

THESIS

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EXAMINATION OF THE OPERATION OF SONCITY LTD.

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Budapest, 2020

DECLARATION

I, the undersigned Tóth Réka aware of my criminal responsibility, I declare that the facts and figures contained in my dissertation correspond to reality and that it describes the results of my own independent work.

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1. INTRODUCTION

The subject of my thesis is the examination of the operation of SonCity Ltd.

By writing this dissertation, my goal is to give a comprehensive picture of the current operation of the company, and if I discover shortcomings and critical points during the examination, I would also like to make suggestions for solutions. I would like to create an objective picture for the owner, from which he cannot only review the comparison and development of the examined periods (2017-2019) but also draw conclusions about the future.

One of the reasons for my choice of topic was that during my studies, economics, statistics, introduction to finance, and the basics of corporate business were the subjects that came closest to me and piqued my interest. I would like to study the practical implementation of the theoretical knowledge acquired at the university and to apply the learned methods. The other reason is that a complex analysis of the examined company has never been made, and according to the business owner, it would be useful for him to see at the same time and comprehensively the pace of development of his business in the recent period.

In my thesis, I would like to present the company, analyse its market environment, then describe the processes of trade, in the micro-level approach the turnover of goods in chronological order, when examining resource management, I try to explore the possible bottlenecks, find the resources that can reduce the efficiency of the company's operation, and finally, by studying the accounting and financial data, I want to shed light on the company's property in several ways.

In my dissertation, I am looking for the answer to the question of whether in this ever-intensifying competition, with efficiency and effectiveness in mind, operational processes can be kept in the desired and expected channel.

The aim of my research is to carry out exploratory, explanatory research, during which I would like to examine the connections, in addition to describing the processes. During the research, I would like to rely on quantitative data and qualitative information from primary and secondary sources.

2. PRESENTATION OF THE COMPANY AND EXAMINATION OF ITS MARKET POSITION

Company details:

Name: SonCity Ltd.

Headquarters: 1062 Budapest, Váci út 1-3.

Tax number: 11871255-2-42

Company registration number: 01-09-680663

The company started its operation in 1993 under the name Saturn-Tel Limited Partnership. Its main activity was the sale of mobile phones and phone cards as an official dealer of Pannon GSM. In addition to mobile phones, there were also technical products from their own imports (TV, Camcorder, Hi-Fi systems). Between 1995 and 1999, the Süba shopping center gave space to the business. At that time the owner came into contact with the brand Sony and appeared in its product range as the main product line. In addition to Sony products, other world brands come into sight including Panasonic and Technics. Mobile phones have been pushed into the background and consumer electronics have gained ground. In 1999, the store moved to Campona and operated under the name Saturn Star Ltd. The ownership of the Ltd. was divided between the two owners by 50-50%. For the next two consecutive years, new stores were opened in the Eurocenter and then in the WestEnd shopping center. Between 2002 and 2004, they were also present in a shop-in-shop system at the Lurdy House and Campona, within the technical retail unit operated by Herta Ltd. as a Sony brand representative. By 2005, all of their stores except the one in WestEnd had closed, and the product range was limited to the Sony brand. The name was changed in 2006, the company has continued to run under the name SonCity Ltd. In the same year, one of the owners bought the other one's shares so the ownership of the Ltd. ended up in one hand. It currently operates as a gold-grade Sony Center out of four brand stores in the country.

The company works with seven employees, of which, one is the 100% owner of the Ltd. This means that they just only have one member in the management team. He is making all the decisions in connection with his company by himself, it does not matter if it is a strategic or operational decision. The functions of planning, organizing, leading, and controlling / monitoring are all done by himself.

To understand more the branch that the company works in, I would like to mention here briefly consumer electronics. Consumer electronics includes devices used for entertainment, and communication. Manufacturers and sellers often refer to them as “brown goods” to separate them from "white goods" which are for household use, such as washing machines and fridges. The brown goods can be MP3 players, video recorders, DVD players, telephones, desktops earlier and TVs, mobile phones, laptops, printers, paper shredders, cameras, video game consoles nowadays. (McDermott, 2007) According to the data of the Hungarian Central Statistical Office, the retail sales turnover in the case of products belonging to the scope of activity of the examined enterprise will account for 1,88% of the total retail turnover in 2019. If we examine the turnover of stores by type of store, the turnover of non-food products decreased from 24,68% to 22,93% (1,75% decrease) between 2017 and 2019, and the turnover of parcel and internet retailers increased from 10,67% to 16,09%. (Hungarian Central Statistical Office) The operation of the Ltd. only follows the decrease of the annual sales revenue, which decreased by 2,81% from 2018 to 2019, but the distribution of turnover between store and online sales can be considered almost constant (~ 35% - 65%).

I would like to discuss the operating environment of a business, by which we mean a set of external factors that affect the value of a company’s resources and the value of its products. The environmental conditions of the company's operation can be divided into two groups, macro-environment and micro-environment. The macro-environment of an enterprise is made up of objective factors that determine the operating conditions independently of the operation of the enterprise. In contrast, the microenvironment has an impact on business operations and even interacts closely with each other. Not only the micro-environmental factors affect the company, but also the company has an impact on its own micro-environment, it can influence and change it, therefore I consider it important to examine it. Elements of the microenvironment: suppliers, competitors, threats of new entrants, public opinion, consumers / users, and the company's own internal environment. I find the analysis of the microenvironment more important for the company. The company needs to select reliable suppliers so that they can maintain their activities and sales standards at a consistently high level. Due to the fact that the Ltd. operates as a brand store, the main supplier partner is given (Sony Europe B.V. (Budapest)), but it has a choice among suppliers regarding additional products. Regarding the competitors, it can be mentioned that it is becoming more and more obvious among companies in the market that, as a result of globalization, companies are merging, thereby improving their market position with more efficient product offerings, inventory and higher quality customer service. Media Markt

Saturn Holding Magyarország Ltd., Extreme Digital Ltd., Vöröskő Ltd. (Euronics) and Alza.hu Ltd. are considered to be the most significant competitions. The appearance of new entrants in the market must always be taken into account. Today, not only Hungarian, but also companies from outside the country see opportunities in the Hungarian market, so they do everything they can to be part of the domestic customer potential in some form. The public opinion and consumers/users are one of the most important actors in the micro-environment. They will provide the source for the successful operation of the business through their purchases, it will be the financial resource necessary for the survival of the business. Due to the fierce market competition, the bargaining position of customers is almost unlimited, because there can be significant differences in the quality of products from different manufacturers. Today in Hungary, due to the poor financial condition of customers, they buy cheaper and perhaps lower grade products. The majority of consumers buy the products in hypermarkets due to time constraints and lack of information, so they are more likely to miss out on the opportunity for a better quality and priced product. The company has built its own internal environment to suit their capabilities and environmental expectations. Their basic goal is to provide customers with high-tech consumer electronic products and to elevate service to the highest possible level. In order to achieve this goal, it strives to continue its activities in the course of its commercial sales in such a way that the ever-strengthening approach to quality leads to ever-increasing results. (Veres, Szilágyi, 2009)

Currently the online commercial sector has grown significantly in the year 2020 as a result of the coronavirus epidemic. Demand for household goods, food, and computer equipment grew the most. The impact of the situation on e-commerce was realised at the beginning of the year, but by the second quarter it had become really significant. Many researches shows that through the epidemic the interest and the purchase for consumer electronics has grown around 30%. By knowing this, we can state that consumer electronics become one of the few branches that profited from the virus. (Iotzona, 2020)

In order to get a detailed picture about the company I would like to conduct a SWOT analysis. A SWOT analysis is a strategic planning technique that helps a person or organization identify its strengths, weaknesses, opportunities, and threats. From this four words are coming the abbreviation of SWOT. The biggest advantage of SWOT analysis is that it can explore business opportunities and identify risk factors. It highlights how we can apply our strengths and take advantage of the opportunities offered. It also brings to the surface vulnerabilities and we can use it to map our weaknesses. (Grant, 2020)

By strengths we mean corporate capabilities in which the firm enjoys a relative advantage. These may be resources or factors provided. Examples of strengths include better customer service work, a well-trained workforce, and higher product quality. Weaknesses mean characteristics in which the analysed company is at a relative competitive disadvantage. Weaknesses can be, for example, outdated equipment, bad financial situation, and lack of innovation. Both strengths and weaknesses are relative, these factors represent an advantage or disadvantage in accordance with competitors. Opportunities refer to favourable external factors that may provide a competitive advantage. They can help a company increase market share, stabilize its financial background. These factors can be expanding market demand, better living standards, financial difficulties of competitors, falling inflation, and so on. Threats are external effects that may make it difficult to sustain the operation of the business or prevent the development of the organization. Other general threats include, for example, increasing material costs, competition, and strait labour supply.

We should take it into consideration that this is just a step in business planning. It is not a substitute for other methodologies and processes. To answer complex questions, we need to do more complex research and analysis before making a decision. In uncertain or complex decision-making situations, the effectiveness of the SWOT matrix decreases. The results of the SWOT analysis may be limited because we are not ranking them, also it gives a lot of information, but not all of these will be useful.

The owner and the employees review each year, how the company is currently doing. They examine the main characteristics of the business, what makes the most revenue, how much revenue and profit the company makes, how is the attendance of the website, how is the customer satisfaction. They assess the available resources and formulate their goals for the coming period. Even though they are reviewing and analysing the company, a SWOT analysis has never been done before. Because of this reason I made a SWOT analysis for the company.

The strengths of the company are: market leadership, service from stock and wide selection, technical support, professional training for employees, electronic catalogue, competitive prices. The weaknesses include: online marketing development, more efficient system of territorial representatives, weaker countryside presence. In case of opportunities, up-to-date knowledge of the environment is an essential part. Exploiting opportunities can significantly affect the effective functioning of the organization. These are: the introduction of a new, more efficient corporate governance system for the more efficient operation of the freight system, territorial expansion, increasing the rural presence, making even greater use of the potential of e-

commerce. In the case of the Ltd., the biggest threat is the appearance of new competitors, and the aggressive presence of leading Western European trading companies in this small market as well as the negative change in economic policy.

A prerequisite for creating their successful strategy is that the company continuously evaluates its external and internal situation. A well-functioning company has ideas for the future. Starting from their current situation, they formulate future goals and ideas, for example who they should serve, how they could further expand the company, what image they want.

The company owes its development to its reliability, the quality of the products it sells, its wide range of goods, and its high-quality customer service.

3. ANALYSIS OF GOODS TURNOVER

3.1 Procurement

Procurement is an efficiency-oriented and strategic activity, in the course of which a cooperative business relationship is established between the buyer and the supplier. Purchasing is the most decisive factor in the goods turnover, the more determined it is, the stronger its repercussions.

The task of procurement is to prepare the materials, semi-finished, and finished products and related information that are planned to be used according to the needs of production. In a broader sense, procurement means obtaining all the inputs needed to carry out a company's activities, in a way that is consistent with the company's strategic goals.

