

BASIC FINANCIAL RATIO ANALYSIS AND IMPLICATION

基礎財務報表比率分析

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An Overview

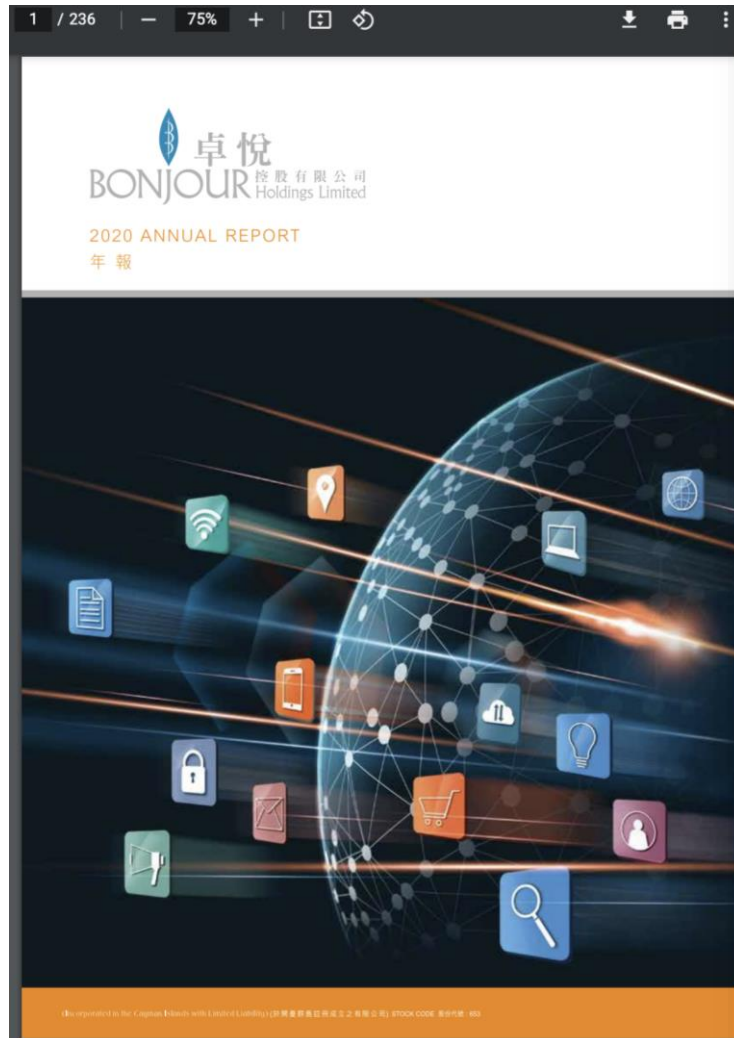
Bonjour's 2020 Annual Report

Ratio Analysis Illustration

- Profitability
- Management Efficiency
- Liquidity
- Solvency
- Investment Appraisal



Bonjour (卓悅) 2020 Annual Report



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公司簡介

Company Profile

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卓悦控股有限公司(「卓悦」或「本集團」)為香港領先美粧及生活消費品連鎖零售集團，於2003年在香港聯合交易所主板上市(上市編號：653)。卓悦現於香港及澳門共設有27間線下零售店，同時在卓悦電商平台、天貓、考拉、京東等44個中國內地及海外網購渠道平台作線上零售，共銷售往34個國家，包括英國、美國、加拿大、澳洲、法國、新加坡等。卓悦亦自設KOL直播間，培育200名銷售人員直播銷售，現時提供9個直播平台帶貨，包括facebook、YouTube、Instagram、BONJOUR GLOBAL、卓悦全球購、卓悦海淘、天貓、考拉、京東。

Bonjour Holdings Limited (“Bonjour” or the “Group”) is one of the most leading retail stores selling beauty and lifestyle products in Hong Kong. It was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2003 (Stock Code: 653). Bonjour is currently operating 27 retail stores in Hong Kong and Macau, with over 44 mainland China and overseas online shopping platforms, including Tmall, Kaola, JD.com, selling to 34 countries including England, USA, Canada, Australia, France and Singapore etc. The Group also establishes KOL live streaming studio and nurtures 200 frontline staffs to have live streaming sales at 9 different platforms, including facebook, YouTube, Instagram, BONJOUR GLOBAL, BONJOUR Quan Qiu Gou, BONJOUR Hai Tao, Tmall, Kaola and JD.com.



