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TITLE OF DIPLOMA THESIS:

Financial analysis of building groups in the United Kingdom

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ABSTRACT

The following information deals with the analysis of financial magnitudes according to the operation of construction companies. This dissertation presents the financial analysis of five very important groups in the construction industry, that are listed in the twenty most profitable construction groups in the United Kingdom and the extraction of useful findings, as well as the overall assessment of the sector. The certain chosen construction companies are the following: Carillion Group plc - Kier Group plc - Interserve Group plc - GallifordTry Group plc - Costain Group plc. The first chapter presents financial statements which Limited Liability Companies (Ltd) are obliged to publish. Specifically, a more detailed reference to the balance sheet and the income statement. At the second chapter a description of the method of financial analysis by using ratios is given. Also, detailed distinction of the ratios to different categories, according to their purpose and method of calculation, meanings and interpretation of potential rates are described. Furthermore, the way in which the Financial Ratios are selected, is given. Chapter three describes the trend of the construction industry in Great Britain. More specifically, it is presented in tables and diagrams of various sizes associated with it. Chapter four deals with the financial analysis of certain chosen construction groups. This chapter includes a brief presentation of each group's profile and the calculation of specific ratios according to their economy statements (Current Ratio, Acid Test Ratio, Return on Total Assets, Return on Equity, Accounts Receivable Turnover Ratio, Inventory Turnover Ratio, Debt to Assets Ratio). Each company's ratios arise from annual balance sheets, for the years 2006, 2007, 2008, 2009, 2010. Chapter five deals with the comparison of all groups' rates which depicts the progress of construction branch during the last five years and presents conclusions resulting from the analysis, which are especially significant for the valuation of the progress of the branch. The conclusions also show us the reasons which led to this progress and the general economic state in Great Britain. Chapter six deals with the factor analysis of construction groups, which were used in financial analysis and based on a Turkish university work which was applied to 28 construction companies, using 25 financial ratios.

KEYWORDS

Finance, Ratios, Construction, Balance Sheet, Companies

