

# Analysis on Chinese Private Logistics Company's Situation Before and After Covid-19

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## ABSTRACT

Due to the impact of the global epidemic, both private enterprises and state-owned enterprises have been affected, but the small private enterprise may be undergoing a more serious affect. Aiming at current situation of logistics industry in China, this article will use the data of private logistics enterprise's financial statements (DW) to model and compare company personnel, business, and total cost before and after the epidemic. The data comes from the company's free cash flow, balance sheet, and total cost.

**Keywords:** Private logistics company, covid-19, China

## 1. INTRODUCTION

The global situation is getting better these days under the situation of Covid-19, all the industries are getting recover in these days. Logistic, one of the most important industries which transport goods for other companies, will be discussed. During this time, the industry must be affected a lot, because a lot of companies stop their work, and there are less businesses for them to work on, so the profit and cash flow will be low. However, some of the industry need it, so the logistic industry may use the good trend to recover a little bit. It is easy to notice that the private company will be affected more by it, so in order to notice what really happened to a private company will be affect the article will discuss it. There are a lot of variables which affect the logistic company [1],

and to analyze the effect of the global epidemic on private logic company, this article will use the data to build models and analysis. Also, there are a lot of risks that really affected a lot about how the company will operate in the future. [4] The company is a private logistic company located in Shanghai; they serve on transporting goods for other companies. The company now is financing now and ready to appear on the market. So, this article will analysis the company's situation.

## 2. ANALYSIS

### 2.1. A Brief Look on the Cash Flow Statement

Table 1 Cash flow statement (2019 4th quarter)

| Capital                     | 201910                | 201911                | 201912                |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| <b>Current Assets:</b>      |                       |                       |                       |
| Monetary Capital            | 114,869,232.12        | 87,183,341.51         | 48,720,450.26         |
| Trading Financial Assets    | -                     | -                     | -                     |
| Notes Receivable            | 2,434,251.40          | 2,399,498.00          | 4,394,987.23          |
| Original Receivables        | 55,562,141.12         | 67,456,092.02         | 65,980,238.47         |
| Minus: Bad-debt provision   | 15,271.86             | 15,271.86             | 15,271.86             |
| Net Accounts Receivable     | 55,546,869.26         | 67,440,820.16         | 65,964,966.61         |
| Advance Payment             | 86,994,041.10         | 91,077,203.26         | 108,299,532.60        |
| Dividends Receivable        | -                     | -                     | -                     |
| Interest Receivable         | -                     | -                     | -                     |
| Receivable others           | 49,290,109.89         | 63,179,044.62         | 61,872,089.78         |
| Inventory                   | 1,149,845.01          | 1,465,709.24          | 1,491,568.39          |
| Non-current Assets Maturing | -                     | -                     | -                     |
| Other Current Assets        | -                     | -                     | 2,157.08              |
| <b>Total Current Assets</b> | <b>310,284,348.78</b> | <b>312,745,616.79</b> | <b>290,745,751.95</b> |

This is part of the excel from the company's balance sheet. In this sheet it indicates that the money of this company owns, and the total current assets have been gradually

decreased during the last three months of 2019. While at the end of the year, the company has less businesses they can do, so they owned less money.

Table 2 Cash flow statement (2020 first five months)