Procurement generates the company's most significant material flow process. The essence of procurement is to provide the commodity base for sales in accordance with purchasing the right: quality material, time, quantity, source, and price. Companies should also develop their procurement strategy accordingly:

Determining the right quality means providing goods that fit the company and business and market position. It is important that the quality is constant because in the absence of this, we may lose the trust of customers and the number of purchases may decrease.

The right timing of procurement is determined by the procurement strategy. The right time is often related to the size of the shipment. Just in time systems are becoming more popular. The point is to keep stocks as low as possible. In trade, this can be done with goods arriving daily and storage placed in the sales area. When implementing the principle of right time delivery, time security of the delivery is important because late delivery entails a penalty that reduces the efficiency of the business.

When planning the right quantity, lower inventories, smaller batch sizes delivered and more frequent delivery schedules should be implemented so it can increase the inventory turnover.

The right price formation is determined by the good solvency and customer position of the company. The prices of the suppliers and the price/performance ratio specific to the goods, as well as the price-accepting behaviour of the customer, will also determine the appropriate price.

When analysing the price, the shipping and payment terms of the supplier should be examined because higher shipping costs can worsen the actual margin.

It is important to find a supplier who guarantees a constant quality, flexible, reasonably priced, who takes into account the needs of the company, and strives to fully satisfy them. The right choice of stock and safe replacement of goods is the key to success, which depends on the efficiency of procurement.

The security of procurement is crucial. A mistake in an unreliable delivery schedule can already cause serious damage. With today's oversupply, consumers do not accept uncertainty or the fact of shortages. Because of this, to choose the right supplier is essential. We should rank the suppliers to make sure that we can find the best fit for our company. This ranking should be made based on available prices, delivery terms, replenishment time, and payment terms and discounts. We could get trade discounts, promotional discounts, quantity discounts, cash discounts, or seasonal discounts. Taking all that into account we can calculate the total cost of acquisition. Then we should divide this cost from the net price we could archive and we can get the margin which is basically showing the efficiency of each supplier. This could be a base in supplier selection. After the selection, the negotiation is coming. During the negotiation they agree on the product collection, new models, price, discounts, delivery terms and deadline, return option, instalment payment option, crediting options. The purchasers should be well prepared in order to conclude a contract that benefits both parties.

Although, in chronological order, procurement is the first stage of trade in goods, but logically, it follows sales. The success of the commercial activity is determined by the procurement, which aims to provide the stock of goods, and the result is the development of a selection that is tailored to the needs of the customer. In determining the need for goods, they bear in mind the expected sales turnover, the composition and size of the stock of goods, their storage and warehousing possibilities and, of course, their financial possibilities in connection with the purchase.

Procurement process of SonCity Ltd.

Due to the nature of the brand store, the procurement process of the Ltd. is extremely simplified. You can order the Sony products, which is the main product range, from a single supplier through the Hungarian Branch of Sony Europe B.V. (Budapest), this is a central decision and

the company has no say in it. For the product manager, employed by the Hungarian Branch of Sony Europe B.V., the order will be placed through a closed IT program, the Sony1 system. It is not just a procurement module, but a complex system where the company can also get accurate data on its commercial relationship with Sony. In this system, you can see not only when the ordered product is expected to arrive, but also what innovations are planned, the technical parameters of the products, as well as information about the purchase price, invoices issued and the order of financial items. The warehouse in the eastern region is located in Nitra, Slovakia, from where, depending on the quantity and value of the order, the ordered goods are delivered either directly to the company or arrive from the so-called transshipment warehouse at the Branch. The goods are stored in the transshipment warehouse only until they are delivered to domestic traders. Delivery of the goods is the responsibility of the Branch.

Regarding the additional products (e.g. TV stands, phone cases, photo bags), the company has the opportunity to compete the suppliers and select the right one. The potential supplier undergoes a qualification process where his references, the payment and delivery terms offered, and the warranty terms are examined. They try to conclude agreements based on mutual satisfaction, which entails the possibility of long-term cooperation and the establishment of a strategic relationship for both parties. As a result, the composition of their suppliers (for ancillary products) does not change significantly despite ongoing market research. Their suppliers include Hungarian manufacturers, as well as representations and distributors. If the supplier meets the expectations placed on him, the order will be placed by email to ensure traceability and avoid future disputes.

The procurement process ends with the qualitative and quantitative receipt of the delivered products, followed by inventory management.

3.2 Inventory management

Inventory management means the ordering, warehousing, and using the inventory of a company. This incorporates the handling of raw materials, parts and finished products, and also the storage and processing of items. The management of inventory in a company's life is fundamental. The lack of inventory can be extremely damaging, however, a large inventory involves the risk of deterioration, damage, or a change in demand. The stock needs to be secured and if it cannot be sold on time, it may need to be dispatched at a settlement price or need to be destroyed. Therefore, inventory management is core for businesses of any size. Knowing when

to stock up, what to buy or produce, what price to pay can easily become complex, complicated, and hard decisions. Small businesses often manage inventory manually and use Excel formulas to determine rearrangement points and quantities. Larger businesses usually use specialized enterprise resource planning software. (Szegedi, Prezenszki, 2012)

Depending on the company analysed, the business could use different inventory management methods. A few of these are just-in-time (JIT) manufacturing, material requirements planning (MRP), economic order quantity (EOQ): (Hayes, 2019)

Just-In-Time manufacturing method can help companies to save money and to cut the excess by storing only what they need. This method lowers warehousing and insurance costs and also the cost of eliminating or disposing of extra inventory. However, it can be hazardous if demand increases all of a sudden and the manufacturer won't be able to obtain the stock needed to satisfy the demand and with this damaging the reputation of the company and diverting business to competitors. (Banton, 2020)

The Material Requirements Planning method is for improving business productivity. Companies use these systems to estimate the amount of raw materials and organize deliveries. It depends on forecasts, so they need to have precise sales records to allow precise requirements to be planned and to communicate these needs to suppliers. If they cannot precisely forecast sales and plan inventory, it will make the manufacturer unable to execute orders. (Kenton, 2020)

The Economic Order Quantity model strives to order the right amount of stock per item so the company doesn't have to order too often and no extra stock is available. In the model, the inventory costs encompass holding and setup costs. The EOQ formula defines the inventory reordering point of a company. By specifying this point, the business can avoid shortage of inventory and can continue to fulfil customer orders. (Kenton, 2020)

When determining the order item size and using inventory management methods we need to pay attention to the capacity of the warehouse, the applicable storage methods to maximize warehouse utilization.

Warehousing is the activity of storing goods, preserving their condition, and placing stocks. Warehouses also perform collecting, stocking, and organizing functions. There are certain requirements for the design of warehouses that need to be followed: the stock must be transparent and easy to move, the use of space should be as favourable as possible, it should

not be crowded, the quality of the goods must be prevented from deteriorating, property, fire, safety and public health regulations must be ensured. (Szegegi, Prezenszki, 2012)

We distinguish different storage methods. These are: static storage system without racks, static storage system with racks, dynamic storage system with racks. (Szegegi, Prezenszki, 2012)

The static storage system without racks can work if we would like to store a bigger amount from one type of a good and it is not necessary to reach each good regularly and the goods can be stackable. The stack ability is made possible by the nature and packaging of the goods. A characteristic of a static storage system is that they only change location during entry, removal and rearrangement. As everything this storing method also has advantages and disadvantages. As an advantage we can mention that the usage of space is better and we can spare the cost of the racks or other storing devices as in this method we do not use any. The disadvantages are that we cannot reach the string units directly, the transparency of the storage area can be only kept if we can ensure the storing rules are followed, and the storing height can be also restricted. If we using this method, we can also differentiate direct accumulation of the goods and the pallet storage. (Szegegi, Prezenszki, 2012)

The static storage with racks storage method can be used if the good or its packaging does not have strength, solidity, or stability to make a heap. It is also necessary to think about choosing this method if we would like to reach each good at any time. The main variations are shelf rack storage, stand storage, competent rack storage, and permeable rack storage. (Szegegi, Prezenszki, 2012)

In case of the dynamic storage system with racks, during the placement or removal of the storage unit some or all of the goods on the stand also change position. The variations are refill rack storage, rollable rack storage, and rotating rack storage. (Szegegi, Prezenszki, 2012)

If we are talking about storage methods, we can also mention high storage systems. This is a rack storage system where the storage height exceeds the reachability of forklifts. In this case the placement and removal of goods are made by loader/spreading machines or forklifts with high reachability. Here mostly we can store pallet freights, but occasionally smaller unit loads can also be found. This method is also having many advantages. For example: favourable land use due to the high altitude, small area with large storage capacity, large turnover of goods over a period of time, quick in and out storing, mechanization and automation of warehouse material handling work and with this reducing the number of heavy manual workers and accidents. (Szegegi, Prezenszki, 2012)

Inventory management of SonCity Ltd.

Inventory management means the compilation and planning of a stock of goods at the examined enterprise based on consumer needs, with which the primary goal is to serve the needs of customers at the appropriate level, keeping in mind cost efficiency (favourable management of inventory costs). It is the responsibility of the store manager and the technical manager to order products that are constantly in demand by customers.

The company does not use a separate program to calculate and record the optimal inventory level, the product consumption is not only checked from the online records, but they are also visually convinced of the presence / absence of the products, creating a continuous inventory. Their inventory mechanism is characterized by the demand for the given product and the experience over the years, which has been developed taking into account the two most important expectations, they try to handle the highest possible turnover with the least expenditure. The Ltd. does not form a safety stock for the uncertainty related to demand and suppliers (e.g. if the supplier has only the possibility to deliver less than the ordered quantity, or if he is unable to meet the delivery deadline and it is extended). Their inventory activity forms a bridge between purchasing and selling. The technical elements of inventory management mean the storage, placement and protection of goods. The storage takes place in the hand-held warehouse belonging to the store, it is placed using a forklift due to the gallery warehouse, with the help of which the goods on pallets are also moved. Mostly they are using the static storage system with racks as the majority of products they are selling are electronic devices and their accessories and with this rack system they can keep the goods safely, but in an organised way.

Since inventory management is a function of sales, I used sales as a benchmark to express the relationship between the two areas. The intensity ratios used are indicators of turnover rate and net sales to inventory index numbers.

1. table Inventory turnover and net sales to inventory ratio

in thousands HUF	2017	2018	2019
Net sales revenues	401 241	417 151	405 427
Average inventories	49 508	51 302	69 590
Inventory turnover	8,1046	8,1313	5,8259
Inventory turnover (in days)	45,0363	44,8884	62,6509
Net sales to inventory ratio	123,3872	122,9818	171,6462

Source: Own calculation based on data from SonCity Ltd.

Inventories are in a constant cycle, the turnover expresses the efficiency of the activity and it is one of the most important indicators of inventory testing methods.

Inventories have shown a return an average of 7,3539 times from sales over the past three years (the stock had to be replenished this many times during the given period) and turned an average of 50,8585 days, that is, the average number of days elapsed between the purchase of the goods and their sale. The turnover slowed down from 2018 to 2019, and the turnover time also increased significantly, which may be due to a decrease in demand and an increase in average inventories. As the turnover slows down, more inventory is required to achieve the same amount of sales, or if approached from another angle, less sales can be achieved with unchanged inventory.