Bonjour's 2020 Performance



As of Dec 31, 2020

During Jan 1 – Dec 31, 2020

+ Income 收入

- Expense 支出

= Profit 盈利/ Loss 虧損

Assets 資產	Economic resources => + cash in future
Liabilities 負債	Present obligations => - Cash in future
Equity 股東權益	= Assets - Liabilities

Revenue/Turnover Recognition (收入確認) Principle:

Companies recognize revenue when the performance obligation (delivery of goods) is satisfied.

Expense Recognition (支出確認) Principle: Companies recognize expenses when there are outflows or “using up” of resources as a result of conducting its business activities.

Bonjour's Consolidated Financial Statements

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合財務狀況表

Consolidated Statement of Financial Position

綜合權益變動表

Consolidated Statement of Changes in Equity

綜合現金流量表

Consolidated Statement of Cash Flows

GROUP
集團

A parent company (母公司)

E.g., Cathay Pacific 國泰

Its subsidiaries (子公司/附屬機構)

E.g., HK Express 香港快運



Consolidated financial statements aggregate the financial statements of a parent and its subsidiaries

→ Reveal the overall health of an **entire group** (集團) as opposed to each company's standalone (單獨) position.

綜合損益表

截至二零二零年十二月三十一日止年度

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

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二零二零年
2020
千港元
HK\$'000

Income 收入

- Turnover
- Other income

Expense 支出

- Cost of goods sold
- Distribution / Administrative / ... expense
- Finance costs
- Income tax

		附註 Note	
營業額	Turnover	8	538,788
已售貨品成本	Cost of goods sold		(365,693)
毛利	Gross profit = Turnover – Cost of Goods Sold		173,095
其他收入	Other income	9	100,207
分銷成本	Distribution costs		(27,563)
行政開支	Administrative expenses		(398,625)
其他經營開支	Other operating expenses		(18,865)
物業、廠房及設備的 減值虧損	Impairment loss on property, plant and equipment	17	(26,556)
使用權資產的減值虧損	Impairment loss on right-of-use assets	18	(13,475)
商譽的減值虧損	Impairment loss on goodwill	19	(5,520)
利息及稅前淨利(虧損) => 經營業務虧損	Loss from operations		(217,302)
融資成本	Finance costs	11	(41,810)
稅前淨利(虧損) => 除稅前虧損	Loss before tax		(259,112)
所得稅抵免	Income tax credit	12	689
7 稅後淨利(虧損) => 年度虧損	Loss for the year	13	(258,423)

綜合財務狀況表

於二零二零年十二月三十一日

Consolidated Statement of Financial Position

At 31 December 2020

Assets 資產
Liabilities 負債
Equity 股東權益

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二零二零年
2020
千港元
HK\$'000

Economic resources
=> + cash in future
(more than 1-year)

Economic resources
=> + cash in future
(less than 1-year)

非流動資產	Non-current assets	附註 Note	
物業、廠房及設備	Property, plant and equipment	17	133,707
使用權資產	Right-of-use assets	18	151,746
商譽	Goodwill	19	-
其他無形資產	Other Intangible assets	20	2,313
租金及水電按金	Rental and utility deposits		9,273
以公平值計入其他 全面收益之金融資產	Financial assets at FVTOCI	21	74,736
於聯營公司之投資	Investment in an associate	22	-
遞延稅項資產	Deferred tax assets	33	-
			371,775
流動資產	Current assets		
存貨	Inventories	23	97,318
應收貿易賬款	Trade receivables	24	7,465
租金及水電按金	Rental and utility deposits		34,448
預付款項、訂金及 其他應收賬款	Prepayments, deposits and other receivables	25	14,105
應收關聯公司款項	Amounts due from related companies	26	2,885
銀行及現金結餘	Bank and cash balances	27	20,288
			176,509
分類為持作出售之資產	Assets classified as held for sale	28	479,262

