

# **A Financial Analysis of a Selected Company**

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Bachelor's Thesis  
2021



**Tomas Bata University in Zlín**  
Faculty of Humanities

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Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2020/2021

## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Aneta Maňasová**  
Osobní číslo: **H18931**  
Studijní program: **B7310 Filologie**  
Studijní obor: **Anglický jazyk pro manažerskou praxi**  
Forma studia: **Prezenční**  
Téma práce: **Finanční analýza vybraného podniku**

### Zásady pro vypracování

Provedení literární rešerše zaměřené na finanční analýzu podniku  
Vypracování ekonomického profilu vybraného podniku  
Zpracování finanční analýzy na základě dostupných účetních informací  
Zhodnocení finančního zdraví vybraného podniku  
Navržení opatření v problematických oblastech

Forma zpracování bakalářské práce: **Tištěná/elektronická**  
Jazyk zpracování: **Angličtina**

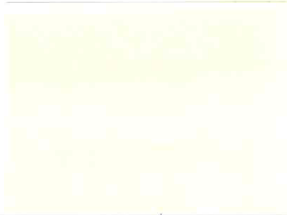
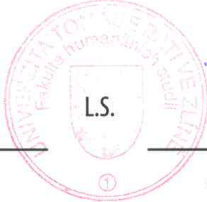
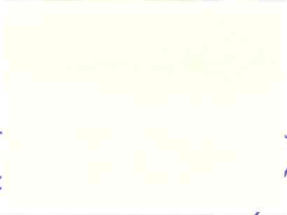
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Vedoucí bakalářské práce: **Ing. Eva Kramná, Ph.D.**  
Ústav financí a účetnictví

Datum zadání bakalářské práce: **9. listopadu 2020**

Termín odevzdání bakalářské práce: **10. května 2021**

---

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## **ABSTRAKT**

Tato bakalářská práce se zabývá finanční analýzou vybraného podniku v letech 2016–2019. Cílem této práce je provést finanční analýzu na základě dostupných informací, následně zhodnotit stabilitu podniku a navrhnout doporučení pro zlepšení finanční situace. Práce se dělí na teoretickou a praktickou část. V teoretické části jsou popsány základní informace o finanční analýze, jako například uživatelé finanční analýzy, zdroje informací pro finanční analýzu a metody finanční analýzy, které jsou poté využity v další části. V praktické části je jako první stručně popsán podnik, ve kterém je analýza prováděna. Poté je zde vypracována finanční analýza pomocí metod, které jsou popsány v teoretické části. Mezi tyto metody patří například absolutní, poměrové a rozdílové ukazatele. Na závěr je na základě provedené analýzy zhodnocena stabilita podniku a jsou zde navržena doporučení pro možné zlepšení finanční situace.

Klíčová slova: finanční analýza, absolutní ukazatele, poměrové ukazatele, rozdílové ukazatele, účetní výkazy

## **ABSTRACT**

This bachelor's thesis deals with a financial analysis of the selected company in 2016–2019. The goal of this thesis is to make a financial analysis based on available information, then evaluate the stability of the selected company, and also propound recommendations leading to the improvement of the financial situation. This thesis is divided into a theoretical and practical part. In the theoretical part, there is described basic information about financial analysis, for example, users of financial analysis, sources of information for financial analysis, and methods of financial analysis, which are later used in the next part. In the practical part, there is first briefly described the company in which the analysis is made. Then there is completed financial analysis by methods that are described in the theoretical part. Among these methods belong, for example, absolute, ratio, and subtractive indicators. In conclusion, there is according to the analysis evaluated the stability of the company, and there are also propounded recommendations for possible improvement of the company's financial situation.

Keywords: financial analysis, absolute indicators, ratio indicators, subtractive indicators, financial statements

## **ACKNOWLEDGEMENTS**

I wish to show my gratitude to my supervisor Ing. Eva Kramná, Ph.D. for her time and valuable advice. I would like to extend my sincere thanks to all the academic workers who conducted us through these studies. I am deeply grateful to my family for their support, and I also want to thank the management of the selected company for their time and willingness.

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## INTRODUCTION

The success of a company in the contemporary, highly competitive economic environment depends, among other things, on how well it knows its financial situation. Financial analysis is a widely used method to explore the financial situation of a company. By choosing the proper methods and the right interpretation of results, a company can reveal its strengths and weaknesses and make future plans.

The goal of this bachelor's thesis is to make a financial analysis of the selected company in the period 2016–2019, interpret the results, and also propose recommendations on how to possibly improve the financial situation of the company.

This thesis is divided into two parts. The first part is theoretical. It deals with basic information about financial analysis and its main objectives, the description of users of financial analysis, and also with listing sources of information where belong mainly financial statements. There are also described methods of financial analysis that are later used in the practical part. The information about the company is taken from the company's annual reports that are publicly available on the internet. The last section of the theoretical part introduces limitations of financial analysis.

In the practical part, there is first described the company, and then, according to knowledge obtained during working on the theoretical part, the analysis is made. There are used methods that are delineated in the theoretical part. Among the methods belong absolute indicators (vertical and horizontal analysis), ratio indicators (liquidity, solvency, profitability, and efficiency ratios), subtractive indicators (net working capital), and bankruptcy models (Altman Z-Score and index IN05). The results of these indicators are analysed, and some of them are compared to the industry.

In the end, the overall performance of the company is evaluated, and some recommendations are proposed.

## **I. THEORY**

## 1 FINANCIAL ANALYSIS

Financial analysis is a needful part of the company's financial management. This chapter describes the basic information about financial analysis.

### 1.1 Objectives of financial analysis

The main objective of financial analysis is to assess the financial situation of a company by analysing financial statements and other sources. Results of financial analysis show, for example, a company's profitability, usage of assets, capital structure, and solvency. It is crucial for managers to know the financial situation of the company when determining the optimal financial structure, when allocating free funds, to make the right decisions when obtaining financial resources, and other operations. Financial analysis is important to evaluate the past and also to forecast future development. (Knápková et al. 2017, 17)

### 1.2 Users of financial analysis

Information about the financial situation of the company is important for internal and external users who are in contact with the company. This group of users includes many subjects, the main intention of whom is to know the information to control and make decisions. (Holečková 2008, 13)

#### 1.2.1 External users

External users use financial information to assess the financial credibility of the company. Among external users belong, for example, investors, banks and other creditors, business partners, government, or competition. (Holečková 2008, 13)

##### Investors

Investors belong among the primary users of financial information of the company. This group includes shareholders and owners whose capital is invested in the company. Investors use financial information first to decide whether to invest in the company, and then they use it to control. The usage of information to decide about future investment is called the investments aspect. Investors focus mainly on the level of risk and rate of return on invested capital. The control aspect is used to monitor the company's stability, liquidity, profit, and future view. Investors usually control annual financial statement reports. (Holečková 2008, 14)

### Banks and other lenders

Lenders are interested mainly in the solvency of the company. Solvency is the ability to pay back the loans and interests on time. They focus on the performance of the company, mainly on profitability and liquidity. (Luca 2008, 52–53)

Lenders need to know as much information as possible about the company to decide whether to grant a loan, in what amount and under what conditions. (Holečková 2008, 15)

### Business partners

Among business partners belong for example suppliers and customers. Suppliers focus mainly on short-term prosperity because they need to know if the debtor company will be able to pay its liabilities. Customers want to know the company's financial situation mainly in a long-term business relationship to make sure that they will be able to secure production in case of financial or other problems. (Holečková 2008, 16)

Suppliers analyse the solvency of the company, future development, and other information. Customers also need to know as much information as possible to assess the prosperity of the company. They focus on information about prices, sales, and other benefits related to the costs. (Luca 2008, 53)

### Government and its agencies

There are many reasons why the government and its agencies are interested in the financial information of the company. For instance, to control the fulfilment of tax obligations, to distribute financial assistance, for statistics, and other reasons. (Holečková 2008, 17)

In addition to the role of users of information from financial statements, the government and its agencies have also the role of regulating accounting. They determine, for example, what information should be included in the financial statements. (Luca 2008, 53)

### Competition

Companies are interested in the financial information of their competitors to compare their performance. They compare mainly pricing policy, profitability, profit margin, and other aspects. The company needs to provide external subjects with financial information to have a good reputation and competitiveness. (Holečková 2008, 16)

### 1.2.2 Internal users

Among the most common internal users of financial information belong managers and employees. (Holečková 2008, 14)

#### Managers

The group of managers includes people who are responsible for the achievement of enterprise objectives. In a small company, this group can also involve business owners. Managers have full access to information about the company. They need to know a lot to manage the company. Managers focus on two main objectives that are liquidity and profitability. (Luca 2008, 49–50)

Financial information helps them to know the feedback on their decisions and their consequences. Knowledge of the company's financial situation helps them to make the right decision when ensuring financial resources and optimal property structure, when distributing their profit, and during other operations. (Holečková 2008, 16–17)

#### Employees

Employees need to know some information on the future view of the company, for example, to have job security. They focus mainly on the profitability and stability of the company. According to this information, they can try to negotiate the increase of wages or improving working conditions. (Luca 2008, 51–52)

## **2 SOURCES OF INFORMATION FOR FINANCIAL ANALYSIS**

It is essential to use quality and complex information to make financial analysis successful. Financial statements are the most commonly used data that provide information to a wide range of users. External financial statements are publicly available. Internal financial statements can be used to make the results of financial analysis more accurate, because they are compiled more often, and they are also more detailed. (Růčková 2019, 21)

### **2.1 Financial statements**

Financial statements provide information about the performance of the company. It is very important, mainly for managers, to know the company's financial position and the success of its operations to make future decisions. But financial statements provide information also to a wide range of other users. (Higgins 2015, 3)

There are four basic financial statements: balance sheet, income statement, cash flow statement, and statement of shareholders' equity. The balance sheet presents the financial position. There is information about the assets and liabilities of the company on a particular date. The income statement shows the results of operations. Information, for instance, about revenues, costs, net loss or profit from the accounting period can be found there. The cash flow statement presents information about the cash outflows and inflows from financing, operating, and investing activities. The statement of shareholders' equity shows the difference between the beginning and ending balances of every equity item. (Fraser 2016, 24)

#### **2.1.1 Balance sheet statement**

The balance sheet shows categories and amounts of assets, liabilities, and owner's equity of the company. It is also called the statement of financial condition, or statement of financial position. This statement is compiled on a particular date (at the end of an accounting period), and it must always balance. It means that the liabilities and owner's equity must match the value of total assets. (Helfert 2001, 38)

##### Assets

Assets represent the property of the company. There belong fixed assets, current assets, and other assets. They are segregated according to how they are utilized, or according to their liquidity. Liquidity is the ability of assets to convert into cash.

Fixed assets are used longer than one year, and they are not used all at once but usually in the form of depreciation. Fixed assets are divided into three groups: tangible fixed assets,

intangible fixed assets, and long-term financial assets. Among tangible fixed assets belong, for example, land, buildings, and machinery. This group of assets is usually depreciated. On the other hand, intangible fixed assets include, for instance, software, know-how, and licence. Long-term financial assets contain bonds, shares, and term deposits with a maturity of more than one year. (Knápková et al. 2017, 25–30)

Current assets are items that turn over within one year. There belong, for example, cash, inventories, receivables, and marketable securities. Other assets represent accrued assets (for instance prepaid rent). (Fabozzi and Peterson 2003, 128–129)

### Liabilities

Liabilities represent sources of property financing. This part of the balance sheet is divided into equity, liabilities, and other liabilities. Equity includes, for instance, registered capital, capital funds, funds from profit, net profit or loss from the previous years, and net profit or loss of the current period. Liabilities (external resources) represent the debts of the company. Examples are provisions and payables (which can be short-term or long-term). Among the group of other liabilities belong accrued liabilities. (Růčková 2019, 27–28)

#### **2.1.2 Income statement**

The income statement shows the overview of costs, revenues, and profit or loss of the accounting period (usually one year). It presents how the items of the income statement affected the profit or loss of the accounting period. This information is important to assess the profitability of the company. There are several types of profit or loss: operating profit or loss, loss or profit from financial operations, profit or loss before tax, profit or loss after tax, and profit or loss of the accounting period. Operating profit or loss is important because it shows whether the company is able to create profit from its core business operations. The income statement indicates only costs and revenues, but not real cash flows (incomes and expenses). It means that the income statement does not present real money earned during a period. That is the reason why it is important to create a cash flow statement. (Růčková 2019, 32–34)

To define earnings, some terms need to be described. Net income (also called net profit) equals total revenues less total costs. Net income is also called EAT, which means earnings after taxes. Operating income is profit gained from everyday operations, excluding taxes, expenses, and interest income. It is also sometimes called EBIT, which means earnings before interest and taxes. But operating income can differ from EBIT. EBIT is used to measure income before it is divided among owners, creditors, and government. EBT means



earnings before taxes. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. These different levels of earnings are later used in the calculation of various indicators. (Higgins 2015, 16)

### **2.1.3 Cash flow statement**

Whereas the balance sheet shows amounts at the end of the accounting period, the cash flow statement presents changes in the balance sheet accounts during the period. The cash flow statement shows inflows and outflows of cash during an accounting period. This statement is divided into three groups: operating activities, investing activities, and financing activities. (Fraser 2016, 179)

Operating activities should be the core of the business. There belong basic activities the company does. For example, change of liabilities and receivables, or change of inventory. Among investing activities belong, for instance, acquisition sale of fixed assets. Financing activities include changes in equity or long-term liabilities. (Fabozzi and Peterson 2003, 139–141)

### **2.1.4 Statement of shareholders' equity**

The statement of shareholders' equity provides information about changes in the shareholders' equity during a specific period. It shows how the items of equity decreased or increased during the accounting period. There belong, for example, increase or decrease in registered capital, payment of dividends to shareholders, allocation of profit into funds, et cetera. (Helfert 2001, 46)

### **2.1.5 Notes to the financial statements**

Notes to the financial statements also include a large amount of important information. This statement is created to understand other statements fully. Notes to the financial statements include, for example, information about the company and its accounting policies. There is written how inventories and fixed assets are valued, foreign currency translation methods, depreciation methods, or average recalculated number of employees. (Knápková et al. 2017, 63)

### 3 METHODS OF FINANCIAL ANALYSIS

There are many methods of financial analysis, but the most popular are absolute indicators, ratio indicators, and subtractive indicators. Other methods include, for example, bankruptcy and creditworthiness models. All of these are described more in detail below.