The net sales to inventory ratio shows the average inventory level required to achieve a turnover of HUF 1000, it indicates the inventory demand of the turnover, which in the case of the company is HUF 171,6462 in 2019, the lower this number, the more favourable it is. But there is no reference in the literature to a general figure on the basis of which it can be established how many forints of an increase in inventories is justified for an increase in sales revenue of HUF 1000.

3.3. Sales

In the micro-level approach to trade in goods, the last stage in chronological order is sales, which we consider to be the ultimate goal of the trading activity. There are also interactions between the sub-activities of trade in goods. In my opinion, one of the most important factors is sales because inventory management and purchasing also depend on it. Sales are determined by demand. Businesses should strive to meet most of their demand needs and to meet those needs to the maximum during sales.

Sales means a deal between parties where the buyer gets tangible or intangible goods, services or assets in return for money.

The following sales methods are distinguished: traditional sales, self-selective sales, self-service sales, sample based sales also we can mention sales through agent, and online sales. (Penzugysziget.hu (n.a.), Erettsegizz.org (2019))

In traditional sales the seller makes personal contact with the buyer, answers questions, the sale takes place where the seller presents the goods, all activities of the sales are performed with the help of the staff, the buyer can only receive information about the goods with the help of the seller. With this method we can get to know the demand and wishes of the buyer, we can recommend and present new goods, and while we are serving the buyers we can get to know more about their habits and can conduct a research. These goods can be weighed goods for example meat or bakery products, meter goods, jewellery and watches. (Penzugysziget.hu (n.a.), Erettsegizz.org (2019))

In case of self-selective sales, the buyers independently select the goods they like, but they can only purchase these goods with the help of the seller, the buyer can get to know the products by themselves, can try it out and there is no need to inform them or present the goods just in case they would require it. This method is efficient because buyers can choose without interruption and as long as they would like to, they are not influenced by the seller, in case help is required the contact with the buyer is there so with this we can also observe the demand of buyers and the market. These goods are for example mobile phones and electronic devices, household goods. (Penzugysziget.hu (n.a.), Erettsegizz.org (2019))

Regarding self-service sales, mostly they are selling goods that the buyer already knows or have used the goods before, so they have an experience with the goods. In these shops we can self-service ourselves and choose the product we would want from the offer. These products we can move by ourselves so the contact between the buyer and seller is minimalized. In most cases the only personal contact is made when we are finishing with the shopping and would like to pay for the chose products, few vendors are needed, the shopping is going fast. In these shops the seller is responsible for refilling or cleaning and to select the damaged goods out of the supply. These goods are mostly daily goods, for example, cleaning liquids, soap, shampoo, snacks, ingredients for food. There are practices and techniques used to drive the buyers to spend more. It is good to put the most popular or wanted goods further away from the entrance, so the buyers need to walk through the shop. The products with promotion should be in a visible place, because promotion always make people buy something that they may not need at that time but looks favourable to buy. (Penzugysziget.hu (n.a.), Erettsegizz.org (2019))

In sample based sales the buyer buys a product similar to the one observed. The placed products can be tried and observed. After the observation it is possible to make changes or modify the selected product. Because of the size, weight and the possible modification of the product they

are made up on request and delivered to the buyer. This can save costs, because a huge warehouse inventory is not necessary. (Penzugysziget.hu (n.a.), Erettsegizz.org (2019))

It is also a common option to use agents to sell goods. These people go from house to house and would like to sell their products. They are well informed about the product features and specifications, are willing to introduce and present the goods. In cases it is even possible to try them out.

As nowadays the usage of internet is gaining space, shopping through a web store or online is getting more and more popular. Companies operating with multiple sales channels have a physical store and an online sales interface, a web store, both channels can be used to buy or order the same products, the full range of goods can be found in both locations. But it is also possible that a shop can only be found online and does not have a physical shop. There are many reasons why online sales is a great option and people will choose it, these include saving time, comfort, wide product range and availability, comparison of different brand's products with each other, discounts and low price deals occasionally. Furthermore, there is no crowd, the online shops are always open and there is no restriction on when to visit an online shop and when not, reviews of products and opinions are available which can help the shopping of quality goods, and there is no pressure. But besides the benefit of purchasing goods online there are disadvantages that need to be mentioned, these are the reasons why people will think it twice if they are sure about buying through a web store and these can limit the success of online sales. The website must be trustworthy, if the web store is not legitimate people will consider it as a fraud, and safe shopping won't be guaranteed. When choosing the product, people cannot physically touch it or experience it only the data online is available for them to consider. Also time spent in front of the computer or on our phone can be high. The return of faulty products can be time and money consuming because not all stores have the possibility of free returns. If the usage of the website is not easy or obvious people will simply close it and choose another one and this can seriously damage the sales and profit in the long-run. All of the above mentioned reason can either positively or negatively affect the sales of a store online. (Eszes, 2012)

Companies offer a wide range of options to choose from on how we would like to receive the goods we order. The three most common ways are delivery at home, delivery to a packet point or in store takeover.

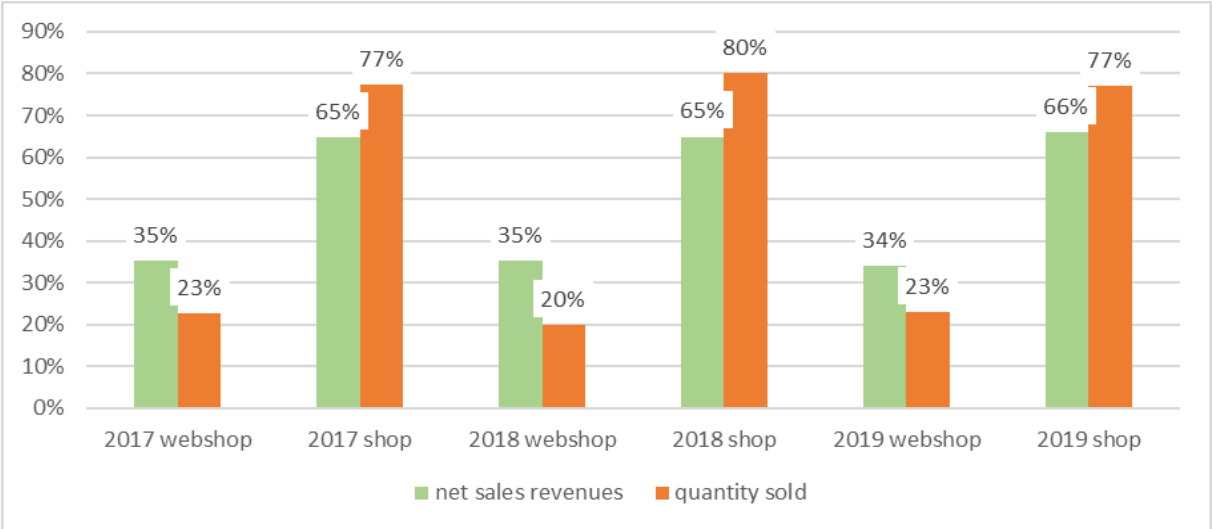
The habits of people are different that is why both in shop and online sales is available.

Another possibility to differentiate sales is to distinguish Business-to-consumer (B2C) and Business-to-business (B2B) sales. Business to consumer sales determines the process of selling products and services directly between a business and consumers who are end-users. Generally, it meant shopping in malls, eating out in restaurants, resorting services. However, since the Internet became widely used B2C is going also online. Business-to-business sales can be between a manufacturer and wholesaler or a wholesaler and retailer. A business-to-business relationship is an activity that is handled between companies and not between a company and an individual consumer. (Marketingterms.com, (n.a.))

Sales of SonCity Ltd.

The Ltd. operates as a multi-channel store, as a “brick-and-clicks” business, so it has a store that can be visited physically in the WestEnd shopping center, and from 2014 it also has a webshop. In the sales process, all employees of the company are involved, not just the salespeople. It is considered important that they try to establish a personal relationship with every customer who enters the store, and they try to help potential buyers with technical advice so they can become owners of the technical product they really need. The design of the online sales platform was outsourced and done on commission by an external company, but the uploading of the content and the ongoing maintenance is the responsibility of the store manager by now. The same products can be bought or ordered through both sales channels, the full range of goods can be found in both places.

1. Figure Distribution of net sales revenue and quantity sold



Source: Own calculation based on data from SonCity Ltd.

During the period under review, the net sales revenue and the distribution of the volume of goods sold between the webshop and the store sales did not change.

I think it would also be worthwhile to look at what is causing this permanence and how online sales could be increased. There are huge opportunities in the online trading market that should be better exploited. According to the statistics prepared by the Hungarian Central Statistical Office, in which the volume indices of retail store sales adjusted by calendar effect were examined by store type, there was a 4,4% increase in the type of parcel delivery and internet store from 2018 to 2019. (2018: 134,8% 2019: 139,2%) In addition, every Internet user can be treated as a potential buyer. Even more so is a potential customer who is constantly looking for an alternative to traditional shopping due to lack of time.

I begin the analysis of our sales by examining development in the dimension of time.

2. table Conformation of quantity sold (sales volume) and net sales revenue

Year	Quantity sold			
	unit	2017=100%	Previous year=100%	absolute change dt=Yt-Yt-1
2017	7 751	100,00%		
2018	8 396	108,32%	108,32%	645
2019	6 812	87,89%	81,13%	-1 584
Year	Net sales revenue			
	in thousand HUF	2017=100%	Previous year=100%	absolute change dt=Yt-Yt-1
2017	401 241	100,00%		
2018	417 151	103,97%	103,97%	15 910
2019	405 427	101,04%	97,19%	-11 724

Source: Own calculation based on data from SonCity Ltd.

The volume of products sold decreased by 12,11% from 2017 to 2019, by an average of 470 units per year, and the average rate of development decreased by an average of 6,25% per year during the period under review.

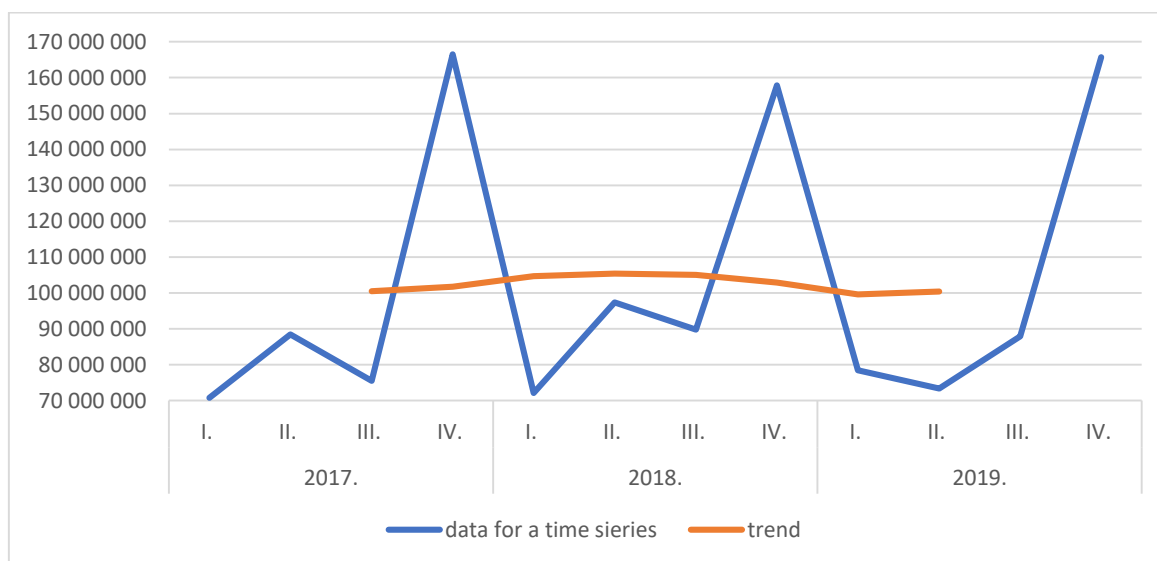
Net sales revenue increased by 1,04% from 2017 to 2019, with an average of HUF 2.093 per year, and the average rate of development increased by an average of 1,0198 times per year, ie by 1,98%.