Obligations

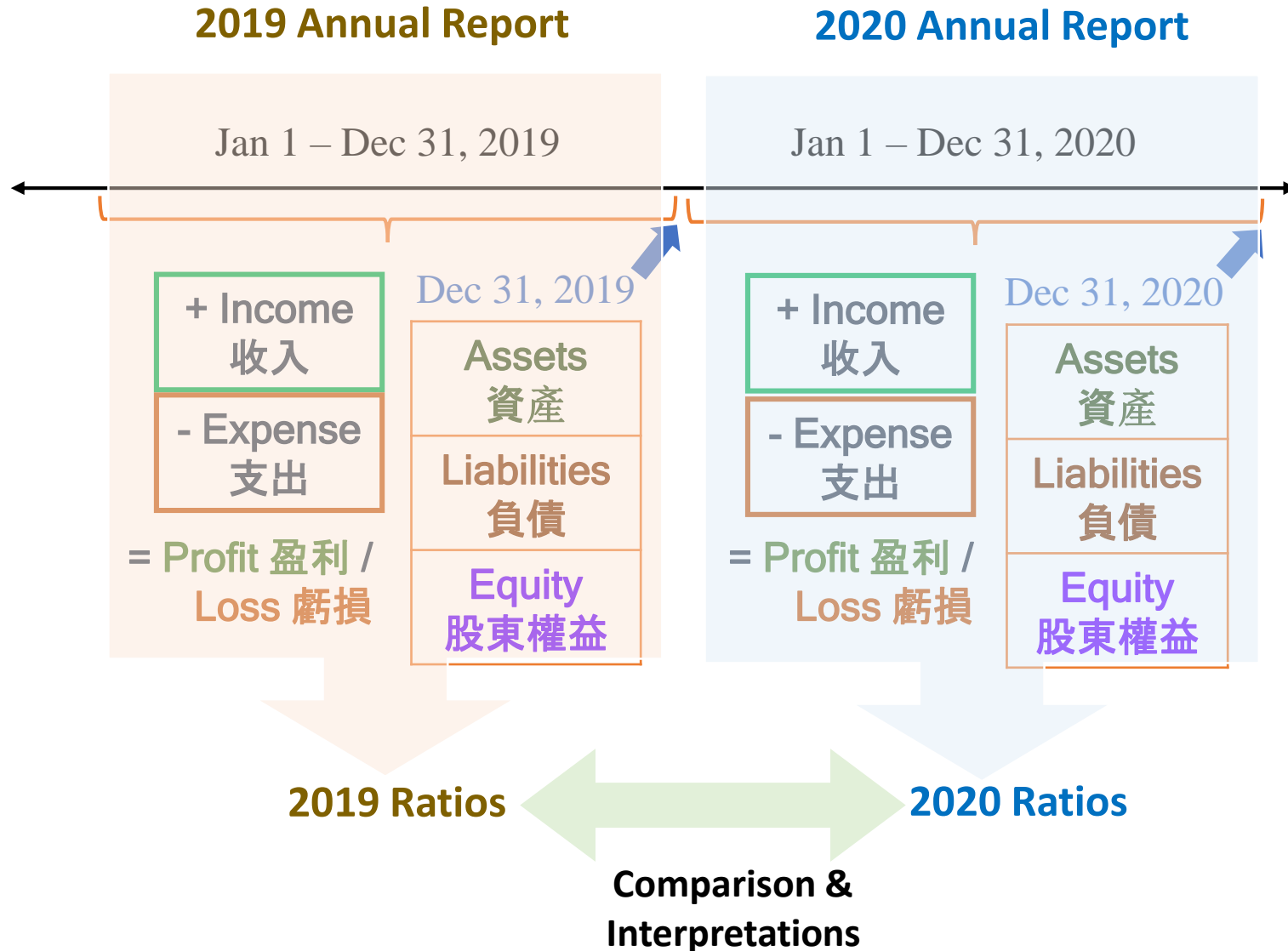
=> - Cash in future
(less than 1 year)

