs. indicators - changes				
Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate
1. Sources of own funds	46 441,00	52 124,00	5 683,00	12,24%
2. Fixed assets	97 959,00	110 343,00	12 384,00	12,64%
3. Sources of own circulating assets for formation of stocks and expenses	-51 518,00	-58 219,00	-6 701,00	-13,01 %
4. long term liabilities	58 505,00	64 053,00	5 548,00	9,48%
5. Sources of own funds adjusted for the amount of long-term borrowed funds	6 987,00	5 834,00	-1 153,00	-16,50 %
6. Short-term loans and borrowings	12 245,00	13 718,00	1 473,00	12,03%
7. Total amount of sources of funds taking into account long-term and short-term borrowed funds	19 232,00	19 552,00	320,00	1,66%
8. The amount of reserves and costs in the balance sheet asset	11 089,00	11 071,00	-18,00	-0,16 %
9. Surplus of sources of own circulating assets	-62 607,00	-69 290,00	-6 683,00	-10,67 %
10. Surplus of sources of own funds and long-term borrowed sources	-4 102,00	-5 237,00	-1 135,00	-27,67 %
11. The surplus of the total value of all sources for the formation of reserves and costs	8 143,00	8 481,00	338,00	4,15%
12. The 3-rd complex indicator (S) of the financial situation				
12.1. S1	-	-	0,00	0
12.2. S2	-	-	0,00	0
12.3. S3	+	+	0,00	0
Financial stability of the enterprise	The unstable state of the enterprise is permissible	The unstable state of the enterprise is permissible	0,00	0

Source: Own computation are based on prior BMW group annual reports

Table 8 The analysis of financial stability indicators for the whole period under consideration

Analysis of financial stability by absolute indicators		
Indicators	31.12.2014	31.12.2015
1. Sources of own funds	46 441,00	52 124,00
2. Fixed assets	97 959,00	110 343,00
3. Sources of own circulating assets for formation of stocks and expenses	-51 518,00	-58 219,00
4. long term liabilities	58 505,00	64 053,00
5. Sources of own funds adjusted for the amount of long-term borrowed funds	6 987,00	5 834,00
6. Short-term loans and borrowings	12 245,00	13 718,00
7. Total amount of sources of funds taking into account long-term and short-term borrowed funds	19 232,00	19 552,00
8. The amount of reserves and costs in the balance sheet asset	11 089,00	11 071,00
9. Surplus of sources of own circulating assets	-62 607,00	-69 290,00
10. Surplus of sources of own funds and long-term borrowed sources	-4 102,00	-5 237,00
11. The surplus of the total value of all sources for the formation of reserves and costs	8 143,00	8 481,00
12. The 3-rd complex indicator (S) of the financial situation		
12.1. S1	-	-
12.2. S2	-	-
12.3. S3	+	+
Financial stability of the enterprise	The unstable state of the enterprise is permissible	The unstable state of the enterprise is permissible

Source: Own computation are based on prior BMW group annual reports

Carrying out the analysis of the type of financial stability of the enterprise in absolute terms and based on the three-fold index of financial stability, the stability of the property position of the company is noticeable in dynamics.

Analysis of financial stability by relative indicators, presented in Table 8, indicates that, in comparison with the base period (December 31, 2014), the situation on BMW remained generally at the same level.

The indicator "The coefficient of autonomy" for the analyzed period remained at the same level and as of December 31, 2015 was 0.3. This is below the normative value (0.5), at which the borrowed capital can be compensated by the property of the enterprise. The indicator "Debt and equity ratio (financial lever) ratio" for the analyzed period decreased by 0.03 and as of 31.12.2015 was 2.31. The more this coefficient exceeds 1, the greater the dependence of the company on borrowed funds. The permissible level is often determined by the operating conditions of each enterprise, primarily the rate of turnover of current assets. Therefore, in addition it is necessary to determine the rate of turnover of material current assets and receivables for the analyzed period. If the accounts receivable turns out to be faster than current assets, this means a fairly high intensity of receipt of funds to the enterprise, that is, as a result, an increase in own funds. Therefore, with a high turnover of material working capital and even higher turnover of receivables, the ratio of equity to borrowed funds can far exceed 1

The indicator "Ratio of mobile and immobilized funds" for the analyzed period decreased by 0.02 and as of December 31, 2015 was 0.56. The ratio is defined as the ratio of mobile assets (the result for the second section) and long-term receivables to immobilized funds (non-current assets adjusted for long-term receivables). The normative value is specific for each individual industry, but other things being equal, the increase in the coefficient is a positive trend.