#### 3.1 Absolute indicators

Absolute indicators assess individual items of financial statements. This analysis is used to compare financial information over a period. Among absolute indicators belong vertical and horizontal analysis.

##### 3.1.1 Vertical analysis

Vertical analysis evaluates individual items of the financial statements. Every item is listed as a percentage of a base figure (= 100%). A base figure for the income statement is usually the amount of revenues or costs. In the balance sheet, it is the value of assets or liabilities. This analysis is called vertical because the items are assessed in individual years vertically (in columns). Vertical analysis is used to compare financial statements from different years (development over time), and also to compare companies. (Sedláček 2007, 17)

$$\text{Vertical analysis formula (\%)} = \frac{\text{statement line item}}{\text{total base figure}} \times 100$$

##### 3.1.2 Horizontal analysis

Horizontal analysis (also known as trend analysis) compares the items of the financial statements with the same items from the previous years. It compares a line item with the same line item but in a different period (usually different year). The earliest year represents the base year. This analysis also monitors the percentage change of the items. These changes are tracked horizontally (line by line). The change can be absolute or relative. Horizontal analysis shows development trends in the assets and liabilities structure, in revenues and costs. (Sedláček 2007, 13–15)

Horizontal analysis formulas:

$$\text{absolute} = \text{amount in comparison year} - \text{amount in base year}$$

$$\text{relative (\%)} = \frac{\text{amount in comparison year} - \text{amount in base year}}{\text{amount in base year}} \times 100$$

## 3.2 Ratio indicators

Ratio indicators show through ratio the relation between two or more absolute indicators. It presents how various items of financial statements relate to one another. Ratio indicators are widespread and popular methods of financial analysis. There can be compared ratios of a company over several years, ratios of a company and other company, or ratios to some absolute benchmark. (Palepu and Healy 2012, chapter 5-1)

### 3.2.1 Liquidity ratios

Liquidity shows whether the company is able to pay its short-term obligations. Liquidity is connected to solvency. A company must be liquid to be solvent. Solvency is the ability to pay obligations in the long-term. It is important for the company to be liquid, but on the other hand, too high rate of liquidity is not reasonable, because too many funds are bounded in assets that do not appreciate financial funds a lot. That is why balanced liquidity should be found. The general form of liquidity ratios is the proportion of various assets to what must be paid. (Růčková 2019, 57–58)

There are three commonly used indicators: current ratio, quick ratio, and cash ratio.

#### Current ratio

Current ratio shows how many times current assets cover short-term payables. Simply put, this indicator shows how the company would be able to pay its obligations if it transformed all the current assets into cash. The result of current ratio should be between 1.5–2.5. (Růčková 2019, 59)

$$\text{Current ratio formula} = \frac{\text{current assets}}{\text{current liabilities}}$$

#### Quick ratio

Quick ratio (also called acid test) uses only a part of current assets – cash, accounts receivables, and marketable securities. It shows how the company is able to pay its short-term obligations with its most liquid assets. The result of quick ratio should be between 1–1.5. An ideal ratio is 1:1, but it depends on the type of company. (Sedláček 2007, 67)

$$\text{Quick ratio formula} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

#### Cash ratio

Cash ratio shows the company's ability to pay its short-term obligations only with cash or cash equivalents (for example short-term marketable securities). The result of cash ratio should be between 0.2–0.5. (Růčková 2019, 58)

$$\text{Cash ratio formula} = \frac{\text{cash} + \text{cash equivalents}}{\text{current liabilities}}$$

### 3.2.2 Solvency ratios

Solvency ratios show what risk the company undergoes using a particular capital structure. Every company should attempt for optimal capital structure, it means for an optimal rate between equity and liabilities. Liabilities are cheaper than equity because liabilities interest reduces the tax base (this is called a tax shield). There are other perspectives on how to assess what capital is cheaper. For example, the risk what a creditor undergoes is higher when the company has a higher proportion of liabilities, because there is a risk that the company will not be able to pay its debts. In this case, the creditor requires higher interest rates. (Knápková et al. 2017, 87)

There are many solvency ratio indicators. For instance, debt ratio, equity ratio, debt to equity ratio, or interest coverage ratio. These indicators are described more in detail below.

#### Debt ratio

Debt ratio is a basic indicator of solvency ratios. It shows the degree of coverage of the company's assets by liabilities (how many percent of total assets are financed by liabilities). The optimal value of debt ratio should be between 30–60%. But it differs, for example according, to industry. (Knápková et al. 2017, 88)

$$\text{Debt ratio formula (\%)} = \frac{\text{total liabilities}}{\text{total assets}} \times 100$$

#### Equity ratio

Equity ratio is a complement to debt ratio. The sum of equity ratio and debt ratio should be 1, and they both give information about the capital structure. Equity ratio shows the company's financial independence (how many percent of total assets are financed by equity). Inversed formula represents a tax shield. (Sedláček 2007, 64)

$$\text{Equity ratio formula (\%)} = \frac{\text{total equity}}{\text{total assets}} \times 100$$

#### Debt to equity ratio

Debt to equity ratio shows the proportion of equity and liabilities. If the company has many leasing liabilities, they should be added to the amount of liabilities. This ratio is important for banks. (Sedláček 2007, 64)

$$\text{Debt to equity ratio formula} = \frac{\text{total liabilities}}{\text{total equity}}$$

#### Interest coverage ratio

Interest coverage presents how many times profit is larger than interest costs. It shows how the company is able to pay its debts. The optimal value of interest coverage ratio should be at least 5. (Knápková et al. 2017, 89–90)

$$\text{Interest coverage ratio formula} = \frac{EBIT}{\text{interest costs}}$$

### 3.2.3 Profitability ratios

Profitability is the ability of the company to make a profit by the usage of invested capital. There are many profitability ratios. These ratios help to assess the overall effectiveness of the activity. In the numerator, there is always some category of earnings, and in the denominator, there is some kind of capital or sales. There are three common categories of profit that are used to calculate profitability ratios. The first one is EBIT (= earnings before interest and taxes), which is used for intercompany comparison. The second category is EAT (= earnings after taxes), which is also called net income or net profit. EAT corresponds with profit or loss of the accounting period. This category is used to assess the company's performance. The last category is EBT (= earnings before taxes), which is used to compare companies with different tax burden. Among the most used profitability ratios belong return on assets, return on equity, and return on sales. (Růčková 2019, 60–61)

#### Return on assets (ROA)

Return on assets is used to assess the overall effectiveness. It shows the return on capital no matter what sources it is funded. (Růčková 2019, 62)

There can be used different categories of profit which have different interpretation. The most commonly used is EBIT or EAT. EBIT is used to compare companies with different tax and interest conditions. (Helfert 2001, 112–113)

$$\text{ROA (\%)} = \frac{\text{EBIT}}{\text{total assets}} \times 100$$

#### Return on equity (ROE)

Return on equity shows the profitability of owners' (for example shareholders') equity. It is important for investors that ROE is higher than interest from risk-free securities. The difference between interest and ROE is called risk premium because the owners take a risk. Various industries have different satisfactory ROE. (Knápková et al. 2017, 102–104)

$$\text{ROE (\%)} = \frac{\text{EAT}}{\text{equity}} \times 100$$

#### Return on sales (ROS)

Return on sales presents how the company is able to generate profit from its sales. It demonstrates how much profit is being produced per crown of sales. There can also be used different levels of profit, depending on what should be found out or compared. Usually, EAT or EBIT is used. EAT can be used when calculating profit margin, while EBIT is used to compare companies. (Růčková 2019, 65–66)

$$\text{ROS (\%)} = \frac{\text{EAT}}{\text{sales}} \times 100$$

### 3.2.4 Efficiency ratios

Efficiency ratios (also called activity ratios) measure how efficiently a company manages its assets to generate revenues. These indicators can be expressed as turnover (number of turns), or in days (turnover time). (Knápková et al. 2017, 107)

There are several indicators, some of which are described below.

#### Total assets turnover ratio

This indicator shows how many times assets are turned over in a specific period (usually one year). The value of this ratio should be at least 1, but the higher the value, the better. (Sedláček 2007, 61)

$$\text{Total assets turnover ratio formula} = \frac{\text{net sales}}{\text{total assets}}$$

To show this result in days (how many days it takes assets to turn), the formula is following:  $\frac{\text{total assets}}{\text{net sales}} \times 360$  (days).

#### Inventory turnover ratio

Inventory turnover ratio shows how many times inventory is sold and replaced during a specific period (usually one year). The higher inventory turnover, the better. (Fabozzi and Peterson 2003, 739)

$$\text{Inventory turnover ratio formula} = \frac{\text{net sales}}{\text{inventory}}$$

To express this indicator in days (how many days assets are in the form of inventory), this formula is used:  $\frac{\text{inventory}}{\text{net sales}} \times 360$  (days).

#### Accounts receivable turnover ratio

This indicator measures how many days on average it takes for a company to get paid for its receivables. This value should be compared with invoices due date and with the industry average. (Knápková et al. 2017, 108)

$$\text{Accounts receivable turnover ratio formula} = \frac{\text{average accounts receivable}}{\text{net sales}} \times 360 \text{ (days)}$$

#### Accounts payable turnover ratio

Accounts payable turnover ratio shows how many days it takes the company to pay its accounts payable. This period should be longer than accounts receivable turnover ratio so that the company has enough money to pay its accounts payable. (Sedláček 2007, 63)

$$\text{Accounts payable turnover ratio formula} = \frac{\text{average accounts payable}}{\text{net sales}} \times 360 \text{ (days)}$$

### 3.3 Subtractive indicators

Subtractive indicators are used to analyse the financial situation of a company, mainly its liquidity. The most commonly used indicator is net working capital (NWC), which is described below. (Sedláček 2007, 35)

#### 3.3.1 Net working capital (NWC)

NWC is the difference between current assets and current liabilities of the company. Current liabilities have a maturity shorter than one year. This helps to separate the part of current assets which is there to pay soon current liabilities. The other part of current assets (= NWC) is understood as a financial fund that is financed by long-term capital (long-term capital includes equity and long-term liabilities). NWC helps to show company's liquidity and ability to pay its short-term obligations. (Sedláček 2007, 35)

Net working capital formula = *current assets* – *current liabilities*

To find out whether the NWC is big enough, this indicator must be put into proportion to the current assets. This indicator shows the short-term financial stability of the company. The ratio of NWC to current assets should be between 30–50%. (Knápková et al. 2017, 94)

The ratio of NWC to current asset formula (%) =  $\frac{NWC}{current\ assets} \times 100$

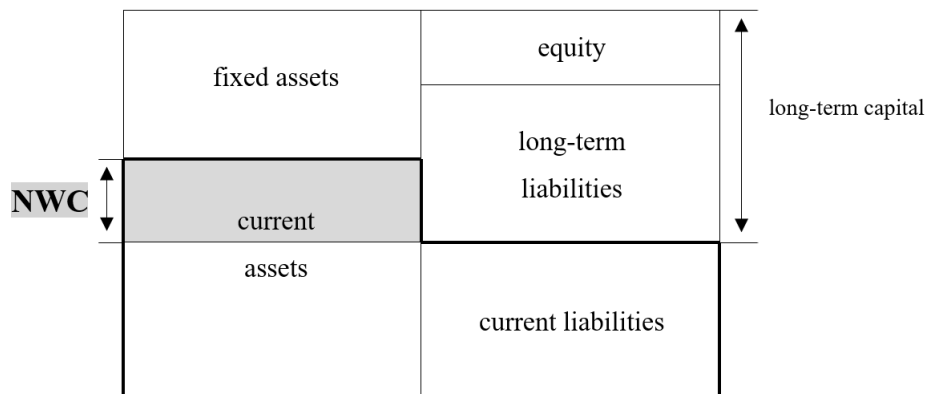


Figure 1 Net Working Capital (Knápková et al. 2017, 86)

### 3.4 Bankruptcy and creditworthiness models

Bankruptcy and creditworthiness models belong among summary indicators of financial health. These models try to identify the future insolvency of a company. They show present, but mainly future presumed development of a company. (Kalouda 2016, 70)

The aim of bankruptcy models is to identify whether the company is currently in danger of bankruptcy. These models are based on the assumption that a company which is in danger of bankruptcy has problems with return on equity, liquidity, and with the level of net working

capital. Among bankruptcy models belong, for example, Altman Z-Score and Index IN, which are described below. (Knápková et al. 2017, 132)

Creditworthiness models assess the financial health of a company by assigning a point evaluation to the individual areas of management. The company is then classified into a category according to the achieved points. An example is Kralicek Quick Test. (Knápková et al. 2017, 132)

The difference between bankruptcy and creditworthiness models is in the purpose for which they were created, and the data on which they are based. Bankruptcy models are based on real data, while creditworthiness models are based on theoretical knowledge. (Kalouda 2016, 70)

### 3.4.1 Altman Z-Score

Altman's Z-Score model belongs among widely used models to identify whether the company is in danger of bankruptcy. It is based on the sum of the values of five ratio indicators to which a certain weight is assigned. The indicators are: profitability, leverage, liquidity, solvency, and activity. According to the result, companies are ranked in one of three zones (safe zone, grey zone, and distress zone). The further the company is from the safe zone, the greater the risk of bankruptcy. There are different models for different types of companies. (Begović, Momčilović, and Tomašević 2014, 185–186)

Altman Z-Score formula for companies publicly traded on the stock exchange is following:

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1X_5$$

where:  $X_1 = \frac{\text{net working capital}}{\text{total assets}}$

$$X_2 = \frac{\text{retained earnings}}{\text{total assets}}$$

$$X_3 = \frac{\text{EBIT}}{\text{total assets}}$$

$$X_4 = \frac{\text{market value of equity}}{\text{total liabilities}}$$

$$X_5 = \frac{\text{sales}}{\text{total assets}}.$$

If the Z-Score is higher than 2.99, the company is in the safe zone and has a satisfactory financial situation. If the result is in interval 2.99–1.81, the company is considered to be in the grey zone where bankruptcy cannot be predicted, and the company cannot be according to this method clearly evaluated. The company is in the distress zone when the score is under 1.81. This signals serious problems and a possibility of bankruptcy. (Růčková 2019, 81)



Altman Z-Score formula for other companies (for example limited liability companies, or companies that are not publicly traded on the stock exchange) is following:

$$Z = 0.717X_1 + 0.847X_2 + 3.107X_3 + 0.420X_4 + 0.998X_5$$

where:  $X_1$ ,  $X_2$ ,  $X_3$  and  $X_5$  are defined the same as in the previous formula

and  $X_4 = \frac{\text{book value of equity}}{\text{total liabilities}}$ .