| Capital                     | 202001                | 202002                | 202003                | 202004                | 202005                |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Current Assets:</b>      |                       |                       |                       |                       |                       |
| Monetary Capital            | 29,703,354.59         | 36,446,781.29         | 31,269,654.60         | 30,419,533.98         | 36,777,627.43         |
| Trading Financial Assets    | -                     | -                     | -                     | -                     | -                     |
| Notes Receivable            | 7,069,855.42          | 11,347,536.18         | 8,704,198.27          | 12,608,012.61         | 10,348,165.09         |
| Original Receivables        | 71,318,942.43         | 82,041,976.89         | 78,516,067.57         | 81,074,759.13         | 68,004,212.90         |
| Minus: Bad-debt provision   | 15,271.86             | 15,271.86             | 15,271.86             | 32,944.34             | 32,944.34             |
| Net Accounts Receivable     | 71,303,670.57         | 82,026,705.03         | 78,500,795.71         | 81,041,814.79         | 67,971,268.56         |
| Advance Payment             | 119,612,340.88        | 126,785,315.80        | 121,780,735.97        | 117,886,094.34        | 119,971,350.05        |
| Dividends Receivable        | -                     | -                     | -                     | -                     | -                     |
| Interest Receivable         | -                     | -                     | -                     | -                     | -                     |
| Receivable others           | 77,880,877.31         | 79,698,401.00         | 91,370,735.29         | 77,793,262.48         | 74,475,859.33         |
| Inventory                   | 1,899,833.46          | 2,184,938.37          | 1,682,472.42          | 1,740,786.18          | 1,752,392.79          |
| Non-current Assets Maturing | -                     | -                     | -                     | -                     | -                     |
| Other Current Assets        | 42,154.52             | 42,154.52             | 55,907.83             | -                     | -                     |
| <b>Total Current Assets</b> | <b>307,512,086.75</b> | <b>338,531,832.19</b> | <b>333,364,500.09</b> | <b>321,489,504.38</b> | <b>311,296,663.25</b> |

This is the balance sheet for the first and second quarters of 2020. The data seems average, there are not many big fluctuations between months. During these five months, because of the epidemic, the first at the time which the Covid-19 was being discovered, and the money capital is relatively low, with the back to work in February, the assets of the company started to reverse, and pretty average during the next few months.

These two pictures show the difference in the monetary capital. It is shown that the monetary capitals in 2020 are less than the last three quarters of 2019. This can infer that the total assets of the company are decreasing after the epidemic

broke out. So, it shows that tell still have some impact by the Covid-19 situation. Comparing the first month of 2020, the time the Covid-19 was prosperous, and the last month of 2019, the situation is serious.

## 2.2. Cash flow statement in separate section

### 2.2.1. Receivables

Table 3 Cash flow statement (2019 last quarter)

| Assets                       | 201910         | 201911        | 201912         |
|------------------------------|----------------|---------------|----------------|
| Monetary Capital             | 114,869,232.12 | 87,183,341.51 | 48,720,450.26  |
| Trading Financial Assets     | -              | -             | -              |
| Notes Receivables            | 2,434,251.40   | 2,399,498.00  | 4,394,987.23   |
| Original Receivables         | 55,562,141.12  | 67,456,092.02 | 65,980,238.47  |
| Subtract: Bad-debt provision | 15,271.86      | 15,271.86     | 15,271.86      |
| Net Accounts Receivable      | 55,546,869.26  | 67,440,820.16 | 65,964,966.61  |
| Advance Payment              | 86,994,041.10  | 91,077,203.26 | 108,299,532.60 |
| Dividends Receivables        | -              | -             | -              |
| Interest Receivable          | -              | -             | -              |
| Receivable others            | 49,290,109.89  | 63,179,044.62 | 61,872,089.78  |

Table 4 Cash flow statement (2020 first 5months)

| Assets                       | 202001         | 202002         | 202003         | 202004         | 202005         |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Monetary Capital             | 29,703,354.59  | 36,446,781.29  | 31,269,654.60  | 30,419,533.98  | 36,777,627.43  |
| Trading Financial Assets     | -              | -              | -              | -              | -              |
| Notes Receivables            | 7,069,855.42   | 11,347,536.18  | 8,704,198.27   | 12,608,012.61  | 10,348,165.09  |
| Original Receivables         | 71,318,942.43  | 82,041,976.89  | 78,516,067.57  | 81,074,759.13  | 68,004,212.90  |
| Subtract: Bad-debt provision | 15,271.86      | 15,271.86      | 15,271.86      | 32,944.34      | 32,944.34      |
| Net Accounts Receivable      | 71,303,670.57  | 82,026,705.03  | 78,500,795.71  | 81,041,814.79  | 67,971,268.56  |
| Advance Payment              | 119,612,340.88 | 126,785,315.80 | 121,780,735.97 | 117,886,094.34 | 119,971,350.05 |
| Dividends Receivables        | -              | -              | -              | -              | -              |
| Interest Receivable          | -              | -              | -              | -              | -              |
| Receivable others            | 77,880,877.31  | 79,698,401.00  | 91,370,735.29  | 77,793,262.48  | 74,475,859.33  |

