

Financial Analysis of Vanke Enterprise

Yifan Lu

School of Management, Hebei University, Baoding 071000, China

Abstract

Taking Vanke Real Estate Company as an example, this paper analyzes the financial data of Vanke Real Estate Company in the past five years, and analyzes the capability indicators of Vanke Real Estate Company through in-depth analysis of its financial strategy and risk management. finally, reasonable suggestions are made for its existing problems in order to ensure its sustainable development.

Keywords

Vanke; Financial Strategy; Financial Statements.

1. Introduction

Vanke enterprise was founded in 1984, and its main business is real estate development. at present, Vanke is the largest developer in China. Its values and service model are closely related to its concept. Vanke enterprises support its leading position by reflecting on past experiences and lessons, so as to create a set of independent and perfect system within their own company, through the analysis of market environmental changes. Looking for business strategies that cannot be very reliable in the market, focusing on the quality of products and services, improving competitiveness, attaching importance to the training of talents, and the performance assessment of the company's personnel, so as to improve people's efficiency, it is the strength within the group that can fully operate [1].

With the continuous improvement of China's macro-economic level, China's real estate industry arises at the historic moment, and the interests of many enterprises are directly related to the interests of the people. at present, China's investment in real estate enterprises accounts for nearly 20%. After the economy has entered the new normal, a series of measures promulgated by the government have restricted the development of real estate enterprises, so Vanke real estate enterprises should think deeply. To take the lead in the pursuit of long-term and stable development [2]. Vanke's management model, in addition to strategy and brand funds, as well as the consideration of investment and financial internal control, Vanke's internal governance, the structure is divided into three levels, each level performs its own duties and operates efficiently [3].

2. Financial Analysis

2.1. Financial Situation of Vanke Enterprise

Since 2015, the current assets in Vanke enterprises have been increasing, and its company's debt has also increased, which means that when the company has a large market share, it needs a lot of capital to support the high debt burden. Although it will temporarily solve the company's shortage of funds, it will also bring higher financial risks to Jie, and may have a certain impact on the credibility of Vanke enterprises. The net profit and operating income of Vanke enterprises have continued to increase in the past five years, but the total cost has fluctuated to a certain extent in the past five years, indicating that Vanke Group has taken certain measures to control costs and increase profits.

2.2. Analysis of Financial Indicators of Vanke Group

The current ratio of Vanke enterprises. The slight decline in recent years may be due to the impact of the epidemic's superimposed payback, while the epidemic has also had a certain impact on customer interaction. The turnover days of accounts receivable is 4.3 days, indicating a certain decline in solvency. The joke of the current ratio may be due to the better development of the enterprise and the strong turnover speed or disguised ability of its current assets inventory, so the risk is relatively small.

The asset-liability ratio of Vanke enterprises has risen steadily in the past five years, and the interest guarantee ratio has also been gradually reduced, indicating that the debt pressure ratio of Vanke enterprises has increased. if the production capacity is relatively weak, there will be a greater odor risk. when formulating the company strategy, the management layer needs to carefully consider the future development risk and the profit target profit margin with reference to the ratio of the site capacity. The ratio of having a wife at 15% to 20% is generally on the rise. the lower the recorded cost of the company, the lower the profits will be relatively improved the real estate financing channels of Vanke enterprises. tighten some enterprises have to carry out high-wage development overseas Vanke enterprises have been the leading real estate enterprises listed; his financial strategy has great development momentum to other enterprises have a certain degree of competitiveness. From the point of view of station ability, his long-term and short-term ability seems to be better than that of Vanke.

Vanke has lost its gross profit margin in the past five years, and its profitability has gradually increased. In 2017, the government policy of China's real estate industry issued a lot of provisions, as a severe containment of rising housing prices followed by the development of real estate, limited Vanke enterprises focus on the ability to operate. The decline in the rate of return on net assets in 2017 shows that the policies promulgated by the government have had a greater impact on the group. However, the general year later returned to the previous better level, indicating that the operating capacity of Vanke enterprise is relatively excellent, and its return on net assets also began to grow steadily, with a better strategy to deal with risks. In the past five years, the average turnover rate of accounts receivable is 147, and the turnover rate of inventory decreases year by year, although it can maintain a profitable state. But the declining collection capacity also needs to solve the problem in time, and the speed of fund sales is also slowing down, but the permanent ability of Vanke Group to enter the library is still relatively strong.

Real estate enterprises mostly pay by installments, so his funds will be returned during the period that the bed solution has a certain risk that the inventory cannot be sold in time, resulting in the capital cannot be recovered in time, which will lead to low liquidity of assets. From the perspective of profitability and development ability, the land of Vanke Group is now a little difficult, because the advantage of traditional real estate is relatively weak. Although the purchasing power of China's real estate industry is still relatively strong, compared with the past few years has entered a relatively stable market, Vanke Group in the future to explore a new development strategy model, the business sales revenue will continue to grow, with good development prospects need such a company's business costs. This directly affects the profit of Vanke Group, the financing channel of Vanke Group is also very stable, the loan growth rate drops, the provision for bad debts reduces the number of asset turnover, and the impact on Vanke Real Estate is also relatively high.