Interpretation of results is following: if Z-Score is higher than 2.9, the company is in the safe zone. If the result is in interval 2.9–1.2, the company is considered to be in the grey zone, and if the score is under 1.2, the company is in the distress zone. (Kalouda 2016, 73)

### 3.4.2 Index IN

Credibility index IN was created especially for the Czech Republic by Inka and Ivan Neumaier. The aim of this index is to assess the financial health of Czech companies in the environment of the Czech Republic. There are four variants: IN95, IN99, IN01, and IN05. The latest is Index IN05 which is based on the previous models and which formula is below. (Kalouda 2016, 76)

$$\text{IN05} = 0.13 \times A + 0.04 \times B + 3.97 \times C + 0.21 \times D + 0.09 \times E$$

where:  $A = \frac{\text{total assets}}{\text{liabilities}}$

$$B = \frac{\text{EBIT}}{\text{interest expenses}}$$

$$C = \frac{\text{EBIT}}{\text{total assets}}$$

$$D = \frac{\text{revenues}}{\text{total assets}}$$

$$E = \frac{\text{current assets}}{\text{short-term liabilities}}$$

If IN05 is higher than 1.6, the company is considered to have a satisfactory financial situation. If this index is in interval 1.6–0.9, the company is in the grey zone. The company is endangered with serious financial problems if the score is under 0.9. (Sedláček 2007, 111–112)

## 4 LIMITATIONS OF FINANCIAL ANALYSIS

Financial analysis is a useful tool to assess the financial health of a company. But there are some limitations of financial statements that the users should realize. The main problematic areas of financial analysis are mainly following: explanatory power of financial statements and different accounting practises of companies, also the need to compare the results of the analysis with other subjects, then the impact of unusual events and seasonal factors on the loss or profit of the company, and last but not least, high dependence on accounting data, or neglect of risk, future benefits of business activities, and opportunity costs. (Knápková et al. 2017, 139)

### 4.1 Explanatory power of financial statements and accounting practises

There are several reasons why the explanatory power of financial statements is not always high. The main problem is that financial statements do not always present the exact reality of the company's economic activity, and also that there are not the same accounting reporting rules in different countries which causes the limited possibility of comparison. To partially mitigate these problems, there are worldwide accounting systems (International Financial Reporting Standards – IFRS, and Generally Accepted Accounting Principles in the United States – GAAP). Other problems include, for example, the fact that assets in the balance sheet are derived from historical prices. The time factor is usually also not respected because some current assets and liabilities are valued at nominal value. Inflation is a big problem when comparing the financial situation in different periods of time.

Financial statements can also be influenced by different accounting practises of companies. There belong, for example, depreciation method, creation and drawing of provisions, or adjusting entries. As the creation of provisions belongs among costs so it decreases profit, and on the other hand, drawing of provisions increases profit. (Knápková et al. 2017, 139–140)

Financial statements are usually fairly useful documents, but users of financial analysis and a financial analyst should be aware of these limitations.

## **II. ANALYSIS**

## **5 CHARACTERISTICS OF THE SELECTED COMPANY**

### **5.1 Description of the company**

The selected company in which the financial analysis is made is a joint-stock company located in Zlín Region. The main subject of the company's activity is import, packaging, distribution, and export of food products and commodities. The commodities include pulses, rice, pasta, and many others (more than 350 products). The company's registered capital was 50,050,000 CZK, and the only shareholder is its parent company from abroad. The selected company was established in 1991 as a family company that was gradually expanding. In 1998 the company was transformed into a joint-stock company and started to promote in foreign markets. In 2002 it became part of the parent company from abroad with a long existence that is widespread worldwide. The company has steadily around 150 employees and nowadays belongs among the most important food industry companies in the Czech Republic, and also in the south-eastern, central, and eastern Europe. (company's annual report)

### **5.2 Industry classification**

The company belongs among food industry companies. According to the Czech Statistical Classification of Economic Activities in the European Community (CZ-NACE), the selected company belongs to category 8292 that includes packaging activities. Because this company mainly imports commodities from abroad and then packs them and sells. It also belongs among category 1089 – Manufacture of other food products. (internal documents)

For the purpose of this analysis, the company is compared to the industry group Manufacture of other food products – CZ-NACE 10.8. Information about this industry group is found on the web page of the Ministry of Industry and Trade of the Czech Republic.

### **5.3 Abbreviated forms of the company's financial statements**

Following tables are created based on data from the company's financial statements, which are later used to calculate the indicators. The tables contain only the fundamental items of the financial statements in the years 2016–2019. The complete form of the financial statements is listed in the appendix.

#### **5.3.1 The balance sheet – assets**

The company's balance sheet total during these years was fluctuating between 315–370 million CZK. The main part of the assets is current assets, mainly inventory and receivables.

The company had the highest rate of total assets in 2018 because of the increase in fixed assets since the company invested in a new production line and other tangible fixed assets. In that year, the company also had a higher level of inventory, probably because of higher production.

<b>ASSETS</b>				
(in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL ASSETS</b>	<b>360,577</b>	<b>342,775</b>	<b>370,952</b>	<b>315,443</b>
<b>Fixed assets</b>	90,580	92,562	96,502	93,254
Intangible fixed assets	181	148	115	133
Tangible fixed assets	67,457	68,900	83,638	83,044
Long-term financial assets	22,942	23,514	12,749	10,077
<b>Current assets</b>	268,543	249,775	273,888	221,369
Inventory	108,692	131,030	155,875	111,551
Receivables	146,259	114,202	117,106	107,851
– long-term receivables	0	0	0	0
– short-term receivables	146,259	114,202	117,106	107,851
Cash and cash equivalents	13,592	4,543	907	1,967
<b>Accrued assets</b>	1,454	438	562	820

Table 1 The balance sheet – assets

### 5.3.2 The balance sheet – liabilities

In the development of the financial structure, there can be seen an increasing value of equity. Since the registered capital does not change, it means that the company is permanently profitable. The company tries to keep the profits inside the company for its future development. Only in 2018 and 2019 share of profits was paid off. The proportion of liabilities to the equity is fluctuating, but in 2019 is the lowest proportion. Liabilities are comprised mainly of short-term payables.

<b>LIABILITIES</b>				
(in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL LIABILITIES</b>	<b>360,577</b>	<b>342,775</b>	<b>370,952</b>	<b>315,443</b>
<b>Equity</b>	162,487	167,941	173,604	180,752
Registered capital	50,050	50,050	50,050	50,050
Capital surplus and capital funds	7,374	7,946	-2,819	-5,491
Funds from profit	10,010	10,010	10,010	10,010
Net profit or loss from previous years	88,222	95,053	87,457	112,391
Net profit or loss from the current period	6,831	4,882	28,906	13,792
<b>Liabilities</b>	198,090	174,834	197,348	134,691
Provisions	3,563	2,834	823	130
Payables	194,527	172,000	196,525	134,561
– long-term payables	4,330	5,542	6,098	6,833
– short-term payables	190,197	166,458	190,427	127,728
<b>Accrued liabilities</b>	0	0	0	0

Table 2 The balance sheet – liabilities

### 5.3.3 The income statement – costs

The development of the total costs of this company has a similar tendency as the development of its total revenues. The highest total costs were in 2018 where the company sold more goods and products, so the production consumption increased.

<b>COSTS</b>				
(in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Production consumption	713,713	686,291	742,105	686,554
– cost of goods sold	283,545	291,716	339,068	320,549
– material and energy consumption	359,135	326,959	337,553	297,475
– services	71,033	67,616	65,484	68,530
Changes in inventory of own products (+/-)	2,322	5,071	-7,645	3,041
Personnel costs	79,246	81,341	84,854	84,633
Operating part adjustments	6,349	7,130	4,012	7,651
– fixed assets adjustments	5,441	5,466	6,622	7,509
– inventory adjustments	1,233	1,685	-3,528	1,008
– receivables adjustments	-325	-21	918	-866
Other operating costs	7,078	4,452	1,982	4,398
– taxes and fees	733	845	861	955
– provisions in operating part	2,819	-657	-1,452	-693
– other operating costs	3,526	4,264	2,573	4,136
Interest costs and similar costs	1,532	1,344	2,046	2,230
Other financial costs	3,563	5,163	6,071	4,488
Income tax	2,113	3,989	3,334	2,515
<b>TOTAL COSTS</b>	<b>815,916</b>	<b>794,781</b>	<b>836,759</b>	<b>795,510</b>

Table 3 The income statement – costs

### 5.3.4 The income statement – revenues

It can be seen from the revenues that the company has a quite alike proportion of revenues from own products and services and revenues from goods. Nevertheless, the proportion of revenues from products and services is higher. It means that the company has a production character. In 2018 the company also started to have revenues from long-term financial assets. Long-term financial assets represent equity investments in associated companies.

<b>REVENUES</b>				
(in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Revenues from products and services	489,682	451,822	462,650	417,748
Revenues from goods	325,948	335,931	384,687	381,509
Other operating revenues	3,688	7,100	1,794	3,832
– revenues from sales of fixed assets	386	3	1	1
– revenues from sales of material	352	253	253	159
– other operating revenues	2,950	6,844	1,540	3,672
Revenues from long-term financial assets	0	0	12,463	3,972
Interest revenues and similar revenues	3	0	0	1
Other financial revenues	3,426	4,810	4,071	2,240
<b>TOTAL REVENUES (Net turnover)</b>	<b>822,747</b>	<b>799,663</b>	<b>865,665</b>	<b>809,302</b>

Table 4 The income statement – revenues

### 5.3.5 Profit or loss of the accounting period

Regarding the loss or profit of these accounting periods, the company always had a profit. The highest rate of profit was in 2018 because the sales were higher, maybe due to higher investments in marketing. Also because the company had a profit from financial operations in 2018.

<b>PROFIT OR LOSS OF THE ACCOUNTING PERIOD</b> (in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Operating profit or loss	10,610	10,568	23,823	16,812
Profit or loss from financial operations	-1,666	-1,697	8,417	-505
Profit or loss before tax	8,944	8,871	32,240	16,307
Net profit or loss of the accounting period	6,831	4,882	28,906	13,792

Table 5 Profit or loss of the accounting period

The net profit of the accounting period in the analysed years is shown in the chart below.

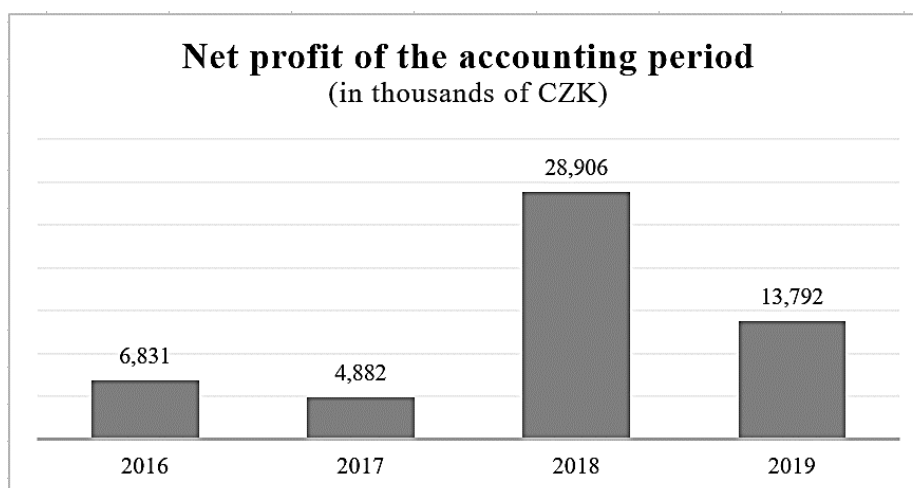


Figure 2 Chart of net profit of the accounting period

### 5.3.6 Forms of profit

<b>FORMS OF PROFIT</b> (in thousands of CZK)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>EBITDA</b>	<b>144,269</b>	<b>149,165</b>	<b>179,080</b>	<b>170,409</b>
- depreciation and amortization	133,793	138,950	144,794	151,872
<b>= EBIT</b>	<b>10,476</b>	<b>10,215</b>	<b>34,286</b>	<b>18,537</b>
- interests	1,532	1,344	2,046	2,230
<b>= EBT</b>	<b>8,944</b>	<b>8,871</b>	<b>32,240</b>	<b>16,307</b>
- taxes	2,113	3,989	3,334	2,515
<b>= EAT</b>	<b>6,831</b>	<b>4,882</b>	<b>28,906</b>	<b>13,792</b>

Table 6 Forms of profit

## 6 FINANCIAL ANALYSIS OF THE COMPANY

This part of the bachelor's thesis deals with the financial analysis of the selected company in the period 2016–2019. There is carried out the analysis of absolute, ratio, subtractive, and other indicators to evaluate the company's financial health. All the information used for the analysis is taken from the company's annual reports from 2016, 2017, 2018, and 2019. Data from the balance sheet, income statement, and other statements were also used from the annual reports. All formulas used to calculate the indicators are described in the theoretical part of this thesis. The company is compared to the industry group Manufacture of other food products (CZ-NACE 10.8).

### 6.1 Absolute indicators

Among absolute indicators belong vertical and horizontal analysis. Analysis of these indicators is the starting point of the financial analysis.

#### 6.1.1 Vertical analysis

##### Vertical analysis of assets

Current assets comprise a major part of the assets. In the reporting period, it is always about 70%. Current assets are dominated by inventory and receivables. The company has quite a stable structure of assets. Only in 2019, the proportion of current assets decreased a bit because the company had less value of inventory.