The indicator "Coefficient of maneuverability" for the analyzed period decreased by 0.01 and as of December 31, 2015 was -0.5. This is below the standard value (0.5). The coefficient of maneuverability characterizes what proportion of sources of own funds are in mobile form. The normative value of the indicator depends on the nature of the enterprise's activity: in the capital-intensive industries its normal level should be lower than in the material-intensive ones. At the end of the analyzed period, LLC "BMW" has a light asset

structure. The share of fixed assets in the balance sheet currency is less than 40 percent. Thus, the enterprise cannot be classified as asset-intensive production.

The indicator "Coefficient of provision of reserves and expenses by own funds" for the analyzed period decreased by 0.1 and as of December 31, 2015 was 0.53. This is below the normative value (0.6-0.8). The enterprise lacks its own funds for the formation of reserves and costs, which was also shown by the analysis of financial stability indicators in absolute terms. The ratio is equal to the ratio of the difference between the sum of sources of own circulating assets, long-term loans and non-current assets to the amount of reserves and costs.

4.3 Analysis of liquidity

Table 9 Analysis of liquidity balance by relative indicators

Analysis of liquidity balance by relative indicators		
Indicators	31.12.2014	31.12.2015
Absolute liquidity ratio	0,26	0,23
The coefficient of intermediate (fast) liquidity	0,81	0,82
Coefficient of current liquidity	0,91	0,90
Coefficient of coverage of working capital by own sources of formation	0,12	0,09
Coefficient of restoration (loss) of solvency		0,45

Source: Own computation *are based on prior BMW group annual reports*

As can be seen from Table 9, the absolute liquidity ratio at both the beginning and the end of the analyzed period (31.12.2014 - 31.12.2015) is above the normative value (0.2), which indicates that the enterprise is fully provided with funds for the timely repayment of the most urgent obligations due to the most liquid assets. At the beginning of the analyzed period, as of December 31, 2015, the absolute liquidity ratio was 0.26. At the end of the analyzed period, the value of the indicator fell to 0.23.

The coefficient of intermediate (fast) liquidity shows how much of the short-term debt can be repaid at the expense of the most liquid and fast-selling assets. The normative

value of the indicator is 0.6-0.8 means that current liabilities should be covered by 60-80 percent due to quick assets. At the beginning of the analyzed period (as of December 31, 2014), the value of the fast (intermediate) liquidity indicator was 0.81. As of December 31, 2015, the value of the indicator has increased, which can be regarded as a positive trend, and amounted to 0.82.

The ratio of current liquidity to both the beginning and the end of the analyzed period (31.12.2014 - 31.12.2015) is below the normative value of 2, which indicates that the value of the coefficient is rather low and the enterprise is not fully provided with own funds for conducting economic activities And timely repayment of urgent obligations. At the beginning of the analyzed period - as of 31.12.2014 the value of the current liquidity indicator was 0.91. At the end of the analyzed period, the value of the indicator decreased and was 0.9

Since at the end of the analyzed period the current liquidity ratio is below its normative value of 2, and the Coefficient of coverage of working capital by own sources of formation is below its own (0.1), the recovery factor of the enterprise's solvency is calculated. The indicator of restoration of solvency indicates whether the company will be able to restore it in the next six months if there is a loss of solvency in the current dynamics of the change in the current liquidity indicator. At the end of the period, the value of the indicator was set at 0.45, which indicates that the company will not be able to restore its solvency, since the indicator is less than one.

