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### Company Case Study Form (WP3, Deliverable 3.1)

#### Explanation:

According to the Letters of Intent by the Associated Industry Partners, each university will be provided with **one practical company case study** for the courses which will start in the academic year 2019/2020.

#### Next steps:

- 1) Each university should **choose one course** for which it develops a case study together with a company representative (e.g. a practical problem/issue which companies in this area are facing and on which the students will work – supervised by their lecturer).
- 2) Please fill in the form below

**Please note:** In case a company case study is developed for a course, only one additional assignment is required (see course package form, section 8).

#### General information:

<b>Title of the course (as specified in the reformed curriculum)</b>	Financial management
<b>Name of the teacher</b>	Busmachiu Eugenia, Academy of Economic Studies Ana Vircolici, Ministry of Finance
<b>Title of the case study</b>	<b>Analysis of financial statements, bankruptcy and fiscal risks the state own enterprise (SOE) (based on data of JSC CET NORD; <a href="http://cet-nord.md/ro/">http://cet-nord.md/ro/</a>)</b>

<b>Company with which the case study was developed</b>	Ministry of Finance, Analysis and Regulations of State Assets Directorate.
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## Practical case study:

Explanation: Please outline the practical case study that the students are going to work on.

### 1. Introduction of the case / problem:

Financial statements are records that can provide indications of the financial health of a company. Accurate financial records are necessary to keep track of financial warning signals such as extremely high expenses, high levels of debt or a poor record of collecting bills. State Own Enterprises (SOE) often have specific procedures for gathering, verifying and reporting financial information.

#### The research question:

***What are the major reasons for increase/decrease in different ratios in last two years and their overall impact on performance of the SOE? How can management and owners of the company explore bankruptcy risks of selected company?***

Our case study instructs students about methods they can apply to assess company financial stability and to determine and interpret key financial ratios, bankruptcy risk using financial performance indicators and z-score risk models. Students must calculate the financial ratios and to use common sense and sound judgment throughout the analysis.

The models constructed belong to the Z-scoring produce a value (the Z score) that is used to estimate the financial risk and the solvability of a company, and could be applied for SOEs.

#### Learning outcomes of the case study:

- Students will be able to compute and interpret the financial ratios;
- Students will be able to analyse key financial ratio and managerial issues in a particular industry of SOE and propose appropriate managerial solutions to the situation;
- interpret basic descriptive and financial results during practical sessions and a final exam;
- lead into elaboration of a concise paper reporting on case study and explaining the results of financial analyses and bankruptcy risk assessment;
- apply excel knowledge for making calculations and elaborate the bankruptcy model.

### 2. Assignment / task for the students:

Students will work on the assignment collaboratively in groups of four students (Students select their teammates) . Each group will work on data of the SOE selected company. Students will download the relevant financial data from the SOE websites of the SOE<sup>1</sup>, they will perform ratio analysis, and elaborate bankruptcy risk model.

Under teacher supervision, each team (4-6 students) will perform the case study approach report following the structure, requirements and deadline. The set of enquiries that required teams to search for, analyze, and synthesize information, apply the appropriate learning theory, and come up with a viable solution to the problem are presented below:

#### Case study requirements:

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<sup>1</sup> (Ex. <http://cet-nord.md/ro/>; <http://cet-nord.md/ro/station# Toc448329809> see Appendix 1)

I. The introduction of the case study:

- *Introduce the business, industry or project that is represented in the study*
- *Describe the issue or the problem that the company is facing.*

II. SOE and industry overview

III. Financial statement analyses

- leverage ratios*: to measure the extent to which the company's assets are financed with debt;
  - liquidity ratios*: to measure the company's ability to pay its bills;
  - profitability ratios*: to measure the company's ability to generate earnings;
  - efficiency ratios*: to measure the company's ability to utilize its assets;
  - market value ratios*: to measure the market perception about the company's future prospects.
- IV. Use z- score analyses conceptual model (Altman Model) in order to predict bankruptcy risk and solvability of the SOE and creating Excel sheets.
- V. Formulate limits, conclusion and recommendations based on the results.
- VI. Source of data for analyses:  
<http://www.statistica.md/>, <https://www.cnpf.md/ro/emitenti-de-valori-mobiliare6346.html>, <http://cet-nord.md/ro/>
- VII. Source of data for risk analyses methodologies based on Altman Model: description and formulas: <http://www.jopaf1.com/uploads/CONTROVERSIES-REGARDING-THE-UTILIZATION-OF-ALTMAN-MODEL-IN-ROMANIA.pdf>
- VIII. Additional data: Number of ordinary shares: 11, 707.430; nominal value: 10 MDL per share; 1 Euro at December 31, 2016=20.89 MDL; 1 Euro at December 31, 2017=20.41MDL

**Task for the students:**

Based on the financial analyses outcomes the students will write a memo of 1-2 pages, and will emphasize main case study results based on the financial ratios according to the given structure.

As a result of z-score model calculations, they will evaluate the bankruptcy and tax risks impact on the state budget revenues. In the conclusion and recommendation chapter of the case study will be presented solutions and recommendations.

**Assessment:**

**Evaluation team:** Teacher responsible for the course and two students. The final mark is based on the average of three evaluation forms. (Teacher and students).

**II. Case study writing memo evaluation form (80%):**

Criteria	Max points	Evaluators points
Business Description	5	
Industry Overview & Competitive Positioning	15	

Financial analyses approaches and risk models methodologies summary	20	
Financial Analysis	30	
Bankruptcy Risks	20	
Conclusion and recommendation	10	
<b>Total</b>	<b>100</b>	

## **II. Oral Presentation Scoring Sheet (20%)**

Criteria	Maximum Points	Points Notes
<b>Financial Analysis</b> How thorough was their analysis of the industry, State Own Enterprise?	25	
<b>Risk assessment</b> Were the risk assessment methodologies appropriate and detailed?	25	
<b>Presentation</b> How effective/convincing was their presentation? Was it logical and did the facts support the recommendation?	20	
<b>Question &amp; Answer</b> Were they able to answer the questions effectively and with confidence?	15	
<b>Team Involvement</b> Team involvement in the presentation/questions and answers.	5	
<b>Materials</b> Quality of slides	5	
Total	100	

### **Scale assessment:**

Score (I+II)/2	0-14	15-24	25-34	35-49	50-54	55-64	65-74	75-84	85-94	95-100
Mark	1	2	3	4	5	6	7	8	9	10