<b>VERTICAL ANALYSIS OF ASSETS</b>				
(rounded to whole numbers)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Fixed assets</b>	<b>25%</b>	<b>27%</b>	<b>26%</b>	<b>30%</b>
Intangible fixed assets	0%	0%	0%	0%
Tangible fixed assets	19%	20%	23%	27%
Long-term financial assets	6%	7%	3%	3%
<b>Current assets</b>	<b>75%</b>	<b>73%</b>	<b>74%</b>	<b>70%</b>
Inventory	30%	39%	42%	35%
Receivables	41%	33%	32%	34%
– long-term receivables	0%	0%	0%	0%
– short-term receivables	41%	33%	32%	34%
Cash and cash equivalents	4%	1%	0%	1%
<b>Accrued assets</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

Table 7 Vertical analysis of assets

##### Vertical analysis of liabilities

Concerning the structure of the liabilities, the company has a relatively balanced proportion of equity and liabilities which is quite stable during these years. Only in 2019, the equity



ratio is higher. The main part of the equity is net profit from previous years because the company tries to keep the profits inside the company for its future development. Payables represent a major part of the liabilities.

<b>VERTICAL ANALYSIS OF LIABILITIES</b> (rounded to whole numbers)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TOTAL LIABILITIES</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Equity</b>	<b>45%</b>	<b>49%</b>	<b>47%</b>	<b>57%</b>
Registered capital	14%	15%	13%	16%
Capital surplus and capital funds	2%	2%	-1%	-2%
Funds from profit	3%	3%	3%	3%
Net profit or loss from previous years	24%	28%	24%	36%
Net profit or loss from the current period	2%	1%	8%	4%
<b>Liabilities</b>	<b>55%</b>	<b>51%</b>	<b>53%</b>	<b>43%</b>
Provisions	1%	1%	0%	0%
Payables	54%	50%	53%	43%
– long-term payables	1%	2%	2%	2%
– short-term payables	53%	48%	51%	41%
<b>Accrued liabilities</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

Table 8 Vertical analysis of liabilities

#### Vertical analysis of costs

When looking at the vertical analysis of costs, it can be seen that the structure of costs was also quite stable in the analysed years. The main item of costs was always production consumption, which includes mainly costs of goods sold, and material and energy consumption. Personnel costs represent about 10% of costs.

<b>VERTICAL ANALYSIS OF COSTS</b> (rounded to whole numbers)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Production consumption	88%	86%	89%	86%
– cost of goods sold	35%	37%	41%	40%
– material and energy consumption	44%	41%	40%	37%
– services	9%	8%	8%	9%
Changes in inventory of own products (+/-)	0%	1%	-1%	0%
Personnel costs	10%	10%	10%	11%
Operating part adjustments	1%	1%	1%	1%
– fixed assets adjustments	1%	1%	1%	1%
– inventory adjustments	0%	0%	0%	0%
– receivables adjustments	0%	-3%	0%	0%
Other operating costs	1%	1%	0%	1%
– taxes and fees	0%	0%	0%	0%
– provisions in operating part	0%	0%	0%	0%
– other operating costs	0%	1%	0%	1%
Interest costs and similar costs	0%	0%	0%	0%
Other financial costs	0%	1%	1%	1%
Income tax	0%	0%	0%	0%
<b>TOTAL COSTS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 9 Vertical analysis of costs

Vertical analysis of revenues

Revenues are built up from revenues from product and services and from revenues from goods. These two items create almost 100% of revenues. The higher item is revenues from products and services, which shows that the company has a production character. Other items besides these two are negligible.

<b>VERTICAL ANALYSIS OF REVENUES</b> (rounded to whole numbers)				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Revenues from products and services	59%	56%	54%	52%
Revenues from goods	40%	42%	44%	47%
Other operating revenues	1%	1%	0%	0%
– revenues from sales of fixed assets	0%	0%	0%	0%
– revenues from sales of material	0%	0%	0%	0%
– other operating revenues	0%	1%	0%	0%
Revenues from long-term financial assets	0%	0%	1%	1%
Interest revenues and similar revenues	0%	0%	0%	0%
Other financial revenues	0%	1%	1%	0%
<b>TOTAL REVENUES (Net turnover)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 10 Vertical analysis of revenues

**6.1.2 Horizontal analysis**Horizontal analysis of assets

The following three tables show the horizontal analysis of assets in all of the selected years. When comparing the year 2017 to the year 2016 (Table 11), total assets decreased by about 5%. It was caused by a decrease in current assets, namely receivables and cash and cash equivalents. On the other hand, inventory increased quite significantly.

<b>HORIZONTAL ANALYSIS OF ASSETS (17/16)</b>				
	<b>2016</b>	<b>2017</b>	<b>17/16</b>	<b>17/16</b>
	(in thousands of CZK)			
<b>TOTAL ASSETS</b>	<b>360,577</b>	<b>342,775</b>	<b>-17,802</b>	<b>-4.9%</b>
<b>Fixed assets</b>	90,580	92,562	1,982	2.2%
Intangible fixed assets	181	148	-33	-18.2%
Tangible fixed assets	67,457	68,900	1,443	2.1%
Long-term financial assets	22,942	23,514	572	2.5%
<b>Current assets</b>	268,543	249,775	-18,768	-7.0%
Inventory	108,692	131,030	22,338	20.6%
Receivables	146,259	114,202	-32,057	-21.9%
– long-term receivables	0	0	0	0.0%
– short-term receivables	146,259	114,202	-32,057	-21.9%
Cash and cash equivalents	13,592	4,543	-9,049	-66.6%
<b>Accrued assets</b>	1,454	438	-1,016	-70%

Table 11 Horizontal analysis of assets (17/16)

Table 12 shows that in 2018 was compared to 2017 increase in assets of about 8%. The value of tangible fixed assets increased because the company made an investment and bought a new production line and an optical sorter machine. The increase in inventory resulted from higher production because the new production line has higher output. Cash and cash equivalents decreased by 80% from the previous year.

<b>HORIZONTAL ANALYSIS OF ASSETS (18/17)</b>				
	<b>2017</b>	<b>2018</b>	<b>18/17</b>	<b>18/17</b>
	(in thousands of CZK)			
<b>TOTAL ASSETS</b>	<b>342,775</b>	<b>370,952</b>	<b>28,177</b>	<b>8.2%</b>
<b>Fixed assets</b>	92,562	96,502	3,940	4.3%
Intangible fixed assets	148	115	-33	-22.3%
Tangible fixed assets	68,900	83,638	14,738	21.4%
Long-term financial assets	23,514	12,749	-10,765	-45.8%
<b>Current assets</b>	249,775	273,888	24,113	9.7%
Inventory	131,030	155,875	24,845	19.0%
Receivables	114,202	117,106	2,904	2.5%
– long-term receivables	0	0	0	0.0%
– short-term receivables	114,202	117,106	2,904	2.5%
Cash and cash equivalents	4,543	907	-3,636	-80%
<b>Accrued assets</b>	438	562	124	28.3%

Table 12 Horizontal analysis of assets (18/17)

From Table 13, it is visible that the assets decreased by 15% in 2019. It was caused mainly by a decrease in current assets, concretely inventory. On the other hand, value of cash and cash equivalents increased.

<b>HORIZONTAL ANALYSIS OF ASSETS (19/18)</b>				
	<b>2018</b>	<b>2019</b>	<b>19/18</b>	<b>19/18</b>
	(in thousands of CZK)			
<b>TOTAL ASSETS</b>	<b>370,952</b>	<b>315,443</b>	<b>-55,509</b>	<b>-15.0%</b>
<b>Fixed assets</b>	96,502	93,254	-3,248	-3.4%
Intangible fixed assets	115	133	18	15.7%
Tangible fixed assets	83,638	83,044	-0,594	-0.7%
Long-term financial assets	12,749	10,077	-2,672	-21.0%
<b>Current assets</b>	273,888	221,369	-52,519	-19.2%
Inventory	155,875	111,551	-44,324	-28.4%
Receivables	117,106	107,851	-9,255	-7.9%
– long-term receivables	0	0	0	0.0%
– short-term receivables	117,106	107,851	-9,255	-7.9%
Cash and cash equivalents	907	1,967	1,060	116.9%
<b>Accrued assets</b>	562	820	258	45.9%

Table 13 Horizontal analysis of assets (19/18)

Horizontal analysis of liabilities

The following three tables present the horizontal analysis of liabilities in the selected years. From Table 14, it is visible that liabilities decreased, which was caused by a lower value of provisions, payables, and lower profit of the current period. The registered capital and funds from profit did not change in any of these years.

<b>HORIZONTAL ANALYSIS OF LIABILITIES (17/16)</b>				
	<b>2016</b>	<b>2017</b>	<b>17/16</b>	<b>17/16</b>
	(in thousands of CZK)			
<b>TOTAL LIABILITIES</b>	<b>360,577</b>	<b>342,775</b>	<b>-17,802</b>	<b>-4.9%</b>
<b>Equity</b>	162,487	167,941	5,454	3.4%
Registered capital	50,050	50,050	0	0.0%
Capital surplus and capital funds	7,374	7,946	0,572	7.8%
Funds from profit	10,010	10,010	0	0.0%
Net profit or loss from previous years	88,222	95,053	6,831	7.7%
Net profit or loss from the current period	6,831	4,882	-1,949	-28.5%
<b>Liabilities</b>	198,090	174,834	-23,256	-11.7%
Provisions	3,563	2,834	-0,729	-20.5%
Payables	194,527	172,000	-22,527	-11.6%
– long-term payables	4,330	5,542	1,212	28.0%
– short-term payables	190,197	166,458	-23,739	-12.5%
<b>Accrued liabilities</b>	0	0	0	0.0%

Table 14 Horizontal analysis of liabilities (17/16)

Table 15 shows that the year 2018 was successful because profit increased by 492% which was caused probably by larger investments into marketing, new cooperation, higher demand, and higher production. On the other hand, provisions and capital funds decreased, concretely losses from revaluation of assets and liabilities.

<b>HORIZONTAL ANALYSIS OF LIABILITIES (18/17)</b>				
	<b>2017</b>	<b>2018</b>	<b>18/17</b>	<b>18/17</b>
	(in thousands of CZK)			
<b>TOTAL LIABILITIES</b>	<b>342,775</b>	<b>370,952</b>	<b>28,177</b>	<b>8.2%</b>
<b>Equity</b>	167,941	173,604	5,663	3.4%
Registered capital	50,050	50,050	0	0.0%
Capital surplus and capital funds	7,946	-2,819	-10,765	-135.5%
Funds from profit	10,010	10,010	0	0.0%
Net profit or loss from previous years	95,053	87,457	-7,596	-8.0%
Net profit or loss from the current period	4,882	28,906	24,024	492.1%
<b>Liabilities</b>	174,834	197,348	22,514	12.9%
Provisions	2,834	823	-2,011	-71.0%
Payables	172,000	196,525	24,525	14.3%
– long-term payables	5,542	6,098	0,556	10.0%
– short-term payables	166,458	190,427	23,969	14.4%
<b>Accrued liabilities</b>	0	0	0	0.0%

Table 15 Horizontal analysis of liabilities (18/17)

When comparing years 2018 and 2019 (Table 16), in 2019, total liabilities decreased by 15%, which was a result of a decrease in provisions, payables (mainly payables to credit institutions), capital funds (again losses from revaluation of assets and liabilities), and net profit from the current period which was lower than in 2018. An increase was registered in net profit from previous years because the company tries to keep the profits inside the company for its future development.

<b>HORIZONTAL ANALYSIS OF LIABILITIES (19/18)</b>				
	<b>2018</b>	<b>2019</b>	<b>19/18</b>	<b>19/18</b>
	(in thousands of CZK)			
<b>TOTAL LIABILITIES</b>	<b>370,952</b>	<b>315,443</b>	<b>-55,509</b>	<b>-15.0%</b>
<b>Equity</b>	173,604	180,752	7,148	4.1%
Registered capital	50,050	50,050	0	0.0%
Capital surplus and capital funds	-2,819	-5,491	-2,672	-94.8%
Funds from profit	10,010	10,010	0	0.0%
Net profit or loss from previous years	87,457	112,391	24,934	28.5%
Net profit or loss from the current period	28,906	13,792	-15,114	-52.3%
<b>Liabilities</b>	197,348	134,691	-62,657	-31.7%
Provisions	823	130	-693	-84.2%
Payables	196,525	134,561	-61,964	-31.5%
– long-term payables	6,098	6,833	0,735	12.1%
– short-term payables	190,427	127,728	-62,699	-32.9%
<b>Accrued liabilities</b>	0	0	0	0.0%

Table 16 Horizontal analysis of liabilities (19/18)

#### Horizontal analysis of costs

Last but one of horizontal analysis is the analysis of costs which is demonstrated in the following three tables. Table 17 indicates that the company had lower costs in 2017 than in 2016. This decrease was caused by a decrease in provisions in operating part, material and energy consumption, and services. Items that increased were cost of goods sold, changes in inventory of own products, other financial costs, or income tax.

<b>HORIZONTAL ANALYSIS OF COSTS (17/16)</b>				
	<b>2016</b>	<b>2017</b>	<b>17/16</b>	<b>17/16</b>
	(in thousands of CZK)			
Production consumption	713,713	686,291	-27,422	-3.8%
– cost of goods sold	283,545	291,716	8,171	2.9%
– material and energy consumption	359,135	326,959	-32,176	-9.0%
– services	71,033	67,616	-3,417	-4.8%
Changes in inventory of own products (+/-)	2,322	5,071	2,749	118.4%
Personnel costs	79,246	81,341	2,095	2.6%
Operating part adjustments	6,349	7,130	0,781	12.3%
– fixed assets adjustments	5,441	5,466	0,025	0.5%
– inventory adjustments	1,233	1,685	0,452	36.7%
– receivables adjustments	-325	-21	304	93.5%
Other operating costs	7,078	4,452	-2,626	-37.1%
– taxes and fees	733	845	112	15.3%
– provisions in operating part	2,819	-657	-3,476	-123.3%
– other operating costs	3,526	4,264	738	20.9%
Interest costs and similar costs	1,532	1,344	-188	-12.3%
Other financial costs	3,563	5,163	1,600	44.9%
Income tax	2,113	3,989	1,876	88.8%
<b>TOTAL COSTS</b>	<b>815,916</b>	<b>794,781</b>	<b>-21,135</b>	<b>-2.6%</b>

Table 17 Horizontal analysis of costs (17/16)

In 2018 the total costs increased by 5.3% (Table 18). This increase was caused mainly by the increase of cost of goods sold because in this year the purchase price of some commodities increased due to lower harvest. Decrease in changes in inventory of own products then reduced total costs. Services included mainly marketing costs because in 2018 the company invested in marketing more.