However, comparing the number of the receivables, the result is astonishing. The receivables the company can get is more than those in the last three months of 2019. These

### 2.2.2. Inventory and non-current assets

Compare the inventory, it shows the last three months of

things mean that the company is getting better on their business. They are going to get better in this year if they keep this trend.

2019 is less than the inventory in the first six months of 2020. Also, in these 6 months, the trend of the inventory is increasing. This shows that the company is now in a good way to get better. More inventories mean the company is now in a good track that they may gain profit in the future.

Table 5 Cash flow statement (2019 last quarter)

| Assets                      | 201910       | 201911       | 201912       |
|-----------------------------|--------------|--------------|--------------|
| Inventory                   | 1,149,845.01 | 1,465,709.24 | 1,491,568.39 |
| Non-current Assets Maturing | -            | -            | -            |
| Other Current Assets        | -            | -            | 2,157.08     |

Table 6 Balance Sheet (2020 First Five months)

| Assets                      | 202001       | 202002       | 202003       | 202004       | 202005       |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Inventory                   | 1,899,833.46 | 2,184,938.37 | 1,682,472.42 | 1,740,786.18 | 1,752,392.79 |
| Non-current Assets Maturing | -            | -            | -            | -            | -            |
| Other Current Assets        | 42,154.52    | 42,154.52    | 55,907.83    | -            | -            |

### 2.2.3. Total current assets

Table 7 Cash flow statement (2019 last quarter)

| Assets                      | 201910                | 201911                | 201912                |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Current Assets</b> | <b>310,284,348.78</b> | <b>312,745,616.79</b> | <b>290,745,751.95</b> |

Table 8 Cash flow statement (2020 first five months)

| Assets                      | 202001                | 202002                | 202003                | 202004                | 202005                |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Current Assets</b> | <b>307,512,086.75</b> | <b>338,531,832.19</b> | <b>333,364,500.09</b> | <b>321,489,504.38</b> | <b>311,296,663.25</b> |

Compare the total current assets of this two time, there are not many changes between the last quarter of 2019 and the first half year of 2020. But, there are still a slightly different between them, with the decreasing trend started at november last year, the company astonishingly get back to the right at the first month of this year.

## 2.3 Income Statement

In the last quarter of the total net profit in October and November was negative, it shows that the company was losing money during these two months. As a company which deiced to go into the market, this is not a good signal for them, they should find ways to get out of the difficulty. During these months they lacked businesses. Also, they wanted to go into the market, so in order to achieve this goal, the company found more talented staffs, also tried to advanced software, hardware, also the quality of service to be more convincing in the future. Thus, these actions caused the operation cost to be a lot higher in October and

November. In December, the company was stable in its wage construction and the staffs, so it went to positive again, which lead them back to a positive profit at the last of 2019. In the first five months of 2020, this year, the company is now back on the right track, although they did not earn a lot which shows that there is impact on the company by the Covid-19. Although it is shown that they did not really get a huge amount of profit, it is shown that they worked gained several new businesses this year, also as to create the culture of their own company, they tried to find more skilled staffs to help them work, and other teachers who can help the company to learn more about what they are not good at so they can improve a lot. As a result, it is shown at the first two month the operation fee was negative, also the change after back to work and during the epidemic time, it changed a lot. However, after several months recover it backed to the right track.