Table 10 The analysis of indicators of business activity (in days) for the analyzed period

<i>The analysis of indicators of business activity (in days) Changes</i>				
Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate
Calculation of the pure cycle				
Period of turnover of inventories, days	50,34	43,88	-6,47	-12,84 %
Period of accounts receivable turnover, days	125,50	120,69	-4,81	-3,84 %
Period of turnover of other current assets, days	22,87	19,27	-3,60	-15,76 %
Expenditure cycle, days	198,71	183,83	-14,89	-7,49 %

Period of turnover of accounts payable, days	35,76	31,37	-4,39	-12,28 %
Period of turnover of other current liabilities, days	135,98	127,71	-8,27	-6,08 %
Credit cycle, days	171,73	159,07	-12,66	-7,37 %
Net cycle, days	26,98	24,76	-2,22	-8,24 %

Source: Own computation are based on prior BMW group annual reports

Table 11 The analysis of indicators of business activity (in turnover) for the analyzed

Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate
Inventory turnover	7,25	8,32	1,07	14,74%
Turnover of receivables	2,91	3,02	0,12	3,99%
Turnover of other current assets	15,96	18,94	2,99	18,71%
Turnover of accounts payable	10,21	11,64	1,43	13,99%
Turnover of other short-term liabilities	2,68	2,86	0,17	6,48%

Source: Own computation are based on prior BMW group annual reports

A sign of fictitious (deliberate) bankruptcy is the availability of the debtor's ability to satisfy the creditors' claims in full, as of the date of the debtor's application to the arbitration court with a declaration of recognition as insolvent (bankrupt).

To establish the presence or absence of signs of fictitious (deliberate) bankruptcy, the values and dynamics of the coefficients characterizing the solvency of the debtor calculated for the period under study are analyzed. As the main indicators determining the solvency of the debtor, the coefficients reflected in Table 12

Table 12 The indicator of the security of the debtor's short-term liabilities with his current assets in a number with other indicators used in determining the signs of fictitious (deliberate) bankruptcy

Indicators	31.12.2014	31.12.2015	Million Euro	Growth rate
Absolute liquidity ratio	0,26	0,23	-0,03	-13,10 %
The indicator of the value of the most liquid current assets	13 072,00	12 757,00	-315,00	-2,41 %
Indicator of current liabilities	50 074,00	56 231,00	6 157,00	12,30%
Coefficient of current liquidity	0,91	0,90	-0,01	-1,21 %

The ratio of the value of liquid assets	45 755,00	50 760,00	5 005,00	10,94%
The indicator of the security of the company's liabilities of assets	1,35	1,36	0,02	1,14%
The indicator of the value of the adjusted non-current assets	97 595,00	109 979,00	12 384,00	12,69%
Coefficient of solvency for current liabilities	7,47	7,32	-0,15	-2,05 %

Source: Own computation are based on prior BMW group annual reports

Table 13 Signs of fictitious (deliberate) bankruptcy

Indicators	31.12.2014	31.12.2015
Absolute liquidity ratio	0,26	0,23
The indicator of the value of the most liquid current assets	13 072,00	12 757,00
Indicator of current liabilities	50 074,00	56 231,00
Coefficient of current liquidity	0,91	0,90
The ratio of the value of liquid assets	45 755,00	50 760,00
The indicator of the security of the company's liabilities of assets	1,35	1,36
The indicator of the value of the adjusted non-current assets	97 595,00	109 979,00
Coefficient of solvency for current liabilities	7,47	7,32

Source: Own computation are based on prior BMW group annual reports

The indicators reflected in Tables 12 and 13 were calculated taking into account the requirements of the Government Decision No. 367 'On Approval of Rules for Conducting Financial Analysis by an Arbitrator'.