<b>HORIZONTAL ANALYSIS OF COSTS (18/17)</b>				
	2017	2018	18/17	18/17
	(in thousands of CZK)			
Production consumption	686,291	742,105	55,814	8.1%
– cost of goods sold	291,716	339,068	47,352	16.2%
– material and energy consumption	326,959	337,553	10,594	3.2%
– services	67,616	65,484	-2,132	-3.2%
Changes in inventory of own products (+/-)	5,071	-7,645	-12,716	-250.8%
Personnel costs	81,341	84,854	3,513	4.3%
Operating part adjustments	7,130	4,012	-3,118	-43.7%
– fixed assets adjustments	5,466	6,622	1,156	21.1%
– inventory adjustments	1,685	-3,528	-5,213	-309.4%
– receivables adjustments	-21	918	939	4,471.4%
Other operating costs	4,452	1,982	-2,470	-55.5%
– taxes and fees	845	861	16	1.9%
– provisions in operating part	-657	-1,452	-795	-99.8%
– other operating costs	4,264	2,573	-1,691	-39.7%
Interest costs and similar costs	1,344	2,046	702	52.2%
Other financial costs	5,163	6,071	908	17.6%
Income tax	3,989	3,334	-655	-16.4%
<b>TOTAL COSTS</b>	<b>794,781</b>	<b>836,759</b>	<b>41,978</b>	<b>5.3%</b>

Table 18 Horizontal analysis of costs (18/17)

The following Table 19 presents the horizontal analysis of costs in the last of the analysed years. It is visible that costs decreased in 2019 compared to 2018 by 5%. It means that costs were in 2019 similar to 2017. What increased in 2018 then decreased back in 2019. The item of services increased because of even higher marketing costs as a result of higher promotion.

<b>HORIZONTAL ANALYSIS OF COSTS (19/18)</b>				
	2018	2019	19/18	19/18
	(in thousands of CZK)			
Production consumption	742,105	686,554	-55,551	-7.5%
– cost of goods sold	339,068	320,549	-18,519	-5.5%
– material and energy consumption	337,553	297,475	-40,078	-11.9%
– services	65,484	68,530	3,046	4.7%
Changes in inventory of own products (+/-)	-7,645	3,041	10,686	139.8%
Personnel costs	84,854	84,633	-221	-0.3%
Operating part adjustments	4,012	7,651	3,639	90.7%
– fixed assets adjustments	6,622	7,509	887	13.4%
– inventory adjustments	-3,528	1,008	4,536	128.6%
– receivables adjustments	918	-866	-1,784	-194.3%
Other operating costs	1,982	4,398	2,416	121.9%
– taxes and fees	861	955	94	10.9%
– provisions in operating part	-1,452	-693	759	52.3%
– other operating costs	2,573	4,136	1,563	60.7%
Interest costs and similar costs	2,046	2,230	184	9.0%
Other financial costs	6,071	4,488	-1,583	-26.1%
Income tax	3,334	2,515	-819	-24.6%
<b>TOTAL COSTS</b>	<b>836,759</b>	<b>795,510</b>	<b>-41,249</b>	<b>-4.9%</b>

Table 19 Horizontal analysis of costs (19/18)

Horizontal analysis of revenues

The last horizontal analysis is the analysis of revenues. Table 20 shows that in 2017 total revenues decreased compared to 2016. Revenues from products and services were lower, while revenues from goods were higher. Other operating revenues increased in 2017.

<b>HORIZONTAL ANALYSIS OF REVENUES (17/16)</b>				
	2016	2017	17/16	17/16
	(in thousands of CZK)			
Revenues from products and services	489,682	451,822	-37,860	-7.7%
Revenues from goods	325,948	335,931	9,983	3.1%
Other operating revenues	3,688	7,100	3,412	92.5%
– revenues from sales of fixed assets	386	3	-383	-99.2%
– revenues from sales of material	352	253	-99	-28.1%
– other operating revenues	2,950	6,844	3,894	132.0%
Revenues from long-term financial assets	0	0	0	0.0%
Interest revenues and similar revenues	3	0	-3	-100.0%
Other financial revenues	3,426	4,810	1,384	40.4%
<b>TOTAL REVENUES (Net turnover)</b>	<b>822,747</b>	<b>799,663</b>	<b>-23,084</b>	<b>-2.8%</b>

Table 20 Horizontal analysis of revenues (17/16)

Table 21 contains the horizontal analysis of the year 2018 compared to 2017. In 2018, the revenues were higher by 8.3%. This was caused by higher revenues from goods, and also higher revenues from products and services. Revenues from long-term financial assets also increased.

<b>HORIZONTAL ANALYSIS OF REVENUES (18/17)</b>				
	2017	2018	18/17	18/17
	(in thousands of CZK)			
Revenues from products and services	451,822	462,650	10,828	2.4%
Revenues from goods	335,931	384,687	48,756	14.5%
Other operating revenues	7,100	1,794	-5,306	-74.7%
– revenues from sales of fixed assets	3	1	-2	-66.7%
– revenues from sales of material	253	253	0	0.0%
– other operating revenues	6,844	1,540	-5,304	-77.5%
Revenues from long-term financial assets	0	12,463	12,463	-
Interest revenues and similar revenues	0	0	0	0.0%
Other financial revenues	4,810	4,071	-739	-15.4%
<b>TOTAL REVENUES (Net turnover)</b>	<b>799,663</b>	<b>865,665</b>	<b>66,002</b>	<b>8.3%</b>

Table 21 Horizontal analysis of revenues (18/17)

In Table 22, there can be seen that total revenues in 2019 decreased by 6.5%, which was caused by lower revenues from products and services, revenues from goods, and revenues from long-term financial assets.

<b>HORIZONTAL ANALYSIS OF REVENUES (19/18)</b>				
	<b>2018</b>	<b>2019</b>	<b>19/18</b>	<b>19/18</b>
	(in thousands of CZK)			
Revenues from products and services	462,650	417,748	-44,902	-9.7%
Revenues from goods	384,687	381,509	-3,178	-0.8%
Other operating revenues	1,794	3,832	2,038	113.6%
– revenues from sales of fixed assets	1	1	0	0.0%
– revenues from sales of material	253	159	-94	-37.2%
– other operating revenues	1,540	3,672	2,132	138.4%
Revenues from long-term financial assets	12,463	3,972	-8,491	-68.1%
Interest revenues and similar revenues	0	1	-1	-
Other financial revenues	4,071	2,240	-1,831	-45.0%
<b>TOTAL REVENUES (Net turnover)</b>	<b>865,665</b>	<b>809,302</b>	<b>-56,363</b>	<b>-6.5%</b>

Table 22 Horizontal analysis of revenues (19/18)

## 6.2 Ratio indicators

This chapter focuses on ratio indicators that are basic tools of financial analysis.

### 6.2.1 Liquidity ratios

Liquidity ratios show whether the company is able to pay its short-term obligations.

<b>Liquidity ratios</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Recommended values</b>
<b>Current ratio</b>	1.41	1.50	1.44	1.73	1.5–2.5
<b>Quick ratio</b>	0.84	0.71	0.62	0.86	1–1.5
<b>Cash ratio</b>	0.07	0.03	0.01	0.02	0.2–0.5

Table 23 Liquidity ratios

Table 23 shows liquidity ratios of the company in the selected period. Current ratio is slightly under the recommended value in the years 2016 and 2018, but in 2017 and 2019, the result is in the range of recommended values. The company should keep the current ratio in the following years at least the same as in 2019 because if the current ratio is under 1.5, the company may have problems with solvency.

Quick ratio and cash ratio do not reach the recommended values in any of these years. It may signal that the company does not have enough financial means in cash or its bank accounts to pay its short-term payables. However, the company uses bank overdraft at three banks in the limit of 280 million CZK, so the low values of cash ratio are not alarming. It was also found out when analysing efficiency ratios that the company gets paid their receivables on an average of 54 days, while it pays its payables on an average of 77 days. It means that the company should have enough money to pay its payables on time. It is visible that the company tries not to tie a lot of means in inventory, receivables, and bank accounts.

In Table 24, there are liquidity ratios of the industry group Manufacture of other food products. It is visible that the selected company is with few exceptions under the values of



industry liquidity ratios. Nevertheless, the industry group also do not reach the recommended values in most of the ratios. (Ministry of Industry and Trade of the Czech Republic, n.d.)

Liquidity ratios (industry)	2016	2017	2018	2019
Current ratio	1.51	1.47	1.34	1.43
Quick ratio	0.98	0.90	0.81	0.87
Cash ratio	0.19	0.18	0.19	0.21

Table 24 Liquidity ratios (industry)

### 6.2.2 Solvency ratios

Debt ratio is a basic indicator of indebtedness. The recommended value is 30–60% in which the company was in all these years. The value of the debt ratio was between 42–54%. It can be seen that the company's financial structure was not changing a lot, and it was quite balanced. The company was using more external financing sources than its own, except in 2019, where a change was, and the company was using more own financing sources.

The debt to equity ratio was in the range of 0.75–1.22. This indicator is important for banks when granting a loan. A positive trend can be seen – the company has a lower value of liabilities than equity.

Interest coverage shows how many times is profit larger than interest costs. The recommended value is more than 5. The company's interest coverage is above the minimum recommended value, so it is considered to be very good. The highest value of interest coverage was in 2018, and it was 16.76.

Solvency ratios	2016	2017	2018	2019	Recommended values
Debt ratio	54.9%	51.0%	53.2%	42.7%	30–60%
Debt to equity ratio	1.22	1.04	1.14	0.75	-
Interest coverage	6.84	7.60	16.76	8.31	> 5

Table 25 Solvency ratios

In Table 26, there are solvency ratios of the industry. Considering the debt ratio and debt to equity ratio, the company has quite similar values to the industry. Interest coverage is better in the industry, except in 2018, when the company had a higher value of interest coverage than the industry. All of these indicators are very good in the company as well as in the industry. (Ministry of Industry and Trade of the Czech Republic, n.d.)

Solvency ratios (industry)	2016	2017	2018	2019
Debt ratio	46.7%	45.8%	50.0%	43.4%
Debt to equity ratio	0.88	0.85	1.00	0.77
Interest coverage	29.09	20.50	11.22	26.59

Table 26 Solvency ratios (industry)

### 6.2.3 Profitability ratios

Profitability ratios indicate that the company is constantly profit-making. All of these indicators were fluctuating in the selected years. The highest fluctuation was in 2018, when all indicators increased rapidly. The greatest change was in return on equity which jumped from 2.9% to 16.7%. This could be caused by the change in the structure of financial resources where revenues from long-term financial assets increased, also by a higher proportion of liabilities to equity, higher return on sales, and simply because the year 2018 was successful for the company. It is good that none of these indicators was under zero in any of these years. ROS represents the profit margin.

Profitability ratios	2016	2017	2018	2019
ROA	2.9%	3.0%	9.2%	5.9%
ROE	4.2%	2.9%	16.7%	7.6%
ROS	0.8%	0.6%	3.4%	1.7%

Table 27 Profitability ratios

Profitability ratios of the company in the analysed years are also shown in the chart below.

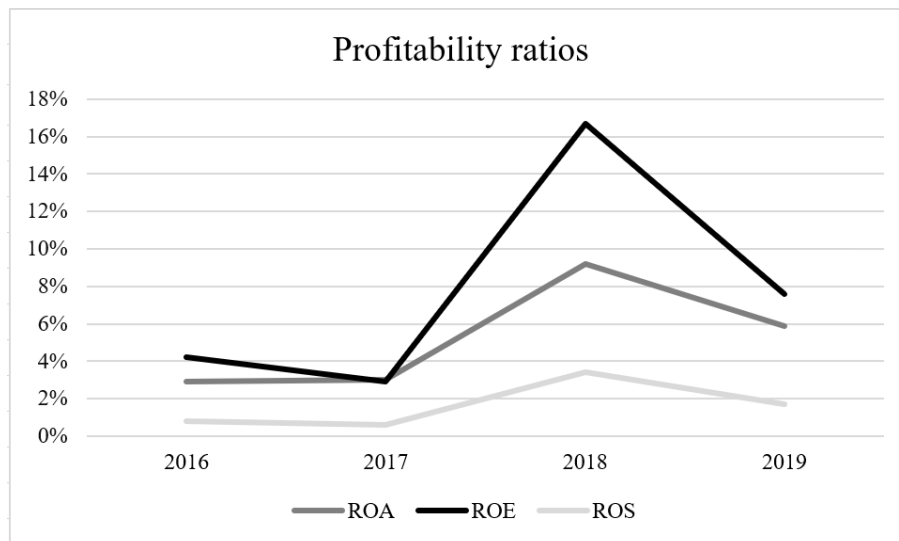


Figure 3 Chart of profitability ratios

To compare profitability ratios with the industry, the company had lower values of all profitability ratios, except in 2018, when the company had much better profitability ratios than the industry. Profitability ratios of the industry are shown in Table 28. (Ministry of Industry and Trade of the Czech Republic, n.d.)

Profitability ratios (industry)	2016	2017	2018	2019
ROA	9.3%	7.9%	5.8%	14.0%
ROE	13.9%	11.3%	8.1%	19.1%
ROS	5.9%	5.0%	3.4%	8.2%

Table 28 Profitability ratios (industry)

#### 6.2.4 Efficiency ratios

These indicators measure how efficiently the company manages its assets to generate revenues. Total assets turnover ratio should be at least 1, which this company complies with. It has total assets turnover ratio in each of these years higher than 2. It means that the company manages its assets efficiently. The highest ratio was in 2019 when assets turned over 2.5× per year, and one turn took 142 days. Inventory turnover ratio is also satisfactory.