流動負債	Current liabilities		
應付貿易賬款	Trade payables	29	23,734
其他應付賬款、 已收訂金及應計費用	Other payables, deposits received and accrued charges	30	152,525
租賃負債	Lease liabilities	32	107,503
應付關聯公司款項	Amounts due to related companies	26	33,733
銀行及其他借款	Bank and other borrowings	31	411,920
貿易融資貸款	Trade finance loans	31	38,772
即期稅項負債	Current tax liabilities		4,133
			772,320
非流動負債	Non-current liabilities		
已收按金	Deposits received	30	210
租賃負債	Lease liabilities	32	81,129
來自一間關聯公司之貸款	Loan from a related company	26	-
銀行借款	Bank borrowings	31	-
遞延稅項負債	Deferred tax liabilities	33	3,802
長期服務金負債	Long service payment liabilities	34	1,537
			86,678
資本及儲備	Capital and reserves		
股本	Share capital	35	34,126
儲備	Reserves	37	138,040
本公司擁有人應佔權益	Equity attributable to owners of the Company		172,166
非控股權益	Non-controlling interests		(3,618)
總權益	TOTAL EQUITY		168,548

Obligations

=> - Cash in future
(more than 1 year)

Financial Ratios for 2019 and 2020



Ratio Analysis

Ratio analysis expresses the relationship among selected items of financial statement data.

Five Financial Ratio Classifications



For Level 1 competition:

The closing balances of assets and liabilities are adopted for simplicity.

Ratio Analysis - Illustration

Notes:

- All turnovers were made on account.
- All purchases were on account.
- At 1.1.2019, inventories were \$20,000.

ABM Limited		
Consolidated Statement of Profit or Loss 綜合損益表		
For the Year Ended December 31		
	2020	2019
Turnover 營業額	\$ 450,000	\$ 300,000
Cost of goods sold 銷貨成本	380,000	250,000
Gross profit 毛利	70,000	50,000
Distribution expenses 分銷開支	7,000	6,000
Administrative expenses 行政開支	30,000	20,000
Other income and expenses 其他收入及開支	0	0
Income from operation 經營業務收入	33,000	24,000
Finance costs 利息/融資成本	1,500	1,500
Profit before tax 稅前淨利	31,500	22,500
Income tax expense 所得稅開支	5,000	3,000
Profit for the year 全年稅後淨利	\$ 26,500	\$ 19,500

Ratio Analysis - Illustration

ABM Limited Consolidated Statement of Financial Position 綜合財務狀況表

December 31

	2020	2019
ASSETS 資產		
NON-CURRENT ASSETS 非流動資產		
• Property, plant and equipment (net) 物業,廠房及設備 (淨值)	\$ 39,000	\$ 28,500
Total non-current assets	39,000	28,500
CURRENT ASSETS 流動資產		
• Inventory 存貨	\$ 50,000	\$ 30,000
• Trade receivable 應收貿易帳款	100,000	85,000
• Cash 現金	1,000	1,000
Total current assets	151,000	116,000
Total assets	\$ 190,000	\$ 144,500
LIABILITIES AND EQUITY 負債及股東權益		
NON-CURRENT LIABILITIES 非流動負債		
• Bank borrowings 銀行借款	\$ 12,000	\$ 18,000
Total non-current liabilities	12,000	18,000
CURRENT LIANBILITIES 流動負債		
• Trade payable 應付貿易帳款	\$ 80,000	\$ 70,000
• Income taxes payable 利得稅應付款項	30,000	15,000
Total current liabilities	110,000	85,000
Total liabilities	\$ 122,000	\$ 103,000
SHAREHOLDERS' EQUITY 股東權益		
• Share capital 股本 (\$2 par 面值)	\$ 22,000	\$ 22,000
• Reserves 儲備	46,000	19,500
Total shareholders' equity	68,000	41,500
Total liabilities and equity	\$ 190,000	\$ 144,500

Profitability Ratios 盈利能力比率

Measure the **income or operating success** of a company for a given period.

- How well management is doing at **controlling costs (成本控制)**, so that a large proportion of the per dollar price charged for goods sold is converted into profit
- Income, or the **lack** of it, affects the company's ability to obtain debt and equity financing, liquidity position, and the ability to grow.


Profitability Ratios:

• Mark-up	加成
• Gross profit margin	毛利率
• Net profit margin	淨利率
• Return on capital employed (ROCE)	運用資金報酬率

Profitability Ratios 盈利能力比率

Mark up 加成

- Measures the profit earned for each one dollar of cost of goods sold.