Examining the relationship between net sales revenues and the quantity sold, we can see that there is a positive relationship (linear correlation coefficient: 0,6318), which means sales will

increase only slightly with the growth of the quantity sold, 39,92% of the standard deviation of the net sales revenue (coefficient of determination) can be explained by the volume sold, the rest can be due to other factors. In my opinion, this has shifted purchases towards higher value products, a change in the composition of trade in goods may be the reason for this, or even an increase in the price of products.

I use trend calculation to present the basic trend of sales, smoothing the time series by excluding random and seasonal fluctuations.

2. Figure Net sales revenue between 2017 and 2019



Source: Own calculation based on data from SonCity Ltd.

The seasonal discrepancy in the IV. quarter shows that the net sales revenue in the period under review exceeded the trend in the IV. quarters by an average of HUF 61.020.083. From the basic appropriation, the sales increased by HUF 25.689.634 in the first quarter, in the second quarter by HUF 16.370.638, and in the third quarter by HUF 18.959.811 due to the seasonal effect. It can also be read from the chart that the seasonal effect is visible in case of the sale of technical articles, typically consumers spend more on technical products around Christmas and the least in the first half of the year. During the Advent period, people are more likely to buy higher-value consumer durables from their resources at their disposal.

According to my statistically estimated forecast, *ceteris paribus* (with all other factors unchanged) in 2020 the net sales revenue is expected to be 411.828 thousand HUF in the optimistic scenario, and 404.051 thousand HUF in the pessimistic estimate at a 95% confidence

level. The values obtained need to be revised because we need to take into account the development of the following factors:

- according to the Hungarian Central Statistical Office's retail prospectus from September 2020, the technical articles decreased by -21% in 2020 due to the Covid-19 virus that broke out in the last quarter of 2019 and then became global by March 2020,
- the volume of mail order and internet retailing increased by 33%, which accounts for 8,4% of retail turnover, continuing the trend that has been going on for years. In my opinion, this is why a shift in traffic to sales through the web store is expected which may result in a shift from the previous 35% for the company.
- the epidemic has disrupted production and, as a result, supply chains, leading to changes in people's consumption patterns and investment decisions. While in 2019 the share of non-basic household expenditure per capita (not fixed expenditure closely related to subsistence) in total expenditure was 45,2%, in 2020 I expect this share to decrease due to the increase in food and housing costs. I believe that the shift in consumption towards food, medicine, health care and protective equipment is expected, which will significantly reduce the coverage for durable goods, so families will think twice their investment decisions (since a Sony television, an audio device, or a camera already counts as an investment in the lives of families).

4. EXAMINING RESOURCE MANAGEMENT

4.1 Asset structure

We can differentiate fixed assets, current assets and accrued and deferred assets.

Fixed assets are obtained by a company and recorded as fixed assets if they are not planned to be sold or changed into cash within one year. These long-term assets often form the elements of a business that are essential to the operation and production of the business. Within fixed assets we can differentiate tangible assets, intangible assets and financial investments. Tangible assets are assets that are having a physical form and are owned by the company on a permanent basis. Includes: real estate, technical and other machines, equipment, vehicles. The essence of the management of tangible assets is that, they must be designed in such a way that they are sufficient for operation. Intangible assets are assets that are not in a physical form. These can be intellectual property, patents, trademarks and copyrights. Although intangible assets have no physical form, they can prove to be valuable and can be crucial to long-term success or failure. All of these assets are the ones that determine the long-term nature and performance of the business. The value of fixed assets decreases over time due to depreciation. Depreciation is term which means a reduction in the value of assets over time. A financial investment involves setting aside a fixed amount and expecting some profit from it over a set period of time. In order to make the best investment decision it needs planning and exploring. (Kenton, 2020)

Current assets have a physical form. These can be inventories, receivables, securities and liquid assets. The most liquid tangible assets of the company are cash, marketable securities and receivables. Current assets are essential because they can finance day-to-day business and can cover current operating costs. Current assets are usually switched into cash within a year, so they do not need to be written off over time. (Hayes, 2020)

Within accrued and deferred assets we distinguish, accrued revenues and expenses and deferred revenues and expenses. Deferred invoices for prepaid expenses or early receipt of revenue. It is basically a payment made or received for goods or services that have not yet been submitted. Deferral allows expenditure or revenue to be recognized later in the financial statements in the period in which the product or service is transferred or carried out. Accrued expenses are the complete opposite of deferred expenses. These are expenses that belong to the current period but have not yet been invoiced to the business. (Tarver, 2020)

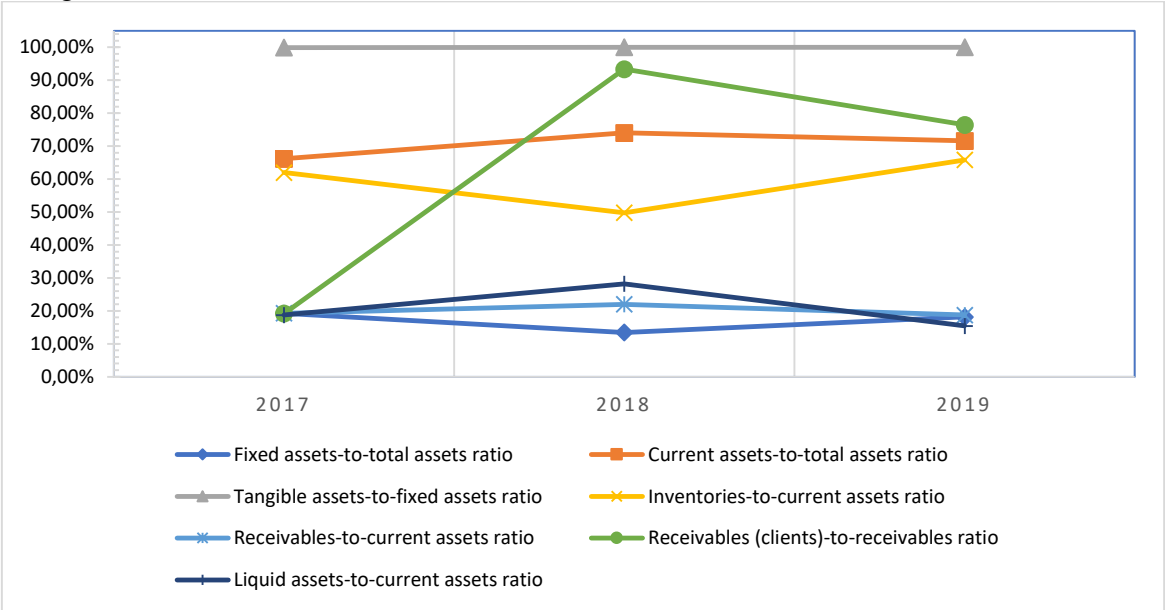
Asset structure of Soncity Ltd.

Information about the company’s assets helps in proper financial reporting, in business assessment, and in financial analysis. Based on these reports, investors and lenders determine the company’s financial position and decide if they would like to purchase shares or give a loan to the company.

Tangible assets for me include those assets in a broad sense that contribute to the value creation processes of the company.

As mentioned above, assets can be grouped according to their role in the operation, according to which they can be fixed assets (those that serve the operation of the enterprise permanently for more than one year) or current assets (those that contribute to the profitability of the enterprise within one year). By analysing the composition of the asset portfolio, we can examine the asset situation and the more important ratios within the assets.

3. Figure Asset structure indicators



Source: Own calculation based on data from SonCity Ltd.

As it can be seen on the graph, there was no significant change in the long-term to the fixed assets-to-total assets ratio (in proportion to fixed assets), which remained below 20% throughout the period under review. As a result of the purchase of a new freight vehicle, there was an increase of 4,73% from 2018 to 2019.

In the annual reports, fixed assets include tangible assets, the proportion of which within fixed assets did not change during the three years under review, so fixed assets appeared in tangible

assets, within that in the other equipment, fixtures and fittings, vehicles. Tangible assets have special accounting rules, as a result of which their management is different. The acquisition value of fixed assets is an expenditure and not an expense, the depreciation recognized during their use becomes an expense. The company accounts for depreciation using straight-line depreciation rates, depending on the useful life, at an applied rate of 10-40%. Assets below the value limit of HUF 100.000 are accounted lump sum as an expense, at the time of commissioning.

The ratio of current assets is between 66,15-71,59%, which corresponds to the main profile of the company in trade. For trading companies, this ratio exceeds the ratio of fixed assets, which is also the case for the company under investigation.

The main balance sheet groups within current assets are inventories, receivables, securities, cash and cash equivalents.

The ratio of inventories increased from 2018 to 2019 by about 16,04%, so the ratio of inventories even exceeded the ratio of 2017. The high stock value enables smooth instant customer service and supports sales. The evaluation of inventories has already been covered in the subchapter of inventory management (3.2).

The share of receivables within current assets averaged 62,98%, but as can be seen from the graph, this fluctuation is the largest in the last three years, due to a drastic increase in trade receivables. Receivables consist of two factors: on one hand, receivables from goods and services (customers), which account for an average of 62,98% of receivables, and other receivables, which account for an average of 37,02%. Other receivables include other specific advances, VAT on advances received from customers, various appurtenances, contributions (labour market and health insurance contributions, vocational training contributions), and taxes (VAT, personal income tax, business tax).

The company has no securities.

The ratio of cash to current assets averaged 20,80% during the period under review. The funds consist of cash in the cash desk and bank account money in the bank account. From 2018 to 2019, there was a significant decline of 12,79% due to the amount removed from the bank account from which the dividend was paid.

In this chapter, I would like to discuss the coverage of assets only briefly, I examine the source structure of the company in more detail in Chapter 5.

3. Table Asset structure indicators

in %	2017	2018	2019	Average
Shareholders' equity coverage ratio	20,10%	22,21%	18,24%	20,18%
Fixed assets coverage ratio	104,56%	165,16%	121,93%	130,55%
Tangible assets coverage ratio	104,66%	165,16%	100,38%	123,40%

Source: Own calculation based on data from SonCity Ltd.