It is good to compare the accounts payable turnover ratio with the accounts receivable turnover ratio. Considering the receivable turnover ratio, the company gets paid their receivables on an average of 54 days, while it pays its payables on an average of 77 days. It means that the company has longer accounts payable turnover than accounts receivable turnover, which is beneficial. The accounts receivable turnover tends to decrease, which is good because the payment morale of customers is getting better.

<b>Efficiency ratios</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total assets turnover ratio</b>	2.26	2.30	2.28	2.53
	159 days	157 days	158 days	142 days
<b>Inventory turnover ratio</b>	7.50	6.01	5.44	7.16
	48 days	60 days	66 days	50 days
<b>Accounts receivable turnover ratio</b>	65 days	52 days	50 days	49 days
<b>Accounts payable turnover ratio</b>	86 days	79 days	83 days	61 days

Table 29 Efficiency ratios

Table 30 shows efficiency ratios in the industry. The company had higher total assets turnover ratio in all of these years. Inventory turnover ratio is quite similar to the industry. In 2016 and 2019, the company had better inventory turnover ratio than the industry. Considering the accounts receivable turnover ratio and accounts payable turnover ratio, the company gets its receivables earlier than how it is in the industry. This shows good morale of customers. The company also pays its payables much earlier than how it is in the industry. Both in the industry and the company, there is longer accounts payable turnover ratio than accounts receivable turnover ratio, which is good for the company. (Ministry of Industry and Trade of the Czech Republic, n.d.)

<b>Efficiency ratios (industry)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total assets turnover ratio</b>	1.25	1.22	1.18	1.25
	287 days	293 days	306 days	267 days
<b>Inventory turnover ratio</b>	6.52	6.34	6.30	6.73
	55 days	57 days	57 days	53 days
<b>Accounts receivable turnover ratio</b>	83 days	72 days	68 days	63 days
<b>Accounts payable turnover ratio</b>	128 days	129 days	148 days	120 days

Table 30 Efficiency ratios (industry)

### 6.3 Subtractive indicators

Among subtractive indicators belong net working capital, which is analysed below.

#### 6.3.1 Net working capital

Table 31 shows the development of net working capital (NWC) in the selected company during the analysed years. NWC has in all of these years positive values, which means that current liabilities are smaller than current assets (which is the source for repayment of these liabilities). The company has a ‘financial cushion’ available. This ‘cushion’ reached the values of more than 93 million CZK in 2019.

The ratio of NWC to current assets should be between 30–50%. It shows whether the NWC is big enough to the proportion of current assets. The company has a sufficient level of NWC. In 2016–2018 the ratio was about 30%. In 2019 it was about 40% which corresponds to the recommended values.

<b>Subtractive indicators</b> (in thousands of CZK)	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Current assets	268,543	249,775	273,888	221,369
Current liabilities	190,197	166,458	190,427	127,728
<b>Net working capital</b>	<b>78,346</b>	<b>83,317</b>	<b>83,461</b>	<b>93,641</b>
Ratio of NWC to current assets	29.2%	33.4%	30.5%	42.3%

Table 31 Net working capital

### 6.4 Bankruptcy models

From bankruptcy models were chosen Altman Z-Score and index IN05, which are presented below.

#### 6.4.1 Altman Z-Score

According to the Z-Score values in the selected years, it can be seen that the company is in the safe zone, and it has good financial health because in all of these years the indicator was higher than 2.9. The company is not, according to this indicator, in danger of bankruptcy. The Z-Score is growing during these years, and the highest values were reached in 2019.

The selected company is not publicly traded on the stock exchange, so this formula was used:

$$Z = 0.717X_1 + 0.847X_2 + 3.107X_3 + 0.420X_4 + 0.998X_5.$$

<b>Altman Z-Score</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>X<sub>1</sub></b>	0.156	0.174	0.161	0.213
<b>X<sub>2</sub></b>	0.223	0.247	0.266	0.334
<b>X<sub>3</sub></b>	0.090	0.093	0.287	0.183
<b>X<sub>4</sub></b>	0.345	0.403	0.369	0.564
<b>X<sub>5</sub></b>	2.257	2.294	2.280	2.529
<b>Z-Score</b>	<b>3.071</b>	<b>3.211</b>	<b>3.363</b>	<b>3.827</b>

Table 32 Altman Z-Score

#### 6.4.2 Index IN05

From the perspective of the index IN05 indicator, the company was in 2016 and 2017 in the grey zone. In 2018 the situation was much better when the index was higher than 1.6, which means that the company created value and had good financial health. The index then went down in 2019, and it was on the boundary of the grey zone.

<b>Index IN05</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>A</b>	0.237	0.255	0.244	0.304
<b>B</b>	0.274	0.304	0.670	0.333
<b>C</b>	0.115	0.118	0.367	0.233
<b>D</b>	0.479	0.490	0.490	0.539
<b>E</b>	0.127	0.135	0.129	0.156
<b>IN05</b>	<b>1.232</b>	<b>1.302</b>	<b>1.901</b>	<b>1.565</b>

Table 33 Index IN05

## 7 EVALUATION AND RECOMMENDATIONS

During its existence, the selected company has built a strong position in the Czech and foreign markets. It was found out that the company was relatively stable during the analysed years. The company puts emphasis on the quality, which brings a lot of awards and also only a few complaints from customers. Strong competition can be a problem, which probably caused lower sales in 2019. The company should strive for beating the competition. There was not found any severe problem in the financial analysis. However, some indicators may always be improved. The overall performance of the company is favourable.

Considering the liquidity ratios, there might be a problem with a lower quick and cash ratio. However, the company uses bank overdraft at three banks in the limit of 280 million CZK, so the low values of cash ratio are not alarming. Current ratio has a satisfactory value which is drawing near the value of the industry.

Analysis of solvency is propitious, and there were not found any problems. Debt ratio is decreasing due to a higher proportion of equity, namely, profit from previous years.

Profitability ratios are also great because none of these indicators was under zero in any of these years. However, the company may try to improve all of these indicators because they are all under the industry levels, except in 2018 when the company had better profitability ratios than the industry. According to the information from the annual report, the company tries to increase profitability, mainly by more investments and improvement of the automation of production and operations in the company.

Efficiency ratios reach good values. Total assets turnover ratio is increasing, and it is also higher than in the industry. Inventory turnover ratio is similar to the industry, in 2019, it is even higher. Accounts receivable turnover ratio and accounts payable turnover ratio are positive, and they are decreasing during that period. These ratios are better than in the industry, which shows good ability of the company to pay its payables and good customers morale. It is also great that the company gets paid their receivables on an average of 54 days, while it pays its payables on an average of 77 days. It means that the company has longer accounts payable turnover than accounts receivable turnover, which is beneficial.

The company has sufficient value of NWC, which shows that it has a 'financial cushion' available. Bankruptcy models have favourable results as well. According to the Altman Z-Score model, the company is in the safe zone in all of the analysed years, which means that it is not in danger of bankruptcy. The Z-Score is growing, which signals a better condition of the company. According to index IN05, the company was in the grey zone in 2016 and

2017, but then the situation in 2018 was much better. In 2018 the company was in the safe zone, but in 2019 this index went down a bit again, and the company was on the boundary of the grey zone. However, the company is not, according to these indicators, in danger of bankruptcy.

My recommendation for the company is to try to operate as before, focus on actions to beat the competition, and invest in modern marketing methods. It was shown that promotion helped the company quite a lot in recent years, so it would be good to continue investing mainly in modern promotion methods. Try to build attractive social media and public relationships there. Maybe also cooperate with some influencers because these types of promotion are quite effective nowadays. It has not been long since the company set up an e-shop, so it should also focus on this form of selling in terms of promotion. These activities connected with marketing would help the company to increase its sales and get the company more into people's awareness. The company also should continue with its investing activities and automation to increase its profitability. Overall, the company is doing great, and there are probably not any fundamental problems.

## CONCLUSION

The aim of this bachelor's thesis was to make a financial analysis of the selected company in the period 2016–2019, interpret the results, and also propose recommendations on how to possibly improve the financial situation of the company.

The thesis consists of two main parts – theoretical and practical. The theoretical part focuses on the description of financial analysis. There are described the objectives and users of financial analysis, also sources of information, and methods of financial analysis. These methods are later used in the practical part. The practical part consists of a brief introduction of the company, and then it focuses on the financial analysis, where information from the theoretical part was used. The methods include absolute indicators (vertical and horizontal analysis), ratio indicators (liquidity, solvency, profitability, and efficiency ratios), subtractive indicators (net working capital), and bankruptcy models (Altman Z-Score and index IN05). Results of all of these indicators are analysed, and some of them are compared to the industry. The last section of this thesis focuses on the evaluation of the company and recommendations based on the results of the analysis.

From the analysis that has been done, it is possible to conclude that the company is relatively stable and does not have any severe problems which could endanger its activity. However, some indicators may be improved. The company may improve profitability ratios because they are lower than in the industry. However, it is mentioned in the company's annual report that the company is trying to increase profitability, mainly by more investments and improvement of the automation of production and operations in the company. On the other hand, efficiency ratios reach good results, and they are higher than industry values. Strong competition can be a problem. I recommend the company to focus on actions to beat the competition and invest in modern marketing methods. It was shown that promotion helped the company quite a lot in recent years, so it would be good to continue investing mainly in modern promotion methods. The company should try to build attractive social media and public relationships there, and also cooperate with some influencers because these types of promotion are quite effective nowadays. Based on the results, it can be concluded that the company is doing great, and there are probably not any fundamental problems. The company should try to operate at least as before.

Compiling this bachelor's thesis was an exciting experience. I have learnt a lot of new information. The company can use this analysis for its future decisions or as a base for further research.



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**LIST OF ABBREVIATIONS**

EAT	Earnings after taxes
EBT	Earnings before taxes
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ROA	Return on assets
ROE	Return on equity
ROS	Return on sales
NWC	Net working capital

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## APPENDIX 1: BALANCE SHEET 2016

(in thousands of CZK)

Označ. a	AKTIVA b	řád. c	Běžné účetní období			Minulé účetní období
			Brutto 1	Korekce 2	Netto 3	Netto 4
	<b>AKTIVA CELKEM</b>	<b>1</b>	<b>525 909</b>	<b>- 165 332</b>	<b>360 577</b>	<b>363 360</b>
<b>B.</b>	<b>Dlouhodobý majetek</b>	<b>2</b>	<b>224 373</b>	<b>- 133 793</b>	<b>90 580</b>	<b>92 132</b>
B.I.	Dlouhodobý nehmotný majetek	3	43 480	- 43 279	181	25
B.I.2.	Ocenitelná práva	4	41 347	- 41 324	23	25
B.I.2.1.	Software	5	1 652	- 1 629	23	25
B.I.2.2.	Ostatní ocenitelná práva	6	39 695	- 39 695		
B.I.4.	Ostatní dlouhodobý nehmotný majetek	7	2 113	- 1 955	158	
B.II.	Dlouhodobý hmotný majetek	8	157 971	- 90 514	67 457	71 420
B.II.1.	Pozemky a stavby	9	78 334	- 42 775	35 559	38 006
B.II.1.1.	Pozemky	10	2 642		2 642	2 642
B.II.1.2.	Stavby	11	75 692	- 42 775	32 917	35 364
B.II.2.	Hmotné movité věci a jejich soubory	12	61 815	- 39 111	22 704	24 527
B.II.4.	Ostatní dlouhodobý hmotný majetek	13	16 407	- 8 628	7 779	8 294
B.II.4.3.	Jiný dlouhodobý hmotný majetek	14	16 407	- 8 628	7 779	8 294
B.II.5.	Poskytnuté zálohy na dlouhodobý hmotný majetek a nedokončený dlouhodobý hmotný majetek	15	1 415		1 415	593
B.II.5.1.	Poskytnuté zálohy na dlouhodobý hmotný majetek	16	634		634	391
B.II.5.2.	Nedokončený dlouhodobý hmotný majetek	17	781		781	202
B.III.	Dlouhodobý finanční majetek	18	22 942		22 942	20 687
B.III.3.	Podíly - podstatný vliv	19	22 942		22 942	20 687
<b>C.</b>	<b>Oběžná aktiva</b>	<b>20</b>	<b>300 082</b>	<b>- 31 539</b>	<b>268 543</b>	<b>270 649</b>
C.I.	Zásoby	21	111 862	- 3 170	108 692	133 566
C.I.1.	Materiál	22	61 772	- 2 559	59 213	75 718
C.I.2.	Nedokončená výroba a polotovary	23	564		564	159
C.I.3.	Výrobky a zboží	24	49 526	- 611	48 915	57 689
C.I.3.1.	Výrobky	25	23 681	- 261	23 420	26 283
C.I.3.2.	Zboží	26	25 845	- 350	25 495	31 406
C.II.	Pohledávky	27	174 628	- 28 369	146 259	132 038
C.II.2.	Krátkodobé pohledávky	28	174 628	- 28 369	146 259	132 038
C.II.2.1.	Pohledávky z obchodních vztahů	29	140 857	- 23	140 834	126 952
C.II.2.4.	Pohledávky - ostatní	30	33 771	- 28 346	5 425	5 086
C.II.2.4.3.	Stát - daňové pohledávky	31	3 699		3 699	3 682
C.II.2.4.4.	Krátkodobé poskytnuté zálohy	32	830		830	584
C.II.2.4.5.	Dohadné účty aktivní	33	122		122	274
C.II.2.4.6.	Jiné pohledávky	34	29 120	- 28 346	774	546
C.IV.	Peněžní prostředky	35	13 592		13 592	5 045
C.IV.1.	Peněžní prostředky v pokladně	36	116		116	233
C.IV.2.	Peněžní prostředky na účtech	37	13 476		13 476	4 812
<b>D.</b>	<b>Časové rozlišení aktiv</b>	<b>38</b>	<b>1 454</b>		<b>1 454</b>	<b>579</b>
D.1.	Náklady příštích období	39	504		504	579
D.3.	Příjmy příštích období	40	950		950	