Formula:	$\frac{\text{Gross Profit 毛利}}{\text{Cost of Goods Sold 銷貨成本}}$	
	2020	2019
Working:	$\frac{\$70,000}{\$380,000}$	$\frac{\$50,000}{\$250,000}$
Results:	18.42%	20.00%
Comments:	Less gross profit is generated in 2020 than in 2019. 	

Profitability Ratios 盈利能力比率

Gross Profit Margin 毛利率

- Measures the percentage of each dollar of turnover that results in gross profit.
- The gross profit is used to cover operating and other expenses, and the remainder is net profit.

Formula:


Gross Profit 毛利
Turnover 營業額

	2020	2019
Working:	$\frac{\$70,000}{\$450,000}$	$\frac{\$50,000}{\$300,000}$
Results:	15.56%	16.67%
Comments:	From each \$100 turnover made, less amount was generated to cover operating and non-operating expenses than last year.	

Profitability Ratios 盈利能力比率

Net Profit Margin 淨利率

- Measures the percentage of each dollar of turnover that results in before-tax income.

Formula:	<u>Net Profit (Loss) Before Tax 稅前淨利(虧損)</u> Turnover 營業額	
	2020	2019
Working:	<u>\$31,500</u> \$450,000	<u>\$22,500</u> \$300,000
Results:	7.00%	7.50%
Comments:	<p>A decrease of profit generated from turnover revenue. </p> <p>The net profit margin decreased by a lesser percentage than the gross profit margin. This indicated that the company was more efficient in minimizing its operating expenses in 2020.</p>	

Profitability Ratios 盈利能力比率

Return on Capital Employed (ROCE) 運用資金報酬率

- Rate of return based on the book value of long-term capital investment made in the business.

Formula:	$\frac{\text{Profit (Loss) From Operations 經營業務收入(虧損)}}{\text{Capital Employed 運用資金}}$ <p>i.e., Non-current Liability 非流動負債 + Equity 股東權益</p>	
	2020	2019
Working:	$\frac{\$33,000}{\$12,000 + \$68,000}$	$\frac{\$24,000}{\$18,000 + \$41,500}$
Results:	41.25%	40.34%
Comments:	For every \$100 of long-term capital investment made in the business, more operating profit in 2020.	



Management Efficiency Ratios 管理效能

Measures a company's ability to use its assets to generate income.

- Evaluates the levels of output generated by the assets (input) used by a company.
- Ratios include:

Profitability Ratios:

- | | |
|---------------------------|--------|
| • Inventory turnover | 存貨周轉 |
| • Trade payables turnover | 應付貨款周轉 |
| • Total assets turnover | 總資產周轉 |

Management Efficiency Ratios 管理效能

Inventory Turnover 存貨周轉

- the number of times, on average, the inventory is sold during the period.

Formula:

$$\frac{\text{Cost of Goods Sold 銷貨成本}}{\text{Inventory 存貨}}$$

	2020	2019
Working:	$\frac{\$380,000}{\$50,000}$	$\frac{\$250,000}{\$30,000}$
Results:	7.60 times	8.33 times
Comments:	Inventory Turnover declined slightly in 2020.  Inventory is moving slower in 2020 than it did in 2019 from the time of acquisition to sales.	

Management Efficiency Ratios 管理效能

Trade Payables Turnover 應付貨款周轉

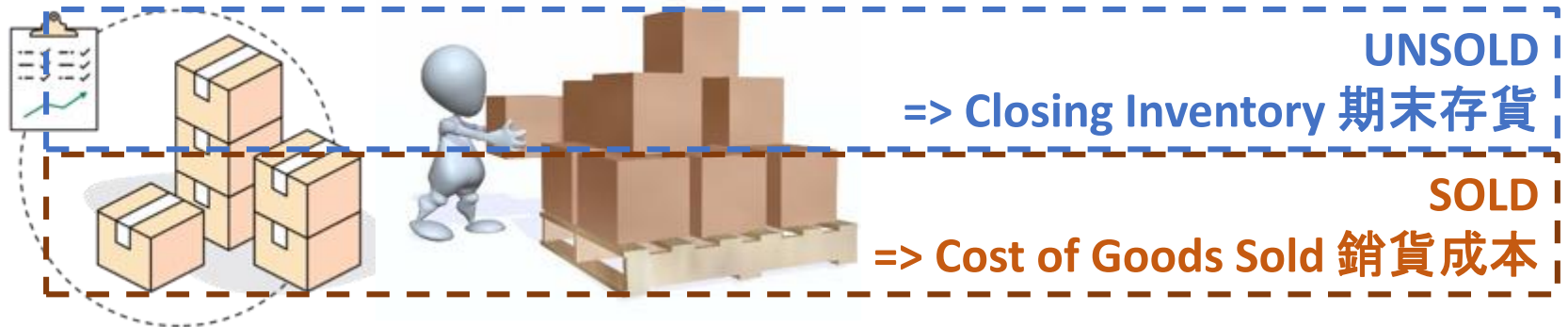
- the number of times, on average, payables are settled during the period.