The capital ratio (equity / total assets) expresses that the company finances on average 20,18% of its total assets during the period under review. The ratio of fixed assets to long-term liabilities gives an idea of the coverage of fixed assets. Fixed assets coverage ratio is expected to be at least 1 or above. (Zéman, Béhm 2019) The equity and long-term loan (liability) funding provides adequate funding for fixed assets, above 100% in all three years, and in 2019 it was able to cover fixed assets 1,2193 times continuously from the available resources. Examining the tangible assets coverage ratio, I came to the conclusion that in the examined period the company's equity finances 123,40% of the tangible assets, which means that this is favourable for the company. (Zéman, Béhm 2019) The company is forced to involve an external source for its operations, which is done both with long-term and short-term loans.

4.2 Human resources

The continuation of the commercial activity of the enterprise requires not only material and tangible assets, but also labour and human resources. *„Az emberi erőforrás a vállalatnál alkalmazott munkavállalóknak a munkavégzéshez szükséges képességeik, szakismeretük és a munkamegosztásban elfoglalt helyük szerint strukturált összesége.”* (Chikán, 2003)

The size of the efficient use of resources contributes greatly to the success of the company's operation. The cost of employing human resources is the biggest burden on the business, making it one of the most expensive resources for the company. Its uniqueness is due to its special characteristics: although the value of the company is not increased by the company's property, it has a creative, renewable ability, independent will and way of thinking, thus

influencing the operation of the company, its performance can be kept up through continuous maintenance. (Bíró, 2016)

Human resource of SonCity Ltd.

The average number of employees in the enterprise is seven, of which six are employees, have an employment contract, and one is a person who contributes personally. According to the length of working hours, 7 people are full-time, employed 8 hours, 1 woman is part-time. In terms of the nature of the work performed, there are three main manual workers and four main mental workers. The number and personality of the employees have not changed for years, the turnover of the labour force is not typical. In 2019, the average monthly net salary of employees is HUF 255.155.

The Ltd. operates in a hierarchical structure, the owner / manager is at the head of the company, the store manager and technical manager below him, the sellers are located under the store manager.

4. Table Human resource evaluation indicators

	2017	2018	2019
Net sales revenues (thousand HUF)	401 241,00	417 151,00	405 427,00
Personnel (head)	7,00	7,00	7,00
Productivity (thousand HUF/head)	57 320,14	59 593,00	57 918,14
After-tax profit or loss (thousand HUF)	12 011,00	9 082,00	4 202,00
Personnel expenditure (thousand HUF)	21 708,00	23 812,00	26 069,00
Efficiency (after tax profit or loss/personnel expenditure)	0,55	0,38	0,16
Number of customers	6 394,00	6 153,00	5 388,00
Value of purchase per customer (thousand HUF/head)	62,75	67,80	75,25
Workload indicator (number of customers/employee)	913,43	879,00	769,71

Source: Own calculation based on data from SonCity Ltd.

From the examined productivity indicator, we can state that in the examined period there is no significant difference between the years, in 2019 one main employee sold a product worth 57,918.14 thousand. The downward trend in efficiency fell from 0.55 to 0.16, due to both a significant decrease in profit after tax and an increase in the cost of human resources. If the efficiency ratio is below 1, it means that the cost of the resource exceeds the after-tax profit and draws attention to the need to reconsider redundancies and, in parallel, the possibility of

reorganizing jobs. The value of purchases per capita shows an increase in 2015 to 75,25 thousand HUF, which also supports my earlier finding that purchases have shifted towards higher value goods. According to the workload indicator, the number of customers per employee also shows a decrease, which in 2019 was 770 people.

When selling in person at a store, it is extremely important that the sellers have the appropriate professional knowledge and the basic psychological knowledge what is needed to sell. Sellers are the ones who often influence and determine the choice of buyers, they are the ones who are actively involved in the sale. The owner of the business must know the factors of individual performance of the employees, their abilities, the opportunities to develop their abilities, as well as the motivational tools, the external motivational factors with which they can encourage them to increase their performance.

At the Ltd., payroll expenses increased by an average of 11,75% in the period under review, which also led to an increase in payroll taxes, which resulted in an average increase of 4,45%. A decrease in other payments to personnel was observed between 2017 and 2019. Other payments of personal nature include the cost of representation, the personal income tax charged on representation, the tax payable on the private use of a business telephone, and the cost of sick leave. No fringe benefit is paid to employees. To reduce the wage cost, it would be worthwhile for the owner to consider introducing Cafeteria benefits. From 1 July 2020, 30,5% of the public burden (15,5% of social contribution tax and 15% of personal income tax) will be levied on fringe benefits. The annual wage increase could also be compensated by the payment of benefits agreed with employees in advance, which would reduce the burden paid through more favourable taxation. Tax-free allowance for cultural services and tickets for sports events up to HUF 161.000 per year, or nursery and kindergarten services, where the tax-free limit is unlimited. A public charge of 30,5% shall be applied to the amounts paid to the sub-accounts of SZÉP cards (catering, accommodation, leisure) that do not exceed the discounted annual limit.

By analysing the pre-work proportional profitability indicators, my aim was to point to the unused capacity, which reduces the efficiency and profitability of the business.

Regarding resource management measures for 2020, the business owner is employing in part-time the employees in 30 hours a week and to terminate the employment of 1 person as a result of the epidemic from April.

In a few words I would like to mention human resource management, which is a concept to describe the management and development of organizational employees. It involves developing and administering programs to increase the efficiency of organizations and businesses. This includes building, managing, and nurturing relationship within the company. The department is having a wide range of tasks to do for example manage job recruitment processes such as interviewing, selection and promotion, supporting the career development and job training of employees, providing orientation programs for new employees and also supporting them with on-boarding, helping to dispute settlements between the employer and the employee in work-related problems, designing company policies and ensure to follow them, provide employees with information about laws, wages, working conditions, job duties, investigate and report industrial accidents to insurance, analyse statistics and reports in order to determine the origin of personal problems and make proposals for improvement. (Humanresourcesedu.org, n.a.)

In case of the Ltd. there is no responsible department, but the owner performs this function and deals with the mentioned tasks.

4.3 Cost management

By cost management, we mean an activity that focuses on and includes cost planning, analytical records, general ledger accounting, calculation, control, analysis and so on. Cost management is essentially asset management, as it is still possible to decide whether an asset should be a cost until it is used, but it also carries with it the need to manage assets. (Dr. Sztanó, Veress, 2013)

The company's business activity requires that we make efficient use of available resources. It is necessary to know the size and composition of resources and the possibilities of their utilization. This requires the development of plan variations that can be made in the short, medium and long-term. During the planning it is necessary to accurately assess the costs. It is mandatory to monitor costs by cost types. The types of costs are: material cost, services consumed, forwarded costs, payroll expenses, other payments to personnel, payroll taxes, depreciation, and other expenditures. These are the categories I will analyse later on with specification to Soncity Ltd. (Dr. Sztanó, Veress, 2013)

The control of costs is a very important task for businesses. The audit covers all areas of cost management. Accurate and up-to-date cost accounting plays a key role in cost management. That is why the cost accounting needs to be checked and need to be keep track of it regularly.

Another important task of business is the area of cost analysis. Profit-oriented activity is inconceivable without continuous monitoring and analysis of costs. Of course, post cost analysis is not enough, because in this case there is no longer any possibility of intervention in case it is needed. The system must be designed in such a way that it is possible to intervene in the process of the activity, to be able to steer the processes in the right direction. The methods of analysis must be chosen in such a way that any problems can be identified and the manager can take the necessary action if it is required. (Dr. Sztanó, Veress, 2013)

Factors determining the amount of costs:

- the amount of turnover, if the turnover increases and there is higher purchase value of goods sold, more employees and more labour costs
- the composition of the turnover of goods, the more material-intensive or labour-intensive products we sell, the higher the cost implications
- whether the store operates in a network or as a stand-alone store, a stand-alone store needs its own warehouse with a large inventory, smaller inventories are enough for those in the network
- the form of sales, in a traditional store one buyer get into connection to one seller, while in self-service sales the commercial activity is continuous
- conditions of sale, furniture, shelves, racks or pallets can be required
- changes in various tariffs, for example, increase of gas, electricity, telephone prices.
(Pénzügysziget.hu, n.a.)

There are several impact of cost management on profit, for example, the lower the cost, the higher the profit can be and the higher the cost, the lower the profit can be. If the costs exceed the margin it is a loss, so unprofitable activity cannot be sustained for a long period of time. (Pénzügysziget.hu, n.a.)

Cost management of SonCity Ltd.

The Ltd. manages resources through the costs of the business, and the efficiency of cost management is closely related to the efficiency of the business. The reason for the incurrence of costs is the continuous use of material, human and financial resources, which arise in order for the company to be able to operate, but it can also be caused by external factors, which can occur independently of management. The goal of cost management is for the company to carry

out its tasks at the lowest cost, but not by recklessly reducing costs, which endangers the operation of the company, but by rationalizing costs in a way that will result in optimal resource management.

5. Table Cost level indicators

	2017	2018	2019
Cost level 1	17,71%	15,78%	13,51%
Rate of change in cost level 1		-1,92%	-2,27%
Dynamics of change in cost level 1		89,13%	85,64%
Cost level 2	203,24%	235,47%	227,78%
Rate of change in cost level 2		32,22%	-7,68%
Dynamics of change in cost level 2		115,85%	96,74%
Cost level 3	591,46%	724,81%	1303,97%
Rate of change in cost level 3		133,35%	579,17%
Dynamics of change in cost level 3		122,55%	179,91%

Source: Own calculation based on data from SonCity Ltd.

By examining the cost level indicators of the Ltd. I wanted to explore the cost-effectiveness of its operation, the relationship between costs and gross profit, and the cost implications of the result.

The cost demand of the turnover and the cost sensitivity of the enterprise can be examined with the help of the cost level 1 indicator. The method of its calculation is costs/net sales. Costs amount to 17,71% -13,51% of net sales in the last three years. An average cost of HUF 15,67 was used to generate sales of HUF 100 in the period under review.