Absolute liquidity ratio

As can be seen from the table, both at the beginning and at the end of the analyzed period, (December 31, 2014), the absolute liquidity indicator is above the norm (more than 0.2), which indicates the sufficiency of funds on BMW accounts. However, it should be noted that in the reporting period there is a tendency to deterioration of the indicator, in comparison with the base period. As of December 31, 2015, the value of the indicator decreased by -0.03 and was 0.23

Current ratio

The ratio of current liquidity to both the beginning and the end of the analyzed period (31.12.2014 - 31.12.2015) is below the normative value of 2, which indicates that the value of the coefficient is rather low and the enterprise is not fully provided with own funds for conducting economic activities and timely repayment of current liabilities. At the beginning

of the analyzed period - as of 31.12.2014 the value of the current liquidity indicator was 0.91. At the end of the analyzed period, the value of the indicator decreased and was 0.9

The indicator of the security of the company's liabilities of assets
The indicator of the security of the company's liabilities of assets characterizes the value of the company's assets per unit of debt, and is defined as the ratio of the amount of liquid and adjusted non-current assets to the company's liabilities. Based on the calculations performed (Table No. 22), it can be seen that: the value of the indicator for the analyzed period has changed. As of December 31, 2014, the value of the indicator was at the level of 1.36. For the analyzed period, the indicator increased by 0.02 and its value was 1.36.

Coefficient of solvency for current liabilities

Assessing the dynamics of the solvency ratio on current liabilities, table No. 22 shows that it has declined. As of December 31, 2014, the value of this indicator was 7.47, and as of December 31, 2015 decreased by -0.15 and was 7.32

5 Conclusion

Thus, following the results of the work, we can formulate the following main conclusions.

Under the market economy, the very concept of business is changing. Any type of economic activity begins with the investment of money and ends with a result that has a monetary value. It is common for all enterprises to achieve the planned use of the selected resources in order to create, after some time, a reasonable market value capable of covering all the resources expended and providing an acceptable level of income.

In this regard, only a financial analysis is able in a complex to investigate and evaluate all aspects and results of cash flows, the level of relationships associated with cash flows, as well as the possible financial condition of the enterprise. Financial analysis can be used as a tool to justify short-term and long-term economic decisions, as a means of assessing the quality of management, as a way of predicting future results.

The purpose of financial analysis is to obtain the most informative, key parameters that give an objective and most accurate picture of the financial condition and financial performance of the enterprise.

Financial analysis allows not only to assess the state of the company, but also to predict its further development.

Selection of the analyzed indicators. To determine what indicators, need to be calculated, it is necessary first to analyze the company's strategy and the goals that it wants to achieve. Then the coefficients to be calculated are determined, and their normative values are established. This work is traditionally performed within the framework of the project of setting up management accounting, budgeting or the system Balanced indicators. If the set of indicators is mechanically taken from the financial textbook, then such a financial analysis will not ensure the achievement of the set goals in full.

The frequency of financial analysis is dependent on the requirements of top management, as well as with the capabilities of the company itself to collect data for management reporting. As for the bulk of domestic firms, management accounting data are based on accounting data, it makes sense for them to conduct a financial analysis once a quarter simultaneously with summarizing the results.

In this paper, a financial analysis of the company BMW

Carrying out the analysis of the type of financial stability of the enterprise in absolute terms and based on the three-fold index of financial stability, the stability of the property position of the company is noticeable in dynamics.

Analysis of financial stability by relative indicators, presented in Table 8, indicates that, in comparison with the base period (December 31, 2014), the situation on BMW remained generally at the same level.

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7 Appendix

Bookkeeping balance sheet as of 31 December 2015 (Euro)

	2015	2014	2013	2012
	31 December	31 December	31 December	31 December
Total current assets	61831	56844	52184	50541
Cash and short-term financial investments	12757	13072	13230	12986
Cash	-	-	-	-
Cash and cash equivalents	6122	7688	7671	8374
Short-term financial investments	6635	5384	5559	4612
Total accounts receivable, net	33310	27645	25101	24114
Accounts receivable - trade, net	30929	25739	23950	23148
Total Inventories	11071	11089	9595	9732
Future expenses	-	-	-	-
Other current assets, total	4693	5038	4258	3709
Total assets	172174	154803	138377	131839
Fixed assets, total - net	52724	47347	41082	37844
Fixed assets, total - gross	92363	84060	75351	71348
Accumulated depreciation, total	-39639	-36713	-34269	-33495
Goodwill, net	364	364	369	369
Intangible assets, net	7008	6135	5810	4838
Long-term financial investments	4869	3520	3784	3201
Bills receivable - long-term	41865	37438	32616	32309
Other long-term assets, total	3513	3155	2532	2737
Other assets, total	-	-	-	-
Total current liabilities	65591	59078	51134	49380
Accounts payable	7966	7876	7712	6437