Notes:

- All purchases were on account.

Opening Inventory
期初存貨

Credit Purchases 賒



Formula:


Credit Purchases 賒購,
i.e., Cost of Goods Sold + Closing Inventory – Opening Inventory
Trade Payables 應付貨款

Management Efficiency Ratios 管理效能

Notes:

- At 1.1.2019, inventories were \$20,000.

Trade Payables Turnover 應付貨款周轉


	2020	2019
Working:	$\frac{\$380,000 + \$50,000 - \$30,000}{\$80,000}$	$\frac{\$250,000 + \$30,000 - \$20,000}{\$70,000}$
Results:	5.00 times	3.71 times
Comments:	Trade Payables Turnover increased in 2020. 	

- ✓ Whether these days are good or bad depend on the company goals.
- ✓ A company may pay suppliers in a shorter period of time for maintaining a good working relationship with them.
- ✓ While a longer credit period enjoyed by the company enables more liquid funds for operations.

Management Efficiency Ratios 管理效能

Total Assets Turnover 總資產周轉

- Measures how efficiently a company uses its assets to generate turnover revenue.

Formula:	$\frac{\text{Turnover 收入}}{\text{Total Assets 總資產}}$	
	2020	2019
Working:	$\frac{\$450,000}{\$190,000}$	$\frac{\$300,000}{\$144,500}$
Results:	2.37 times	2.08 times
Comments:	The company has efficiently used its assets, much more turnover revenue is generated in 2020 than last year. 	

Liquidity Ratios 變現能力比率

Measures the short-term ability of the company to pay its maturing obligations and to meet unexpected needs for cash.

- Short-term creditors such as bankers and suppliers are particularly interested in assessing liquidity.
- Ratios include:

Liquidity Ratios:

- | | |
|---------------------------------|------|
| • Current ratio | 流動比率 |
| • Quick ratio (Acid-test ratio) | 速動比率 |

Liquidity Ratios 變現能力比率

Current Ratio 流動比率

- for every dollar of current liabilities, the dollar amount of current assets the company has.
- A high current ratio indicates good liquidity.

Formula:

$$\frac{\text{Current Assets 流動資產}}{\text{Current Liabilities 流動負債}}$$

	2020	2019
Working:	$\frac{\$151,000}{\$110,000}$	$\frac{\$116,000}{\$85,000}$
Results:	1.37 : 1	1.36 : 1
Comments:	The company does not have short term debt-paying problem.	



Liquidity Ratios 變現能力比率

Quick Ratio 速動比率

- measures immediate liquidity.

Formula:	$\frac{\text{Current Assets 流動資產} - \text{Inventories 存貨} - \text{Prepayments 預付款項}}{\text{Current Liabilities 流動負債}}$	
	2020	2019
Working:	$\frac{\$151,000 - \$50,000 - \$0}{\$110,000}$	$\frac{\$116,000 - \$30,000 - \$0}{\$85,000}$
Results:	0.92 : 1	1.01 : 1
Comments:	The company may have immediate debt-paying liquidity problem . The immediate liquidity reduces in 2020 .	



Solvency Ratios 償債能力比率

Solvency ratios measure the ability of a company to survive over a long period of time.

➤ Ratio includes:

- **Gearing ratio** 槓桿比率



Solvency Ratios 償債能力比率


Gearing Ratio 槓桿比率

- Measures the capital structure.