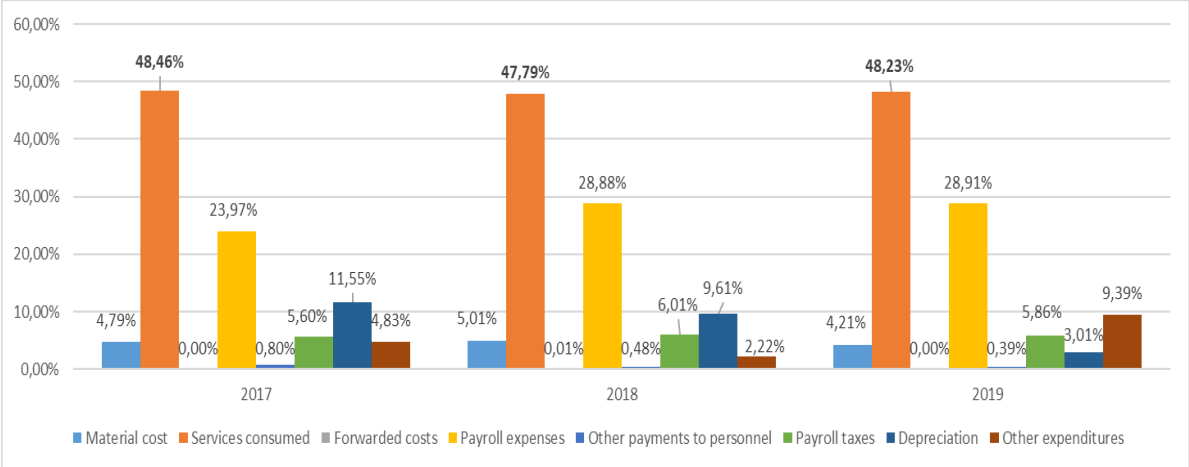
The relationship between gross profit and costs can be deduced from the data of the cost level 2 indicator, which are showing the performance of the company's activities. The method of its calculation is costs/margin. At the company level, between 2017 and 2019, this uses an average of 222,16%, or an average cost of HUF 222,16 to produce a gross profit of HUF 100.

The cost implications of the result can be examined with the help of the cost level 3 indicator. The method of its calculation is costs/after tax profit or loss. The company uses an average cost of HUF 873,41 to generate a profit of HUF 100. The operation of the business is costly and its costs are high.

The extent and dynamics of the change in the cost level show the development of the indicators over time. The extent of the change in cost level indicators 1 and 2 and the pace (dynamics) of the change show a decrease compared to the previous period, which means that sales were made at lower costs compared to previous years.

I examined the cost structure of the company (total accounted costs and other expenses) by dividing it into cost types, so it is possible to observe the proportion of cost types in the total costs that incurred.

4. Figure Breakdown of cost types and other expenses



Source: Own calculation based on data from SonCity Ltd.

As we can see in the graph above, the annual fluctuation of cost types is not significant.

The biggest cost for the company is the services used/consumed, within which, the largest amount in the life of the company is the rental fee of the business premises, which is on average 57,6%. Also included here are freight charges (average 6,4%), maintenance, advertising, accounting, auditing charges (average 8,3%), and business premises operating charges (average 6,3%), with the remaining 2,4% it is shared among other services.

The second largest cost type is labour costs (payroll expenses), which show slow growth. Due to the unchanged number of employees, wage contributions did not change significantly either. By 2019, there was a minimal reduction of 0,15%, which in my opinion was caused by the reduction of the social contribution tax from 19,5% to 17,5% from 1 July 2019.

Third in the category of cost types is depreciation, which shows a continuous decrease in the period under review, it dropped significantly by 6,6% from 2018 to 2019, due to the fact that the value of business equipment was written off by 2018, so in 2019 no depreciation has been accounted. The annual depreciation of other tangible assets did not cause any significant change.

We should mention the large increase in other expenses, which changed from 2018 to 2019 by 7,17%. This is due to the sale of two cars, which were sold below their book value, thus increasing the company's other expenses.

The distribution of the other types of costs is not significant in relation to the total costs and their value is almost constant.

5. ANALYSIS OF ACCOUNTING AND FINANCIAL DATA

5.1 Balance sheet

The balance sheet is an accounting document showing the financial position of the company. A balance sheet is an accounting document that contains assets and liabilities at a given date, properly valued, aggregated in monetary terms, in a prescribed structure and form. We can say that the balance sheet is essentially a statement of assets that includes the assets of the company. (Szakács, 2019)

The balance sheet shows the wealth of the enterprise in the form of assets and in the form of liabilities. The balance sheet includes all the assets and liabilities of the business, so it can be considered a complete statement of assets. The two sides of the balance sheet are the same, meaning that each asset has a source. The balance sheet presents both assets and liabilities in a consolidated, prescribed order as required by the Accounting Act. The balance sheet shows the financial position of the company at a given time. Because the asset situation is at a particular point in time, the balance sheet always reflects a static status. The balance sheet must be drawn up under conditions determined on the basis of the Accounting Act and under the choice of the company. (Szakács, 2019)

The company could prepare the balance in two versions, either in two-sided form or in staggered form. The two-sided form is called version "A", which shows the assets on one side and the liabilities on the other and the staggered form is called version "B", which shows in the first part the assets and in the next part the liabilities. Assets and liabilities must be included in the balance sheet according to a specific order, which means the division and structure of the balance sheet. On the left side there are the assets, these are made available to the contractor, for the operation of the contractor. The sources of the assets are shown on the right side of the balance sheet. Theoretically, every device has a source. In practice, this is shown in the balance sheet as the value of the asset equal to the value of the liabilities and capital. (Szakács, 2019)

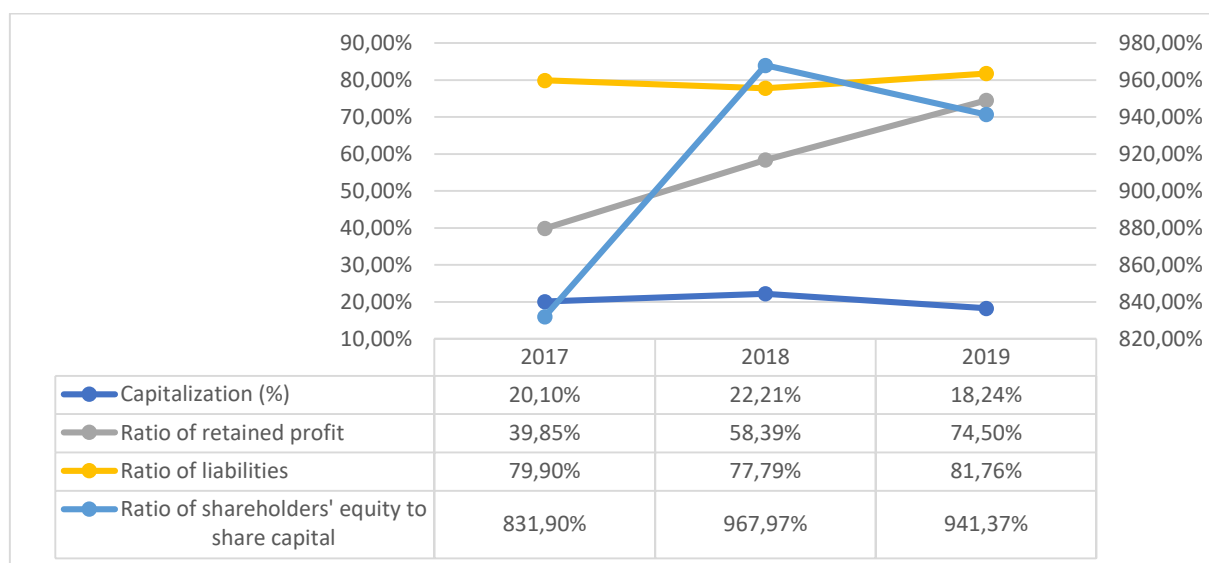
Balance sheet of SonCity Ltd.

By analysing the balance sheet of the company, my goal is to give the company's owner a better overview of its financial position. With the assets appearing on the asset side of the balance sheet, by analysing the composition of the asset portfolio, we can examine the financial

situation, the more important ratios within the assets, and we can draw conclusions about their payback period. I examined this in section 4.1, asset structure of chapter 4, Resource Management.

On the asset side, we can see that in which form the wealth is available for the company, but we have to look at that from what the company finances its assets. By examining the liability side of the balance sheet, we can use capital structure indicators (or liability structure indicators) to analyse the wealth of the company.

5. Figure Capital structure indicators



Source: Own calculation based on data from SonCity Ltd.

Capitalization expresses the proportion of equity within all sources, the proportion of the company's equity financed by the Ltd.'s resources, it shows Ltd.'s capital strength. The examined enterprise carries out capital-intensive activities, as the products sold are specialized goods in a higher price category. Between 2017 and 2019, the value of the indicator ranged from 18,24% to 22,21%, which expresses the fact that the company operates using external sources, and examining the development of the indicator over time, we see that it shows a decrease from 2018 to 2019, this trend is unfavourable, the share of foreign sources increased further.

Share of retained earnings, is the ratio of retained earnings to equity. The share of retained earnings increased steadily from 39,85% to 74,50%. The profit reserve has increased by an average of 5.547 thousand HUF, or 47,28% over the last 3 years, which is a remarkable increase.

The owner has returned a significant part of the generated profit to the company, thus establishing the possibility of growth. Equity shows an average increase of 14,76%.

While calculating the share of liabilities, we compare total liabilities to total resources, which fluctuate between 77,79% and 81,76% between 2017 and 2019. In 2019, long-term liabilities include open-end financial leasing for car financing provided by Budapest Bank Ltd. Within current liabilities, short-term loans include overdrafts provided by Raiffeisen Bank Ltd., advances received from customers, and vendors, the value of which shows a continuous increase, other short-term liabilities include taxes payable (corporate tax and wages taxes and contributions). Although the share of liabilities does not fluctuate significantly, I believe that the emergence of overdrafts and liabilities to increased suppliers should not be ignored, as the company may become more dependent on external financing.

The equity-to-subscribed capital ratio increased greatly from 2017 to 2018, from 831,9% to 967,97%, and then declined slightly to 941,37% the following year. The company operates its capital efficiently. The subscribed capital of the company corresponds to the minimum amount prescribed by the Civil Code, which is 3 million HUF, which has not changed over the years, so the reason for the fluctuation in the ratio is the change in the value of equity.

6. Table Net working capital

in Thousands HUF	2017	2018	2019
Current Assets	82 147	96 802	110 808
Short-term liabilities	97 997	100 757	119 652
Net working capital	-15 850	-3 955	-8 844

Source: Own calculation based on data from SonCity Ltd.

Working capital is the margin between current assets and current liabilities. In the case of the examined company, the obtained values indicate that the Ltd. also finances its current assets and part of its fixed assets with short-term liabilities, thus there may be liquidity problems.

7. Table Shareholders' equity growth rate

in Thousands HUF	2017	2018	2019
After-tax profit or loss / net income	12011	9082	4202
Shareholders' equity	24 957	29 039	28 241
Shareholders' equity growth rate (%)	48,13%	31,28%	14,88%

Source: Own calculation based on data from SonCity Ltd.

The rate of increase in equity can be calculated as the quotient of After-tax profit or loss / net income and Shareholders' equity. The growth rate of equity shows a decreasing trend in the period under review, the loss of capital is due to the continuously and significantly decreasing after-tax profit.