Accounts payable / accrued	-	-	-	-
Accumulated costs	3945	3405	3026	-
Bills for payment / short-term debt	5415	5599	6292	-
Current portion of long-term borrowings / Capitalized lease	34547	29953	24136	30412
Other short-term liabilities, total	13718	12245	9968	12531
Total liabilities	129644	117583	102965	101374
Total long-term debt on loans and borrowings	47171	41954	38773	39095
Long-term loans and borrowings	47171	41954	38773	39095
Obligations under finance leases	-	-	-	-
Other borrowed funds	87133	77506	69201	69507
Long-term liabilities for deferred income tax	2116	1988	2475	2094
Non-controlling interest in subsidiaries	234	217	188	107
Other liabilities, total	14532	14346	10395	10698
Total share capital	42530	37220	35412	30465
Redeemable preference shares, total	-	-	-	-
Non-redeemable preference shares, net	-	-	-	-
Ordinary shares	657	656	656	656
Added capital	2027	2005	1990	1973
Undistributed profit (uncovered loss)	41027	35621	33122	28510
Own shares redeemed from shareholders, at cost of acquisition	-	-	-	-
The right of employees to receive company shares (ESOP)	-	-	-	-
Unrealized income (loss)	24	141	135	108
Other own funds	-1205	-1203	-491	-782
Total liabilities and equity	172174	154803	138377	131839
Ordinary shares in circulation, total	656.8	656.49	656.25	655.99
Preference shares in circulation, total				

	2015	2014	2013	2012
	31 December	31 December	31 December	31 December
Total revenue	92 175	80 401	76 059	76 848
Revenues	92 175	80 401	76 059	76 848
Other income	-	-	-	-
Value of income	74 043	63 396	60 791	61 354
Gross profit	18 132	17 005	15 268	15 494
Total Operating expenses	82 582	71 283	68 081	68 573
Sale / Administrative Expenses, total	8 633	7 892	7 257	7 032
Research and development	-	-	-	-
Depreciation	-	-	-	-
Interest expenses (income)	- 12	23	- 22	1
Unusual expenses (income)	- 101	- 20	- 2	- 3
Other operating expenses, total	19	- 8	57	189
Operating income	9 593	9 118	7 978	8 275
Interest income (expenses), non- operating, net	- 297	- 306	- 73	- 398
Profit (loss) from sale of assets	-	-	-	-
Other income, net	- 72	- 105	- 12	- 74
Net income before taxes	9 224	8 707	7 893	7 803
Deductions for payment of taxes	2 828	2 890	2 564	2 692
Net Income after taxes	6 396	5 817	5 329	5 111
Minority interest	- 27	- 19	- 26	- 26
Shares in branches	-	-	-	-
Recalculation according to generally accepted accounting principles of the USA	-	-	-	-
Net profit before deduction of extraordinary items	6 369	5 798	5 303	5 085

Emergency Articles	-	-	-	-
Net profit	6 369	5 798	5 303	5 085
Adjustment of net profit	-	-	-	-
Profit on ordinary shares, excluding extraordinary items	6 369	5 798	5 303	5 085
Adjustment for dilution of share capital	-	-	-	-
Diluted profit	6 369	5 798	5 303	5 085
Diluted weighted average number of shares outstanding	656.49	656.25	655.99	655.57
Earnings per share after an additional issue other than extraordinary items	42 925	30 529	42 955	27 942
The number of dividends per each ordinary share	42 769	42 980	42 888	42 857
Normalized earnings per share after additional issue	21 794	29 799	42 955	27 576