Table 9 Income Statement (2019 Last Quarter)

| Project<br>(Loss will be mark as '-') | 201910      | 201911      | 201912     |
|---------------------------------------|-------------|-------------|------------|
| 1. Main Business Income               | 44,950,791  | 35,107,666  | 46,996,662 |
| Subtract: Main Business cost          | 46,098,014  | 36,985,656  | 31,509,592 |
| Added value tax & extra               | 639,817     | 1,523,585   | 264,125    |
| 2. Income from main operati           | -1,787,040  | -3,401,576  | 15,222,945 |
| Selling Expense                       | 1,915,572   | 1,719,947   | 2,360,972  |
| Administration Expense                | 7,409,273   | 7,523,672   | 7,219,576  |
| Financial Cost                        | 797,033     | 698,251     | 1,884,552  |
| Assets Impairment Loss                |             |             |            |
| Add value changes                     |             |             |            |
| Profit and Loss on Investmer          | 68,423      | 83,832      | 14,851,061 |
| 3. Operation Profit                   | -11,840,495 | -13,259,615 | 18,608,905 |
| Add: Nonbusiness income               | 51,598      | 14,861      | 1,130,917  |
| Subtract: Nonbusiness exper           | 21,650      |             |            |
| 4. Total profit                       | -11,810,547 | -13,244,754 | 19,739,823 |
| Subtract: Income tax expense          | 2,714       | 5,513       | 70,660     |
| 5. Net Profit.                        | -11,813,261 | -13,250,267 | 19,669,163 |

Table 10 Income statement (2020 first five months)

| Project<br>(Loss will be mark as '-') | 202001     | 202002     | 202003     | 202004      | 202005     |
|---------------------------------------|------------|------------|------------|-------------|------------|
| 1. Main Business Income               | 28,897,083 | 33,380,241 | 56,925,845 | 106,033,518 | 95,945,406 |
| Subtract: Main Business cost          | 27,263,607 | 31,575,687 | 50,394,985 | 94,209,077  | 91,122,392 |
| Added value tax & extra               | 251,556    | 181,110    | 206,445    | 214,524     | 115,938    |
| 2. Income from main operati           | 1,381,921  | 1,623,444  | 6,324,415  | 11,609,917  | 4,707,075  |
| Selling Expense                       | 1,003,701  | 1,115,589  | 806,717    | 1,350,434   | 1,212,429  |
| Administration Expense                | 5,453,667  | 3,836,196  | 4,110,403  | 5,868,189   | 5,062,781  |
| Financial Cost                        | 686,397    | 257,549    | 434,309    | 622,480     | 278,594    |
| Assets Impairment Loss                |            |            |            |             |            |
| Add value changes                     | -          |            |            |             |            |
| Profit and Loss on Investmer          | 125,436    | -41,155    | 92,069     | 75,384      | 99,499     |
| 3. Operation Profit                   | -5,636,409 | -3,627,044 | 1,065,056  | 3,844,199   | -1,747,230 |
| Add: Nonbusiness income               | 12,201     | 27,191     | 20,861     | 35,146      | 2,556      |
| Subtract: Nonbusiness exper           | 6,000      |            | 2,018      |             | 20,000     |
| 4. Total profit                       | -5,630,208 | -3,599,853 | 1,083,899  | 3,879,345   | -1,764,673 |
| Subtract: Income tax expense          | 13,113     | 2,408      | 60,430     | 7,105       | 538,037    |
| 5. Net Profit.                        | -5,643,321 | -3,602,261 | 1,023,470  | 3,872,241   | -2,302,710 |
|                                       | 1,765,113  | 1,790,590  | 6,641,772  | 11,934,971  | 4,905,069  |
|                                       | 7,143,765  | 5,209,333  | 5,351,428  | 7,841,102   | 6,553,804  |

Compare these two times, it is shown that the company did not run well in the last few months in 2019, and they were not in a good trend at the first two month of 2020, however with the return of work, and the increasing of businesses, the company began to earn profit from March 2020.