Formula:

Non-current Liabilities 非流動負債

Non-current Liabilities 非流動負債 + Share Capital 股本 + Reserves 儲備

	2020	2019
Working:	$\frac{\$12,000}{\$12,000 + \$22,000 + \$46,000}$	$\frac{\$18,000}{\$18,000 + \$22,000 + \$19,500}$
Results:	15.00%	30.25%
Comments:	<p>Decline in Gearing ratio indicates the company is less debt-financing. The company has less difficulties in repaying long-term borrowings from its equity funds. </p>	

Investment Appraisal 投資評估

- To show the management preference in dividends and retention of reserve.
- Measures the amount of **return on an investment**.
- Ratio includes:

- **Earning per Share (EPS)**

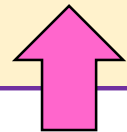
每股盈利

Investment Appraisal 投資評估

Earnings Per Share (EPS) 每股盈利

- Measures the net income earned on each share of ordinary share, if all profits were distributed at the end of the year.

Formula:	Profit (Loss) Attributable to Owners of the Company 公司擁有人應佔溢利 (虧損)	
	Weighted-average No. of Ordinary Shares 普通股加權平均數	
	2020	2019
Working:	<u>\$26,500</u> 11,000 shares	<u>\$19,500</u> 11,000 shares
Results:	\$2.41 /share	\$1.77 /share
Comments:	Much more net income is generated from each issued ordinary share in 2020 than 2019.	

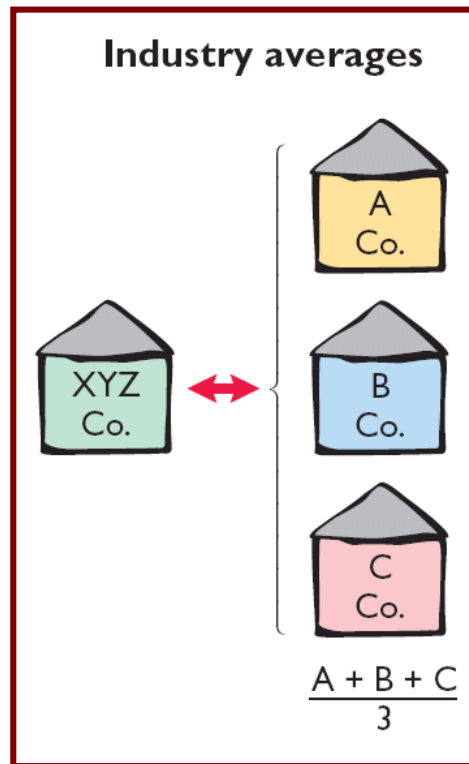
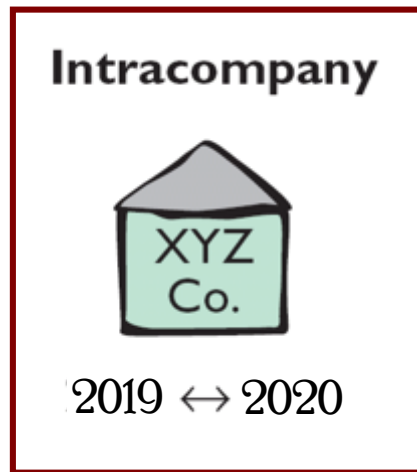


(11,000 shares = \$22,000 Share Capital / \$2 par value 面值)

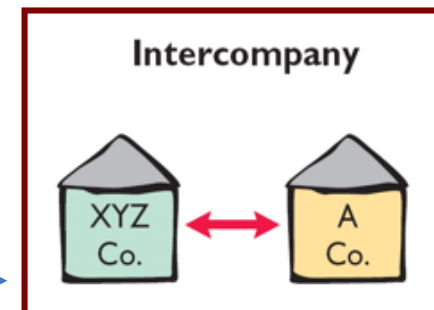
Importance of Relative Financial Ratios

In order to make sense of a ratio, we must compare it with some appropriate benchmarks (合適基準)

- Its own past performance (過往表現)



- Aggregate economy (經濟情況)
- Its industry (行業) →
- Its major competitors (競爭對手) →



Importance of Relative Financial Ratios

More importantly, the focus is not on individual ratios, but rather to allow for trade-off of one ratio against another:

- A fall in revenue/turnover (收入) may be compensated by a higher profitability ratio (盈利能力比率).
- A high gearing (槓桿比率) may not be a great concern in light of good profitability and liquidity (良好盈利能力及流動性).