5.2 Income statement

The income statement is an accounting document that contains the company's income and expenses for a given period, in aggregate and in monetary value, and derives the result formed as the difference between them. The main characteristics of the income statement are: it is an integral part of the reporting system, it determines the result by comparing the yields and the expenses (costs), it is in a close relationship with the balance sheet with the valuation of assets and liabilities, is made for a calendar year, contains the data of the previous year, the data of the current year, the modifications due to significant errors found during the audit, it is possible to subdivide or merge individual items, new items can also be added, it must be signed by a person authorized to represent the undertakings. The structure of the income statement shows the income and expenses of the business organization, the derivation of the profit and the remaining after-tax and balance sheet profit in the structure defined by the Accounting Act. The categories of the income statement are: major groups which are denoted by capital letters, roman number categories (result groups), and Arabic number categories (result items). (Szakács, 2019)

Its structure can be in a serial arrangement, usually combined with a balance sheet-like arrangement, can be two-sided layout or tiered income statement. The contractor can choose between the methods of determining the result and within it several forms of the income statement. These two types are the turnover cost procedure and the total cost procedure. The two methods and within them the two variants (A and B) are equal in terms of determining the results, companies are free to choose. The two income statement ultimately give the same operating profit. As the additional partial result indicators are determined in exactly the same way, both the financial result and the extraordinary result give the same value. (Szakács, 2019)

Income statement of SonCity Ltd.

I used the data in the income statement to examine the profitability, because its result is one of the most complex indicators, as the the impact of all the Ltd.'s activities are reflected in its development. The amount of the generated profit informs how much profit the company realized from its commercial activity in the examined period. The Ltd. prepared an "A" type income statement with a total cost procedure.

8. Table Outcome categories

PROFIT & LOSS (in Thousands HUF)		2017	2018	2019
I.	Net sales revenues	401 241	417 151	405 427
II.	Capitalized value of own performance	0	0	0
III.	Other revenues	54 266	53 628	59 231
IV.	Material expenses	408 226	428 530	424 048
V.	Personnel expenditure	21 708	23 812	26 069
VI.	Depreciation	8 255	6 468	2 232
VII.	Other expenditures	3 450	1 494	6 959
A.	Operating profit or loss	13 868	10 475	5 350
VIII.	Income from financial transactions	0	11	8
IX.	Expenses of financial transactions	666	514	320
B.	Financial profit or loss	-666	-503	-312
C.	Pre-tax profit or loss	13 202	9 972	5 038
X.	Tax liabilities	1 191	890	836
D.	After-tax profit or loss	12 011	9 082	4 202

Source: Own calculation based on data from SonCity Ltd.

Operating profit or loss and Financial profit or loss are summed up in Pre-tax profit or loss, which expresses the highest profit mass available from all activities performed by the company. During the period under review, Pre-tax profit or loss showed a continuous decrease, which can be attributed to the decrease in Operating profit or loss. The value of Operating profit or loss is positive in all three years; ie the operation of the company is successful. The result of financial profit or loss is negative in all three years, which is due to the fact that the income from financial operations (interest received on the amount appearing on the bank account) was exceeded by the expenses of financial operations (which is the Interests paid = interest paid on borrowings). That is, the operating profit or loss result was worsened by the Financial profit or loss result. In terms of its taxation, the company is subject to corporate tax, which is linked to a direct tax and the company's profit. In 2017 and 2018, the pre-tax profit and the tax base received as a result of the items modifying it (profit increase / decrease items) exceeded the tax base calculated on

the basis of the minimum income (profit), so the tax liability is also the same amount. In 2019, the tax payable was determined on the basis of the income (profit) minimum because 2% of total revenue (tao fund) was an amount higher than the tax base calculated from pre-tax profit and adjustment items. The corporate tax rate was 9% in all three years. One of the most important data for the owner is After-tax profit or loss, from which we see that the activity is profitable, its revenues provide coverage for its costs and expenses. The owner fully recouped the generated profit in 2017, in 2018 a part of the generated profit (5.000 thousand HUF), in 2019 the total profit (4.202 thousand HUF) and even a dividend from the profit reserve (798 thousand HUF). The reclaimed profit plays an important role, because if the company spends it on development and expansion, it can increase the profitability of the limited liability company and the value of the company.

9. Table Profitability ratios

in %	2017	2018	2019
ROE	48,13%	31,28%	14,88%
ROA	9,67%	6,95%	2,71%
total assets/shareholders' equity multiplier	4,976	4,503	5,481
Change in ROA	-	-2,73%	-4,23%
Effect of turnover change on ROA	-	-0,12%	-1,24%
The effect of revenue-proportionate profitability on ROA	-	-2,60%	-2,99%

Source: Own calculation based on data from SonCity Ltd.

Return on equity (ROE) allows the analysis of the change in assets for the period under review, which is from own resources. We can get a picture of the return on equity, the extent of its change, the return on capital, this indicator is important from the point of the profitability of the Ltd.'s activities. It shows a continuous decrease in the period under review, from 48,13% to 14,88%, so in 2019, 14,88% of the invested capital was returned. This high 48,13% is due to the fact that after tax profit or loss was nearly three times as high in 2017 as in 2019, and in contrast, shareholders' equity growth was negligible. The reason for the decrease is that compared to the base year of 2017, Shareholders' equity increased by 13,16% in 2019, while After-tax profit or loss / net income decreased by 65,02%. The reason for this 65,02% decline is that the net sales revenues has also decreased, besides there was an increase in the personnel expenditure and other expenditures. Return on equity is one of the key indicators, the amount of which is influenced by the after-tax profit as a proportion of sales, the turnover of all assets and the asset multiplier. Of the two factors determining ROE (ROA and total assets / shareholders' equity multiplier), ROA is the one that contributes to the decrease in ROE, which

decreased on average by 3,48% per year during the period under review, while the asset multiplier shows an average increase of 6,10%. The development of the ROA is influenced by the profit after tax proportional to the sales revenue and the turnover rate of the assets. When breaking down ROA into factors, we can observe that although both turnover rate and profitability degrade its value, profitability is what has a greater impact on it. The head of the business should strive to make decisions that would increase both the proportional return on sales and the turnover rate of the assets. Increasing the turnover rate of assets can be done by more optimal determination of the inventory level, by reviewing the composition of tangible assets, by making better use of existing resources, and by collecting receivables with shorter deadlines. Revenue-proportional profit could be increased within the determination of the optimal inventory level by examining and changing the composition of inventory, increasing sales, and reducing costs. Several factors influence the evolution of the results, each option needs to be thoroughly examined before a decision is made, not only the numbers need to be examined, but we also need to look behind the numbers.

10. Table Margin and profit margin development

in Thousands HUF	2017	2018	2019
Margin	34 953	27 956	24 055
Absolute value of Gross profit change (base period: previous year)	-	-6 997	-3 901
Level of Margin (%)	8,71%	6,70%	5,93%
Profit margin (%)	9,54%	7,18%	6,31%

Source: Own calculation based on data from SonCity Ltd.

When analysing the results of the company, in addition to the costs, the examination of the margin is also a basic task, because from the margin the ltd. can cover its costs and the possibility of development in case of a profit. In the period under review, the gross profit decreased by an average of 5.449 thousand HUF per year, which is due not only to the decrease in net sales revenues but also to the decrease in the profit margin formed by the company. As can be seen from the table, the products marketed can be sold at extremely low profit margins, which may be due to the ongoing price competition in this market, which is initiated by retail chains that also sell a variety of branded products. The margin is always determined retrospectively, it is formed during the operation of the company, on the other hand, the profit margin is determined by the Ltd., thus forming the selling price of the products. Since the company under investigation is a brand store, it has no possibility to increase its gross profit in such a way as to try to reduce the purchase value of goods sold, as it can only buy the main

product line from a single supplier (Sony Europe BV Hungarian Branch) thus, they can only get other income by fulfilling the bonus conditions more precisely. The amount of available bonuses is regulated by a separate agreement between SonCity Ltd. and the Hungarian Branch of Sony Europe B.V. Bonus conditions include continuous maintenance of the website, strict adherence to payment deadlines, continuous stocking of mandatory products, store placement of demo products, and compliance with monthly order quantities and values.

5.3 Additional financial indicators

As profitability depends at least as much on our financial activity as on the company profile of a manufacturer, distributor, service provider, their core business and their technical-organizational-productivity, we need to keep our financial decisions and activities under constant control. If we want to develop, gain more market share, do not want to suffer big exchange rate losses, pay unnecessary capital costs, interest, we want to be sure of a return on our investment, we cannot manage money spontaneously, we have to do it in a controlled and planned way. The aim is to formulate and plan the financial aspects, elements and processes of corporate management, to present and monitor the actual processes in detail, to compare the planned and actual processes and conditions, to assess the differences, and finally to redraft the plans or develop major change proposals. (Sinkovics, 2019)

Additional financial indicators of SonCity Ltd.

The aim of the company is to increase the value of the company and to increase the wealth of the company, thus establishing the operation of the company. It is the owner's responsibility to preserve and maintain profitability and liquidity, as well as creditworthiness, and he must make his financial decisions with this in mind. In making financial decisions, the owner also decides how to raise and spend the funds. The analysis of the financial situation can be done by examining the debt stock in the longer term or by calculating liquidity ratios in the short term. I would like to examine the financial performance of the company to see if it can meet its short-term and long-term obligations.

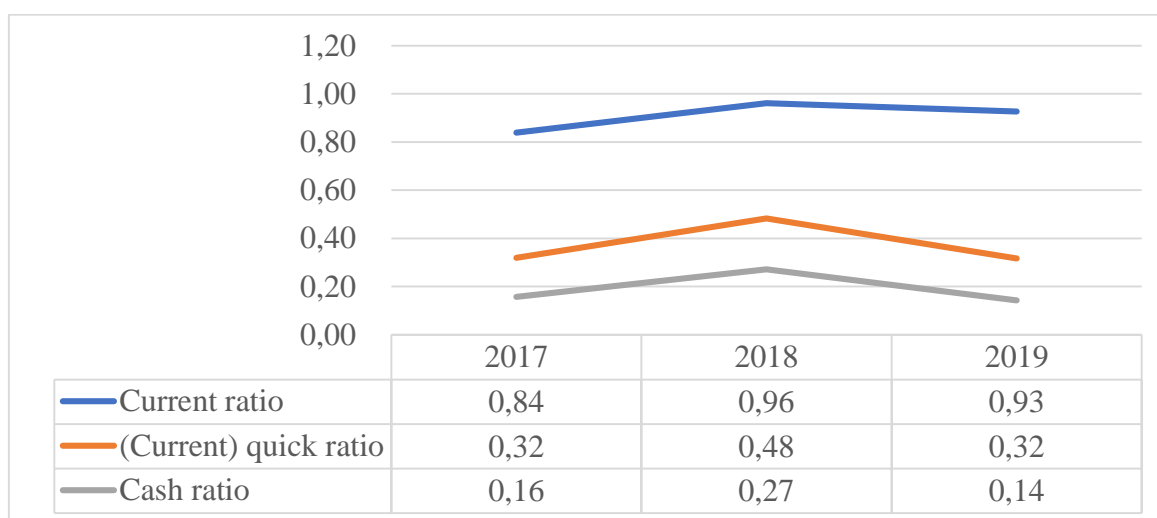
11. Table Long term liability indicators

in Thousands HUF	2019
Long-term liabilities	6 063
Shareholders' equity	28 241
Σ	34 304
Long-term liabilities ratio (%)	17,67%
Long-term liabilities coverage ratio (%)	465,79%

Source: Own calculation based on data from SonCity Ltd.