Označ.	PASIVA	řad.	Běžné účetní období	Minulé účetní období
a	b	c	5	6
	<b>PASIVA CELKEM</b>	<b>41</b>	<b>360 577</b>	<b>363 360</b>
<b>A.</b>	<b>Vlastní kapitál</b>	<b>42</b>	<b>162 487</b>	<b>153 401</b>
A.I.	Základní kapitál	43	50 050	50 050
A.I.1.	Základní kapitál	44	50 050	50 050
A.II.	Ážio a kapitálové fondy	45	7 374	5 119
A.II.2.	Kapitálové fondy	46	7 374	5 119
A.II.2.2.	Oceňovací rozdíly z přecenění majetku a závazků (+/-)	47	7 374	5 119
A.III.	Fondy ze zisku	48	10 010	10 010
A.III.1.	Ostatní rezervní fondy	49	10 010	10 010
A.IV.	Výsledek hospodaření minulých let (+/-)	50	88 222	76 912
A.IV.1.	Nerozdělený zisk minulých let	51	88 222	76 912
A.V.	Výsledek hospodaření běžného účetního období (+/-)	52	6 831	11 310
<b>B. + C.</b>	<b>Cizí zdroje</b>	<b>53</b>	<b>198 090</b>	<b>209 959</b>
<b>B.</b>	<b>Rezervy</b>	<b>54</b>	<b>3 563</b>	<b>113</b>
B.2.	Rezerva na daň z příjmů	55	631	
B.4.	Ostatní rezervy	56	2 932	113
<b>C.</b>	<b>Závazky</b>	<b>57</b>	<b>194 527</b>	<b>209 846</b>
C.I.	Dlouhodobé závazky	58	4 330	4 952
C.I.8.	Odložený daňový závazek	59	4 330	4 952
C.II.	Krátkodobé závazky	60	190 197	204 894
C.II.2.	Závazky k úvěrovým institucím	61	123 821	139 968
C.II.3.	Krátkodobé přijaté zálohy	62		1 918
C.II.4.	Závazky z obchodních vztahů	63	42 931	33 276
C.II.8.	Závazky ostatní	64	23 445	29 732
C.II.8.3.	Závazky k zaměstnancům	65	3 371	3 176
C.II.8.4.	Závazky ze sociálního zabezpečení a zdravotního pojištění	66	2 125	2 020
C.II.8.5.	Stát - daňové závazky a dotace	67	666	602
C.II.8.6.	Dohadné účty pasivní	68	16 942	23 630
C.II.8.7.	Jiné závazky	69	341	304

## APPENDIX 2: INCOME STATEMENT 2016

(in thousands of CZK)

Označ.	VÝKAZ ZISKU A ZTRÁTY	řad.	Běžné účetní období	Minulé účetní období
a	b	c	1	2
I.	Tržby z prodeje výrobků a služeb	1	489 682	521 475
II.	Tržby za prodej zboží	2	325 948	314 661
A.	Výkonová spotřeba	3	713 713	756 170
A.1.	Náklady vynaložené na prodané zboží	4	283 545	271 727
A.2.	Spotřeba materiálu a energie	5	359 135	407 959
A.3.	Služby	6	71 033	76 484
B.	Změna stavu zásob vlastní činnosti (+/-)	7	2 322	- 10 259
D.	Osobní náklady	8	79 246	73 029
D.1.	Mzdové náklady	9	58 539	53 896
D.2.	Náklady na sociální zabezpečení, zdravotní pojištění a ostatní náklady	10	20 707	19 133
D.2.1.	Náklady na sociální zabezpečení a zdravotní pojištění	11	19 711	18 442
D.2.2.	Ostatní náklady	12	996	691
E.	Úpravy hodnot v provozní oblasti	13	6 349	839
E.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku	14	5 441	5 380
E.1.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - trvalé	15	5 441	5 380
E.2.	Úpravy hodnot zásob	16	1 233	- 3 111
E.3.	Úpravy hodnot pohledávek	17	- 325	- 1 430
III.	Ostatní provozní výnosy	18	3 688	4 597
III.1.	Tržby z prodaného dlouhodobého majetku	19	386	51
III.2.	Tržby z prodaného materiálu	20	352	347
III.3.	Jiné provozní výnosy	21	2 950	4 199
F.	Ostatní provozní náklady	22	7 078	3 726
F.3.	Daně a poplatky	23	733	631
F.4.	Rezervy v provozní oblasti a komplexní náklady příštích období	24	2 819	- 249
F.5.	Jiné provozní náklady	25	3 526	3 344
*	Provozní výsledek hospodaření (+/-)	26	10 610	17 228
VI.	Výnosové úroky a podobné výnosy	27	3	21
VI.2.	Ostatní výnosové úroky a podobné výnosy	28	3	21
J.	Nákladové úroky a podobné náklady	29	1 532	1 844
J.2.	Ostatní nákladové úroky a podobné náklady	30	1 532	1 844
VII.	Ostatní finanční výnosy	31	3 426	6 839
K.	Ostatní finanční náklady	32	3 563	7 980
*	Finanční výsledek hospodaření	33	- 1 666	- 2 964
**	Výsledek hospodaření před zdaněním (+/-)	34	8 944	14 264
L.	Daň z příjmů	35	2 113	2 954
L.1.	Daň z příjmů splatná	36	2 735	1 983
L.2.	Daň z příjmů odložená (+/-)	37	- 622	971
**	Výsledek hospodaření po zdanění (+/-)	38	6 831	11 310
***	Výsledek hospodaření za účetní období (+/-)	39	6 831	11 310
*	Čistý obrat za účetní období = I. + II. + III. + IV. + V. + VI. + VII.	40	822 747	847 593



## APPENDIX 3: BALANCE SHEET 2017

(in thousands of CZK)

Označ.	AKTIVA	řád.	Běžné účetní období			Minulé účetní období
			Brutto	Korekce	Netto	Netto
a	b	c	1	2	3	4
	<b>AKTIVA CELKEM</b>	<b>1</b>	<b>514 928</b>	<b>- 172 153</b>	<b>342 775</b>	<b>360 577</b>
<b>B.</b>	<b>Dlouhodobý majetek</b>	<b>2</b>	<b>231 512</b>	<b>- 138 950</b>	<b>92 562</b>	<b>90 580</b>
B.I.	Dlouhodobý nehmotný majetek	3	43 460	- 43 312	148	181
B.I.2.	Ocenitelná práva	4	41 347	- 41 327	20	23
B.I.2.1.	Software	5	1 652	- 1 632	20	23
B.I.2.2.	Ostatní ocenitelná práva	6	39 695	- 39 695		
B.I.4.	Ostatní dlouhodobý nehmotný majetek	7	2 113	- 1 985	128	158
B.II.	Dlouhodobý hmotný majetek	8	164 538	- 95 638	68 900	67 457
B.II.1.	Pozemky a stavby	9	78 788	- 45 223	33 565	35 559
B.II.1.1.	Pozemky	10	2 642		2 642	2 642
B.II.1.2.	Stavby	11	76 146	- 45 223	30 923	32 917
B.II.2.	Hmotné movité věci a jejich soubory	12	63 069	- 41 273	21 796	22 704
B.II.4.	Ostatní dlouhodobý hmotný majetek	13	16 407	- 9 142	7 265	7 779
B.II.4.3.	Jiný dlouhodobý hmotný majetek	14	16 407	- 9 142	7 265	7 779
B.II.5.	Poskytnuté zálohy na dlouhodobý hmotný majetek a nedokončený dlouhodobý hmotný majetek	15	6 274		6 274	1 415
B.II.5.1.	Poskytnuté zálohy na dlouhodobý hmotný majetek	16	5 493		5 493	634
B.II.5.2.	Nedokončený dlouhodobý hmotný majetek	17	781		781	781
B.III.	Dlouhodobý finanční majetek	18	23 514		23 514	22 942
B.III.3.	Podíly - podstatný vliv	19	23 514		23 514	22 942
<b>C.</b>	<b>Oběžná aktiva</b>	<b>20</b>	<b>282 978</b>	<b>- 33 203</b>	<b>249 775</b>	<b>268 543</b>
C.I.	Zásoby	21	135 885	- 4 855	131 030	108 692
C.I.1.	Materiál	22	76 029	- 2 410	73 619	59 213
C.I.2.	Nedokončená výroba a polotovary	23	174		174	564
C.I.3.	Výrobky a zboží	24	59 682	- 2 445	57 237	48 915
C.I.3.1.	Výrobky	25	19 000	- 212	18 788	23 420
C.I.3.2.	Zboží	26	40 682	- 2 233	38 449	25 495
C.II.	Pohledávky	27	142 550	- 28 348	114 202	146 259
C.II.2.	Krátkodobé pohledávky	28	142 550	- 28 348	114 202	146 259
C.II.2.1.	Pohledávky z obchodních vztahů	29	112 512	- 2	112 510	140 834
C.II.2.4.	Pohledávky - ostatní	30	30 038	- 28 346	1 692	5 425
C.II.2.4.3.	Stát - daňové pohledávky	31				3 699
C.II.2.4.4.	Krátkodobé poskytnuté zálohy	32	619		619	830
C.II.2.4.5.	Dohadné účty aktivní	33	310		310	122
C.II.2.4.6.	Jiné pohledávky	34	29 109	- 28 346	763	774
C.IV.	Peněžní prostředky	35	4 543		4 543	13 592
C.IV.1.	Peněžní prostředky v pokladně	36	128		128	116
C.IV.2.	Peněžní prostředky na účtech	37	4 415		4 415	13 476
<b>D.</b>	<b>Časové rozlišení aktiv</b>	<b>38</b>	<b>438</b>		<b>438</b>	<b>1 454</b>
D.1.	Náklady příštích období	39	438		438	504
D.3.	Příjmy příštích období	40				950

Označ.	PASIVA	řad.	Běžné účetní období	Minulé účetní období
a	b	c	5	6
	<b>PASIVA CELKEM</b>	<b>41</b>	<b>342 775</b>	<b>360 577</b>
<b>A.</b>	<b>Vlastní kapitál</b>	<b>42</b>	<b>167 941</b>	<b>162 487</b>
A.I.	Základní kapitál	43	50 050	50 050
A.I.1.	Základní kapitál	44	50 050	50 050
A.II.	Ážio a kapitálové fondy	45	7 946	7 374
A.II.2.	Kapitálové fondy	46	7 946	7 374
A.II.2.2.	Oceňovací rozdíly z přecenění majetku a závazků (+/-)	47	7 946	7 374
A.III.	Fondy ze zisku	48	10 010	10 010
A.III.1.	Ostatní rezervní fondy	49	10 010	10 010
A.IV.	Výsledek hospodaření minulých let (+/-)	50	95 053	88 222
A.IV.1.	Nerozdělený zisk minulých let	51	95 053	88 222
A.V.	Výsledek hospodaření běžného účetního období (+/-)	52	4 882	6 831
<b>B. + C.</b>	<b>Cizí zdroje</b>	<b>53</b>	<b>174 834</b>	<b>198 090</b>
<b>B.</b>	<b>Rezervy</b>	<b>54</b>	<b>2 834</b>	<b>3 563</b>
B.2.	Rezerva na daň z příjmů	55	559	631
B.4.	Ostatní rezervy	56	2 275	2 932
<b>C.</b>	<b>Závazky</b>	<b>57</b>	<b>172 000</b>	<b>194 527</b>
C.I.	Dlouhodobé závazky	58	5 542	4 330
C.I.8.	Odložený daňový závazek	59	5 542	4 330
C.II.	Krátkodobé závazky	60	166 458	190 197
C.II.2.	Závazky k úvěrovým institucím	61	95 064	123 821
C.II.4.	Závazky z obchodních vztahů	62	48 579	42 931
C.II.8.	Závazky ostatní	63	22 815	23 445
C.II.8.3.	Závazky k zaměstnancům	64	4 274	3 371
C.II.8.4.	Závazky ze sociálního zabezpečení a zdravotního pojištění	65	2 750	2 125
C.II.8.5.	Stát - daňové závazky a dotace	66	2 296	666
C.II.8.6.	Dohadné účty pasivní	67	13 304	16 942
C.II.8.7.	Jiné závazky	68	191	341

## APPENDIX 4: INCOME STATEMENT 2017

(in thousands of CZK)

Označ.	VÝKAZ ZISKU A ZTRÁTY	řád.	Běžné účetní období	Minulé účetní období
a	b	c	1	2
I.	Tržby z prodeje výrobků a služeb	1	451 822	489 682
II.	Tržby za prodej zboží	2	335 931	325 948
A.	Výkonová spotřeba	3	688 291	713 713
A.1.	Náklady vynaložené na prodané zboží	4	291 716	283 545
A.2.	Spotřeba materiálu a energie	5	326 959	359 135
A.3.	Služby	6	67 616	71 033
B.	Změna stavu zásob vlastní činnosti (+/-)	7	5 071	2 322
D.	Osobní náklady	8	81 341	79 246
D.1.	Mzdové náklady	9	59 668	58 539
D.2.	Náklady na sociální zabezpečení, zdravotní pojištění a ostatní náklady	10	21 675	20 707
D.2.1.	Náklady na sociální zabezpečení a zdravotní pojištění	11	20 497	19 711
D.2.2.	Ostatní náklady	12	1 178	996
E.	Úpravy hodnot v provozní oblasti	13	7 130	6 349
E.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku	14	5 468	5 441
E.1.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - trvalé	15	5 468	5 441
E.2.	Úpravy hodnot zásob	16	1 685	1 233
E.3.	Úpravy hodnot pohledávek	17	- 21	- 325
III.	Ostatní provozní výnosy	18	7 100	3 688
III.1.	Tržby z prodaného dlouhodobého majetku	19	3	386
III.2.	Tržby z prodaného materiálu	20	253	352
III.3.	Jiné provozní výnosy	21	6 844	2 950
F.	Ostatní provozní náklady	22	4 452	7 078
F.3.	Daně a poplatky	23	845	733
F.4.	Rezervy v provozní oblasti a komplexní náklady příštích období	24	- 657	2 819
F.5.	Jiné provozní náklady	25	4 264	3 526
*	Provozní výsledek hospodaření (+/-)	26	10 568	10 610
VI.	Výnosové úroky a podobné výnosy	27		3
VI.2.	Ostatní výnosové úroky a podobné výnosy	28		3
J.	Nákladové úroky a podobné náklady	29	1 344	1 532
J.2.	Ostatní nákladové úroky a podobné náklady	30	1 344	1 532
VII.	Ostatní finanční výnosy	31	4 810	3 426
K.	Ostatní finanční náklady	32	5 163	3 563
*	Finanční výsledek hospodaření	33	- 1 697	- 1 666
**	Výsledek hospodaření před zdaněním (+/-)	34	8 871	8 944
L.	Daň z příjmů	35	3 989	2 113
L.1.	Daň z příjmů splatná	36	2 777	2 735
L.2.	Daň z příjmů odložená (+/-)	37	1 212	- 622
**	Výsledek hospodaření po zdanění (+/-)	38	4 882	6 831
***	Výsledek hospodaření za účetní období (+/-)	39	4 882	6 831
*	Čistý obrat za účetní období = I. + II. + III. + IV. + V. + VI. + VII.	40	799 663	822 747

