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Company Case Study Form (WP3, Deliverable 3.1)

General information:

Title of the course (as specified in the reformed curriculum)	Corporate Finance
Name of the teacher	Maria COJOCARU
Title of the case study	Financial analysis for making financial decisions
Company with which the case study was developed	Purcari Wineries Plc

Practical case study:

1. Introduction of the case / problem:

This case study will be analysed at the seminars (5 – 6 weeks).

Objectives:

1. Identification, selection, use and interpretation of information in order of taking financial decisions (Topic 3)
2. Reading Financial Statements. Financial rates analysis for determining the debt possibilities (Topic 4).
3. 3. Make financial decisions under conditions of collaboration within a professional group.
4. 4. Relationships with financial institutions.

Case Scenario:

1. At the seminar the students are communicated the objectives of the case study and a brief training is given.
2. The students are divided into 4 groups, of which 2 groups will act as the team of the company, others 2 - as representatives of the bank. 4 types of candies are proposed for the formation of the student groups. Each student chooses a single candy. Those who chose the same candy form a group of students. Subsequently, a representative from each group will choose an envelope, in which he will write: Company 1 and Company 2 or Bank 1 or Bank 2.
3. Then 10 minutes are given to determine a list of information needed to solve a case study. Each student will write a list; after which they will analyze it within the group. Later they will exchange information between the 2 groups of students representing the Company / Bank. The teacher will intervene here to materialize and elucidate some vagueness and guide the students to make a correct choice. Through this exercise it is possible to evaluate the students' knowledge of topic 3.
4. Case analysis and group discussions on the relevance of information for analysis.
5. The students will continue the work on the case study and outside the seminar hours.
6. The presentation of the solutions by each group will be done at the next seminar.
7. Company Group 1 will negotiate financing with Bank Group 1, and Company Group 2 with Bank Group 2.

2. Assignment / task for the students:

The management of the Purcari Wineries Plc, after analyzing the market, developed a plan for the further development of the corporation, in which a loan to A-Bank is planned for the near future. To do this, the corporation management plans to conduct an analysis of the financial condition based on consolidated statements (Consolidated balance sheet and Consolidated statement of profit and loss are available on:

https://purcari.wine/static/projects/purcari.wine/dist/pdf/Purcari_2018_RO.pdf).

Purcari Wineries Plc ("Purcari", "Group", or "Company") is one of the largest wine groups in the Central and Eastern Europe (CEE) region. The Group manages over 1,000 hectares of vineyards and operates four production platforms in Romania and Moldova, three of which are dedicated to wine production using grapes from own vineyards and from thirdparty suppliers and one dedicated to brandy production. In December 2018, the Group had over 600 employees in its four production platforms. The Group is the leader in the premium wine segment in Romania, with a 30% segment share, and the largest wine exporter from Moldova, delivering to over 40 countries in Europe (Poland, the Czech Republic, Slovakia,

Ukraine, Scandinavian countries, UK, etc.), in Asia (China, Japan, South Korea) and in America (Canada and USA).

Founded in 1827, Purcari is the most awarded winery from the CEE region at Decanter London 2015-2018 and among the best ranked on Vivino.

The Company is a public company incorporated and organized under the laws of Cyprus, registered with number HE 201949. The corporate seat of the Company is in 1 Lampousas Street 1095 Nicosia, Cyprus. The Company operates in accordance with Cypriot law, the Memorandum of Association and the Articles of Association. The Company is a holding company for the Group, which comprises three subsidiaries in the wine segment, Vinaria Purcari, Crama Ceptura and Vinaria Bostavan and one subsidiary in the brandy segment, Vinaria Bardar. Vinaria Bardar is held through two other subsidiaries, Vinorum Holdings and West Circle. The Company has also minority participations, through the shares held by Vinaria Purcari in Glass Container Company, the leading Moldovan glass bottle producer and the shares held by Crama Ceptura in Ecosmart Union, a company responsible for recycling management.

3. Task for groups:

1. Make a horizontal and vertical analysis of the balance sheet and profit and loss statement and draw conclusions on the results.
2. Determine what conclusions will be made by the bank's specialists based on the following ratios: liquidity; solvency, business activity (rotation of assets), financial stability.
3. Determining the financing possibilities of the company taking into account the target capital structure: Own capital - 40%; long-term borrowed capital - 40%; current debts - 20%.
4. Based on the calculations, make conclusions about the advisability of attracting borrowed funds of Purcari Wineries Plc.
5. How would the news that Victor Bostan, the founder and executive director of Purcari Wineries (WINE) sold 5% of the wine producer in the Republic of Moldova, on January 27, 2020 influence the decision of the creditors (<https://www.mold-street.com/?go=news&n=9966>)

ASSESSMENT OF THE CASE STUDY

Criteria Grade Scale

A	B	C	D	E
Reasonable and original application of theoretical ideas to the analysis of the current situation, active participation in the development of a collective solution	Adequate application of theoretical ideas to the analysis of the current situation, active participation in the development of a collective solution	Satisfactory application of theoretical ideas to the analysis of the current situation, partial participation in the development of a collective solution	Weak application of theoretical ideas to the analysis of the current situation, delegation of a significant part of the work to other team members	Weak application of theoretical ideas to the analysis of the current situation, unwillingness to work in a team