In the examined period, the company had a long-term liability only in 2019, so I do not have the opportunity to examine the development of the indicators over time, nor to classify the ratios obtained. The Long-term liabilities ratio is the ratio of long-term liabilities to all permanent sources. It is not possible to determine a generally accepted magnitude for this indicator, but we need to examine the justification and content of the debt. The loan was taken out for the purchase of a car. For cost-saving reasons, two older cars were sold in 2019 and a larger and more affordable one was purchased instead. The long-term liabilities coverage ratio shows that in 2019, the equity of the company covers long-term liabilities 4,6579 times.

6. Figure Liquidity ratios



Source: Own calculation based on data from SonCity Ltd.

All three liquidity ratios show growth in 2018 and then return to levels close to 2017. The current ratio is the quotient of Current Assets and Short-term liabilities, which expresses that in 2019 the value of current assets is 0,93 times the value of liabilities within 1 year, as the value of the indicator is below 1, thus warning that there is a risk of insolvency. (Koppány, Kovács, 2014.) In the case of the quick ratio, the value of inventories that can be monetized less quickly is deducted from the value of current assets. The average for the period under review was 0,37,

which in my opinion is low. The cash ratio shows the immediate liquidity, the extent to which it can meet its obligations immediately, the value of cash (cash in hand, checks, and bank deposits) versus short-term liabilities. The value of this is also extremely low, the company could only fulfil its immediate payment obligation by involving another external source. The examined period shows that the company is struggling with a continuous liquidity problem, most of the capital is tied up in stock, and it is not able to cash these tied-up assets quickly.

12. Table Indebtedness ratio and debt ratio

in %	2017	2018	2019
Indebtedness ratio	78,92%	77,06%	81,22%
Debt ratio	392,66%	346,97%	445,15%

Source: Own calculation based on data from SonCity Ltd.

Indebtedness ratio expresses the extent to which a company has financed its assets from external sources. A value below 60-65% would be appropriate (Koppány, Kovács, 2014), but as we can see from the calculations, this value is around 80% for the examined Ltd. in the last three years. The debt ratio provides an answer to whether the company is able to settle its liabilities from its own capital. In the case of the company, we see that the company is unable to finance its liabilities from its own resources, exceeding the expected value several times, in 2019 by 4,45 times.

13. Table Development of net worth

in Thousands HUF	2016	2017	2018	2019
Net worth	14 316	26 177	30 001	29 074
Change in Net worth (base year=previous year)		11 861	3 824	-927

Source: Own calculation based on data from SonCity Ltd.

The difference in total assets and liabilities informs us about the development of net worth. While in 2017 and 2018 there was still an increase compared to the previous year, in 2019 there was already a decrease. The decrease in 2019 is due to a larger increase in liabilities by 927 thousand HUF from the value of assets. The increase in liabilities is due to the increase in long-term loans for new vehicle financing, current account loans among short-term loans, and the increase in liabilities to suppliers. This slowing growth rate draws attention to the deteriorating quality of the business, it is worth paying attention to these signs in time before the problems arise.

In my opinion, the finances of a company need to be reviewed and its financing requires the development of a longer-term financial plan, finances require not only day-to-day operational decisions, but also strategic planning. The financial operations of the company and management must also be accurately planned, continuously monitored, deviations from plan data must be analysed, evaluated and appropriate decisions need to be made in time so that the company can adapt to environmental changes and lack of liquidity does not cause the end.

6. CONCLUSION

In my opinion, my goal that I set in the introduction of my dissertation, to create a comprehensive, objective picture of the operation of the company and to reveal the possible shortcomings in its operation and critical points, I could keep in mind thought the writing. Throughout, I tried to put the theoretical methods I studied at university into practice.

I started my dissertation with a brief presentation of SonCity Kft. The products sold are Sony branded products. With the help of a swot analysis, I explored the company's Strengths, Weaknesses, Opportunities, Threats, helping to understand the company's current situation, and created an opportunity to develop a future strategy based on the company's strengths to be able to pick up the fight against your competitors.

In the third chapter, which is about the turnover of goods, I described the processes in chronological order. Purchasing determines the success of a commercial activity that aims to make the stock of goods available for sale according to customer needs. The acquisition process of the company under investigation is significantly simplified due to the fact that Sony operates as a branded store. Claims are submitted through Sony's own system, and the products ordered are tracked. For complementary products, you have the opportunity to compete with your suppliers and work with companies that have undergone a qualification process. In this case, too, it tries to procure the necessary products directly from the manufacturers, agencies and distributors in order to obtain it at the most favourable purchase price. During their inventory management, they assemble an inventory of goods based on consumer needs in such a way that the quality of service and cost-effectiveness can prevail. I examined the turnover rate of inventories in revolutions and days, as well as the inventory requirements of sales revenue. A slowdown in turnover speed has been observed, which has resulted in an increase in the time spent by the products in the warehouse, as well as a deterioration in the inventory efficiency indicator. These may be due to a decrease in demand and the choice of the wrong product mix. It would be worthwhile for the company to examine what is behind the decline in demand and introduce ABC analysis in inventory management, which would provide an opportunity to introduce a more differentiated management. The ultimate goal of the merchandising activity is sales. The Ltd. operates as a "brick-and-clicks" company, it has an online and a physical shop. I examined the distribution of sales (both in value and quantity) between the webshop and the store, from which we can conclude that the net sales revenue and the distribution of goods sold did not change between the webshop and the store sales during the period under review. I think

it would be necessary to look for the reason for this permanence as well, for example, to investigate why those interested leave the website without making a purchase (2-3 very short closed-ended questions could be asked before finding out the reasons). I studied the relationship between net sales revenue and quantities sold. There is a positive relationship between the two in the positive direction, i.e. sales increase only slightly with the increase in sales volume, in my opinion, purchases have shifted towards higher value products. I analysed the seasonal effect of technical items, whether they affect the quarterly change in sales, and came to the conclusion that in the fourth quarter, the desire to buy products will increase. I believe there is a big role to play in this Christmas period when people are more inclined to buy higher value durables. I have also made an optimistic and pessimistic estimate of the expected sales for 2020, but in view of the extraordinary viral situation it definitely needs to be revised, but at the same time I look forward to the actual data for 2020 to make sure my calculations are correct.

In the fourth chapter, I focused on resource management, observing the material and human resources of the company, as well as the cost management. By analysing the composition of the stock of tangible assets, I examined the most important ratios within the assets, which did not show any significant fluctuations other than the share of receivables. The reason for the fluctuation of the share of receivables is the increase in receivables from customers and others (various contributions, contributions, and taxes), the receivables of which the company must take into account in order to balance its finances and liquidity. The ratio of current assets corresponds to the profile of the company. I also considered it important to carry out an examination of human resources, because the efficient use of human resources contributes greatly to the successful operation of the company. During the analysis of the proportional profitability indicators of labour, I pointed out that the efficiency and workload of the workers also show a decreasing trend. A decrease in after-tax profit and an increase in human resource costs cause a decrease in efficiency. In my opinion, we should think about downsizing and, at the same time, reorganizing jobs, because unused capacity reduces the efficiency of the business. The business manages its resources through its costs. By examining the cost level indicators of the Ltd. I studied the cost-effectiveness of its operation, the relationship between costs and gross profit, and the cost implications of the result. I came to the conclusion that although the sales were made at lower costs compared to previous years, the operation of the business is costly and its costs are high. An examination of the cost structure shows that the largest cost to the business is the services used, followed by labour costs. I think it is also possible to consider whether the jobs can be reorganized so that we can reduce the services

used. For example, one of the sales colleagues handles the delivery of the company's own car and a non-external shipping company would transport the higher value goods.

In the fifth chapter, I examined accounting and financial data. I also found it important to analyse static data to give the business owner a snapshot of their entire year's work. An examination of the liabilities side of the balance sheet showed that the company can only provide funds for its fixed assets with the help of an external source, and it cannot cover its short-term liabilities from the sale of current assets. Capital structure indicators also indicate that the company carries out capital-intensive activities, operates with the use of external sources and the share of external sources is increasing. A decrease in profit after tax in proportion to capital indicates a decrease in profitability. It should be assessed as a positivity that the owner of the company returns the generated profit or a part of the profit back to the company, so the share of the profit reserve increases. Liabilities include both short-term and long-term loans, thus confirming the presence of external financing. From the income statement we can determine how much profit the company has realized. The value of operating profit or loss is positive in all three years, the operation of the business is successful, but we must not go beyond declining. The result of the financial profit or loss is negative in the period under review, as the company has no investments, but the instalments to be paid for the borrowed loans do, so the result of the financial loss further reduces the operating profit. After-tax profit is one of the most important data for the owner, because from this he sees that his activity is profitable and his revenues cover his costs and expenses, the company under investigation has been profitable in all three years. The basis of management is the margin, which is formed during the operation of the company. As a result of the decrease in sales revenue and the increase in costs, the gross profit also decreased. The rate of profit margin applied to the range of products distributed is extremely low, which may be due to the constant adaptation to the constantly fierce competitive situation and the already high starting and purchasing price of the products. The company must strive to meet the bonus conditions that allow it to receive compensation for purchase prices. A pivotal point in the examination of the financial situation was the analysis of liquidity, which had already anticipated my fears that the company might have payment problems. This was also proved on the basis of the received indicators, the company is in danger of insolvency, the company could only fulfil its immediate payment obligations by involving another external source, most of the capital is tied up in stock, which is cannot quickly change into cash. In my opinion, the financial management of a company definitely needs a review and the development of a longer-term financial plan.

In conclusion, I can state that the basic goal of the company's operation is to increase the value of the company, thus establishing the smooth operation of the company, which can be implemented with well-founded and well-thought-out decisions.

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Appendix

BALANCED SHEET (in Thousands HUF)		2017	2018	2019
A.	Fixed assets	23 869	17 582	28 134
I.	Intangible assets	23	0	0
II.	Tangible assets	23 846	17 582	28 134
III.	Financial investments	0	0	0
B.	Current Assets	82 147	96 802	110 808
I.	Inventories	50 903	48 201	72 950
II.	Receivables	15 850	21 281	20 763
III.	Securities	0	0	0
IV.	Liquid assets	15 394	27 320	17 095
C.	Accrued and deferred assets	18 158	16 374	15 847
	TOTAL ASSETS	124 174	130 758	154 789
D.	Shareholders' equity	24 957	29 039	28 241
I.	Share capital	3 000	3 000	3 000
II.	Unpaid share capital	0	0	0
III.	Capital reserve	0	0	0
IV.	Retained profit	9 946	16 957	21 039
V.	Committed reserve	0	0	
VI.	Revaluation reserve	0	0	0
VII.	After-tax profit or loss / net income	12 011	9 082	4 202
E.	Provisions	0	0	0
F.	Liabilities	97 997	100 757	125 715
I.	Subordinated liabilities	0	0	0
II.	Long-term liabilities	0	0	6 063
III.	Short-term liabilities	97 997	100 757	119 652
G.	Accrued expenses and deferred incomes	1 220	962	833
	TOTAL SOURCES	124 174	130 758	154 789

Source: Own calculation based on data from SonCity Ltd.