3. Summary

3.1. Shortcomings

Observing the financial indicators of Vanke Group in the past five years, we can see that the inventory backlog of Vanke Group is very serious, which will increase the cost of inventory

management and lead to a certain reduction in profits, compared with the real estate development situation of previous years. Under the background of Meng, now the income level of the group needs to be improved for the completed property, there is no way to timely sales data, which will lead to the difficulty of capital recovery. It reduces the utilization efficiency of funds, causes the capital chain to break or affects the capital structure of Vanke enterprises in normal operation, the proportion between unreasonable current liabilities and non-current liabilities is not smooth, the financing channel is not smooth, and the sales funds do not pick up. It may make it more difficult to repay principal and interest. On the whole, the risk of the market capacity of the enterprise will be relatively large, and there will be a great hidden impact of macro policies.

From the above analysis, we can conclude that Vanke Group should strengthen internal control and reasonable arrangements for inventory investment to reduce the backlog, because the nature of real estate itself is relatively low liquidity, so excessive occupation of current assets should be reduced as far as possible. Secondly, Vanke Group should more scientifically formulate policies and strategies for bad debts and accounts receivable. When selling on credit, Vanke Group should carefully examine the customer's reputation and reasonable planning, and analyze and forecast his bedside reasonable allocation of assets scientifically. Project prospects in this purchase of assets, to prevent the backlog of fixed assets, resulting in insufficient working capital impact. The sales profit of the enterprise Vanke Group should also establish and improve the financial risk management system and take preventive measures in advance, because the real estate industry has the characteristics of great investment, and its development cycle is also relatively long. therefore, the group should develop a more strengthened supervision and audit system at night to ensure that there will be no mistakes in the capital chain. When collecting different information, more accurate supervision and defense are needed. Make the monitoring system more sensitive.

At present, the development trend of the real estate industry in China is still in a relatively hot market, which requires Vanke Group, which must comply with the policies issued by our government, strengthen the prediction and prevention of financial risks and take corresponding measures to ensure the normal amount of capital, operation and optimize the capital structure of enterprises, because with the continuous development of market economy [4]. The funds of real estate companies are relatively tense to broaden the diversification of financing channels. While changing the capital structure, we need to combine our own characteristics to optimize the capital structure reasonably, which can not only improve the profit of the enterprise, but also improve the ability index of the enterprise and reduce the risk. For the long-term development of Vanke Group, we should adopt a reasonable prevention mechanism, from the marketing strategy asset quality, operating risks, capital structure and other omni-directional management and control, in order to reduce enterprise risks and improve profits.

3.2. Suggestion

Vanke Group adheres to the layout of the urban economic circle by taking the realization of land resources as the main goal to ensure the profitability of the company. Vanke Group uses the combination of strengthening liquefaction management and the analysis of financial data in the past five years to further formulate the future company development strategy, economic benefit management is implemented to improve the product quality of each company, which is very beneficial to the income of Vanke Group, but also to formulate a reasonable dividend policy. In recent years, Vanke Group is mainly based on cash dividend, at the same time, the way of equity conversion is relatively simple, so it should be appropriate to increase the dividend stock mixed dividend. By considering its own corporate value and the profits of investors, Vanke

Group needs to develop together with its colleagues in the future to formulate a dividend policy that makes all stakeholders dissatisfied and reduce the equity dispute of Vanke.

The greatest potential of management in renewable cities, continuous integration of core drivers, continuous creation of better corporate value based on cash flow, high-quality development, health enterprises and quality services and products, so that Vanke can have a more stable foothold in the real estate development market. At present, the external environment has a very high uncertainty and complexity in the long run, real estate enterprises have entered the era of competition, customer competition has ended and the market has shifted from sellers to businessmen. In the current increasingly saturated real estate market, Vanke Group should expand its humanitarian spirit to provide large-scale services on the basis of improving infrastructure, and use e-commerce platform or big data's Internet background to achieve both online and offline markets.

First of all, Vanke Group should improve its understanding of Internet marketing, strengthen the construction platform of the Internet, and provide integrated services and sales and after-sales methods at night. At present, most of the real estate sales are offline sales if a new concept of Internet online sales is introduced, so that consumers can experience a new sales model, and consumers can rest assured to establish a good brand effect online and offline. Improve public awareness of the concept of Internet marketing, the allocation of high professional personnel and equipment, and create Vanke's sales success.

References

- [1] Dai Wen. Research on risk Management of Intelligent vehicle Business Innovation of ZQ Group from the Perspective of value chain [D]. Jinan: Shandong University, 2019.
- [2] Xu Mei. Business risk Analysis and avoidance of small and medium-sized Enterprises [J]. Modern Commerce, 2017, (15): 125,126.
- [3] Zhao Yu. Jiangsu Allan debt solvency Analysis and risk Forecast [J]. Cooperative economy and Technology, 2021, (03): 160-161.
- [4] James O. Fiet. Risk Avoidance Strategies In Venture Capital Markets[J].Journal of Management Studies, 1995, 32(4):551-574.