## 2.4 Cost on Staffs

As we all known, workers are the most part of all the companies. Companies need the workers to work hard to help the company to gain profit and stay on the right track. So, the comparison of the total cost of the company will be presented here.



Table 11 Total fixed cost sheet (2019 last quarter)

| Subject             | Budget | Total Cost    | October      | November     | December     |
|---------------------|--------|---------------|--------------|--------------|--------------|
| Staff Cost          | -      | 44,765,389.25 | 3,647,770.27 | 3,497,875.45 | 6,425,921.56 |
| Equally Shared Cost | -      | 4,705,392.39  | 1,301,935.61 | 420,505.54   | 1,284,758.30 |
| Department Fee      | -      | 21,388,469.42 | 4,011,519.65 | 4,836,566.32 | 890,754.98   |
| Sum                 | -      | 70,859,251.06 | 8,961,225.53 | 8,754,947.31 | 8,601,434.84 |

In the last quarter of 2019, the staff cost in December increased significantly because it is the last month of the year, there were a lot of reward for the staff for their hard working during this year. However, for the department fee, the staffs are all working on the final report for the whole

year, so it is not that much as the months before, and the staff was asked to save cost during those days, for the new goal of the last quarter, as a result the sum for these three months are pretty average.

Table 12 Total fixed cost sheet (2020 first five months)

| Subject             | Y2020<br>Actual | 2020Q1<br>Actual | January<br>Actual | February<br>Actual | March<br>Actual | 2020Q2<br>Actual | April<br>Actual | May<br>Actual |
|---------------------|-----------------|------------------|-------------------|--------------------|-----------------|------------------|-----------------|---------------|
| Fee (Fixed Cost)    | 3,547           | 1,697            | 606               | 590                | 502             | 1,850            | 679             | 592           |
| Staff Cost          | 2,408           | 1,165            | 396               | 463                | 305             | 1,243            | 464             | 427           |
| Equally Shared Cost | 115             | 46               | 24                | 14                 | 8               | 69               | 31              | 16            |
| Department Charge   | 750             | 349              | 117               | 87                 | 145             | 400              | 122             | 121           |
| Financial Cost      | 275             | 138              | 69                | 26                 | 43              | 137              | 62              | 28            |

This is a chart for the 2020 first five months, the unit of it is ¥ 10000, it shows the staff cost is high this year, the average cost is different. By interviewing one of staffs in the company, it is shown that the company reduce staffs in March and April, while the company need more old staffs to stay to help them go into the market. They also find some new staffs who can help them on their goal. And because the company needs to build its own company spirit, there are more activities in different groups, so the department charge is high too.

By comparing the two charts, it infers that the costs for the company in the first five months are lower than the last three months in 2019. It infers that there must have the impact of the Covid-19 to this company. By interview one of the staff, because the spring festival the staffs went back to their hometown, and because of the epidemic they could not back to the company, so they resigned, and because of the company need more efficiency, so they cut the number of the staffs. And they need to go into the market this year, so to do it they add fee on financial cost.

### 3. CONCLUSION

After the comparisons, there must be an effect on the company by the Covid-19. Both good and bad. The company is now trying to go into the market, and they are doing well now. Although it seems that there are some problems for the company on their current assets, it is still shows that the company is on the good track which will finally lead them to a good ending, at least for this year. After the comparison between the balance sheets, it infers that the difference of this company between before and after the happened of the Covid-19 did not really affect too much

on the company's total assets. Although there are still some difference and a down trend during the severe time, the company seems still back onto the right track, and did better than last year. Also the cash flow shows that they are in the right way which can help them gain profit a lot.

For this company, it is better for them to try to control their current assets. The result shown in the chart infers that their cash flow is a little bit not enough for a company which is preparing for going into the market. There will be multiple ways for the company to keep going on the right track of go into the market, for example they can find more business which can help them add more cash flow and profit. [2]Also with the development of internet, it will be a great chance for the company to gain profit, and use different technology to become a better company.[3]

### ACKNOWLEDGMENT

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