## APPENDIX 5: BALANCE SHEET 2018

(in thousands of CZK)

Označ.	AKTIVA	řád.	Běžné účetní období			Minulé účetní období
			Brutto	Korekce	Netto	Netto
a	b	c	1	2	3	4
	<b>AKTIVA CELKEM</b>	<b>1</b>	<b>546 339</b>	<b>- 175 387</b>	<b>370 952</b>	<b>342 775</b>
<b>B.</b>	<b>Stálá aktiva</b>	<b>2</b>	<b>241 296</b>	<b>- 144 794</b>	<b>96 502</b>	<b>92 562</b>
B.I.	Dlouhodobý nehmotný majetek	3	42 835	- 42 720	115	148
B.I.2.	Ocenitelná práva	4	40 722	- 40 705	17	20
B.I.2.1.	Software	5	1 027	- 1 010	17	20
B.I.2.2.	Ostatní ocenitelná práva	6	39 695	- 39 695		
B.I.4.	Ostatní dlouhodobý nehmotný majetek	7	2 113	- 2 015	98	128
B.II.	Dlouhodobý hmotný majetek	8	185 712	- 102 074	83 638	68 900
B.II.1.	Pozemky a stavby	9	78 788	- 47 684	31 104	33 565
B.II.1.1.	Pozemky	10	2 642		2 642	2 642
B.II.1.2.	Stavby	11	76 146	- 47 684	28 462	30 923
B.II.2.	Hmotné movité věci a jejich soubory	12	88 897	- 44 733	44 164	21 796
B.II.4.	Ostatní dlouhodobý hmotný majetek	13	16 407	- 9 657	6 750	7 265
B.II.4.3.	Jiný dlouhodobý hmotný majetek	14	16 407	- 9 657	6 750	7 265
B.II.5.	Poskytnuté zálohy na dlouhodobý hmotný majetek a nedokončený dlouhodobý hmotný majetek	15	1 620		1 620	6 274
B.II.5.1.	Poskytnuté zálohy na dlouhodobý hmotný majetek	16	905		905	5 493
B.II.5.2.	Nedokončený dlouhodobý hmotný majetek	17	715		715	781
B.III.	Dlouhodobý finanční majetek	18	12 749		12 749	23 514
B.III.3.	Podíly - podstatný vliv	19	12 749		12 749	23 514
<b>C.</b>	<b>Oběžná aktiva</b>	<b>20</b>	<b>304 481</b>	<b>- 30 593</b>	<b>273 888</b>	<b>249 775</b>
C.I.	Zásoby	21	157 202	- 1 327	155 875	131 030
C.I.1.	Materiál	22	73 393	- 942	72 451	73 619
C.I.2.	Nedokončená výroba a polotovary	23	217		217	174
C.I.3.	Výrobky a zboží	24	83 592	- 385	83 207	57 237
C.I.3.1.	Výrobky	25	26 602	- 152	26 450	18 788
C.I.3.2.	Zboží	26	56 990	- 233	56 757	38 449
C.II.	Pohledávky	27	146 372	- 29 266	117 106	114 202
C.II.2.	Krátkodobé pohledávky	28	146 372	- 29 266	117 106	114 202
C.II.2.1.	Pohledávky z obchodních vztahů	29	116 465	- 920	115 545	112 510
C.II.2.4.	Pohledávky - ostatní	30	29 907	- 28 346	1 561	1 692
C.II.2.4.3.	Stát - daňové pohledávky	31	451		451	
C.II.2.4.4.	Krátkodobé poskytnuté zálohy	32	255		255	619
C.II.2.4.5.	Dohadné účty aktivní	33				310
C.II.2.4.6.	Jiné pohledávky	34	29 201	- 28 346	855	763
C.IV.	Peněžní prostředky	35	907		907	4 543
C.IV.1.	Peněžní prostředky v pokladně	36	273		273	128
C.IV.2.	Peněžní prostředky na účtech	37	634		634	4 415
<b>D.</b>	<b>Časové rozlišení aktiv</b>	<b>38</b>	<b>562</b>		<b>562</b>	<b>438</b>
D.1.	Náklady příštích období	39	562		562	438

Označ.	PASIVA	řad.	Běžné účetní období	Minulé účetní období
a	b	c	5	6
	<b>PASIVA CELKEM</b>	<b>40</b>	<b>370 952</b>	<b>342 775</b>
<b>A.</b>	<b>Vlastní kapitál</b>	<b>41</b>	<b>173 604</b>	<b>167 941</b>
A.I.	Základní kapitál	42	50 050	50 050
A.I.1.	Základní kapitál	43	50 050	50 050
A.II.	Ážio a kapitálové fondy	44	- 2 819	7 946
A.II.2.	Kapitálové fondy	45	- 2 819	7 946
A.II.2.2.	Oceňovací rozdíly z přecenění majetku a závazků (+/-)	46	- 2 819	7 946
A.III.	Fondy ze zisku	47	10 010	10 010
A.III.1.	Ostatní rezervní fondy	48	10 010	10 010
A.IV.	Výsledek hospodaření minulých let (+/-)	49	87 457	95 053
A.IV.1.	Nerozdělený zisk nebo neuhrazená ztráta minulých let (+/-)	50	87 457	95 053
A.V.	Výsledek hospodaření běžného účetního období (+/-)	51	28 906	4 882
<b>B. + C.</b>	<b>Cizí zdroje</b>	<b>52</b>	<b>197 348</b>	<b>174 834</b>
<b>B.</b>	<b>Rezervy</b>	<b>53</b>	<b>823</b>	<b>2 834</b>
B.2.	Rezerva na daň z příjmů	54		559
B.4.	Ostatní rezervy	55	823	2 275
<b>C.</b>	<b>Závazky</b>	<b>56</b>	<b>196 525</b>	<b>172 000</b>
C.I.	Dlouhodobé závazky	57	6 098	5 542
C.I.8.	Odložený daňový závazek	58	6 098	5 542
C.II.	Krátkodobé závazky	59	190 427	166 458
C.II.2.	Závazky k úvěrovým institucím	60	116 520	95 064
C.II.4.	Závazky z obchodních vztahů	61	52 816	48 579
C.II.8.	Závazky ostatní	62	21 091	22 815
C.II.8.3.	Závazky k zaměstnancům	63	4 455	4 274
C.II.8.4.	Závazky ze sociálního zabezpečení a zdravotního pojištění	64	2 960	2 750
C.II.8.5.	Stát - daňové závazky a dotace	65	1 298	2 296
C.II.8.6.	Dohadné účty pasivní	66	11 921	13 304
C.II.8.7.	Jiné závazky	67	457	191

## APPENDIX 6: INCOME STATEMENT 2018

(in thousands of CZK)

Označ.	VÝKAZ ZISKU A ZTRÁTY	řád.	Běžné účetní období	Minulé účetní období
a	b	c	1	2
I.	Tržby z prodeje výrobků a služeb	1	462 650	451 822
II.	Tržby za prodej zboží	2	384 687	335 931
A.	Výkonová spotřeba	3	742 105	686 291
A.1.	Náklady vynaložené na prodané zboží	4	339 088	291 716
A.2.	Spotřeba materiálu a energie	5	337 553	326 959
A.3.	Služby	6	65 484	67 616
B.	Změna stavu zásob vlastní činnosti (+/-)	7	- 7 645	5 071
D.	Osobní náklady	8	84 854	81 341
D.1.	Mzdové náklady	9	62 507	59 666
D.2.	Náklady na sociální zabezpečení, zdravotní pojištění a ostatní náklady	10	22 347	21 675
D.2.1.	Náklady na sociální zabezpečení a zdravotní pojištění	11	21 532	20 497
D.2.2.	Ostatní náklady	12	815	1 178
E.	Úpravy hodnot v provozní oblasti	13	4 012	7 130
E.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku	14	6 622	5 466
E.1.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - trvalé	15	6 622	5 466
E.2.	Úpravy hodnot zásob	16	- 3 528	1 685
E.3.	Úpravy hodnot pohledávek	17	918	- 21
III.	Ostatní provozní výnosy	18	1 794	7 100
III.1.	Tržby z prodaného dlouhodobého majetku	19	1	3
III.2.	Tržby z prodaného materiálu	20	253	253
III.3.	Jiné provozní výnosy	21	1 540	6 844
F.	Ostatní provozní náklady	22	1 982	4 452
F.3.	Daně a poplatky	23	861	845
F.4.	Rezervy v provozní oblasti a komplexní náklady příštích období	24	- 1 452	- 657
F.5.	Jiné provozní náklady	25	2 573	4 264
*	Provozní výsledek hospodaření (+/-)	26	23 823	10 568
V.	Výnosy z ostatního dlouhodobého finančního majetku	27	12 463	
V.2.	Ostatní výnosy z ostatního dlouhodobého finančního majetku	28	12 463	
J.	Nákladové úroky a podobné náklady	29	2 046	1 344
J.2.	Ostatní nákladové úroky a podobné náklady	30	2 046	1 344
VII.	Ostatní finanční výnosy	31	4 071	4 810
K.	Ostatní finanční náklady	32	6 071	5 163
*	Finanční výsledek hospodaření	33	8 417	- 1 697
**	Výsledek hospodaření před zdaněním (+/-)	34	32 240	8 871
L.	Daň z příjmů	35	3 334	3 989
L.1.	Daň z příjmů splatná	36	2 778	2 777
L.2.	Daň z příjmů odložená (+/-)	37	556	1 212
**	Výsledek hospodaření po zdanění (+/-)	38	28 906	4 882
***	Výsledek hospodaření za účetní období (+/-)	39	28 906	4 882
*	Čistý obrat za účetní období = I. + II. + III. + IV. + V. + VI. + VII.	40	865 665	799 663



## APPENDIX 7: BALANCE SHEET 2019

(in thousands of CZK)

		Běžné			Minulé úč. období 2018
		Brutto	účetní období Korekce	Netto	
	<b>AKTIVA CELKEM</b>	<b>498 051</b>	<b>-182 608</b>	<b>315 443</b>	<b>370 952</b>
<b>A.</b>	<b>POHLEDÁVKY ZA UPSANÝ ZÁKLADNÍ KAPITÁL</b>				
<b>B.</b>	<b>STÁLÁ AKTIVA</b>	<b>245 126</b>	<b>-151 872</b>	<b>93 254</b>	<b>96 502</b>
B. I.	<b>Dlouhodobý nehmotný majetek</b>	<b>42 888</b>	<b>-42 753</b>	<b>133</b>	<b>116</b>
B. I. 1.	Nehmotné výsledky vývoje				
2.	Ocenitelná práva	40 722	-40 708	14	17
1.	1. Software	1 027	-1 013	14	17
2.	2. Ostatní ocenitelná práva	39 695	-39 695	0	
3.	Goodwill				
4.	Ostatní dlouhodobý nehmotný majetek	2 113	-2 045	68	98
5.	Poskytnuté zálohy na dlouhodobý nehmotný majetek a nedokončený dlouhodobý nehmotný majetek	51	0	51	0
1.	1. Poskytnuté zálohy na dlouhodobý nehmotný majetek				
2.	2. Nedokončený dlouhodobý nehmotný majetek	51		51	
B. II.	<b>Dlouhodobý hmotný majetek</b>	<b>192 163</b>	<b>-109 119</b>	<b>83 044</b>	<b>83 838</b>
B. II. 1.	Pozemky a stavby	79 124	-50 149	28 975	31 104
1.	1. Pozemky	2 842		2 842	2 842
2.	2. Stavby	78 482	-50 149	28 333	28 482
2.	Hmotné movité věci a jejich soubory	90 981	-48 798	42 183	44 165
3.	Oceňovací rozdíly k nabytému majetku				
4.	Ostatní dlouhodobý hmotný majetek	16 408	-10 172	6 234	6 749
1.	1. Pěstitelské celky trvalých porostů				
2.	2. Dospělá zvířata a jejich skupiny				
3.	Jiný dlouhodobý hmotný majetek	16 408	-10 172	6 234	6 749
5.	Poskytnuté zálohy na dlouhodobý hmotný majetek a nedokončený dlouhodobý hmotný majetek	5 852	0	5 852	1 620
1.	1. Poskytnuté zálohy na dlouhodobý hmotný majetek	3 852		3 852	905
2.	2. Nedokončený dlouhodobý hmotný majetek	1 800		1 800	715
B. III.	<b>Dlouhodobý finanční majetek</b>	<b>10 077</b>	<b>0</b>	<b>10 077</b>	<b>12 748</b>
B. III. 1.	Podíly - ovládaná nebo ovládající osoba				
2.	Zápůjčky a úvěry - ovládaná nebo ovládající osoba				
3.	Podíly - podstatný vliv	10 077		10 077	12 748
4.	Zápůjčky a úvěry - podstatný vliv				
5.	Ostatní dlouhodobé cenné papíry a podíly				
6.	Zápůjčky a úvěry - ostatní				
7.	Ostatní dlouhodobý finanční majetek				
1.	1. Jiný dlouhodobý finanční majetek				
2.	2. Poskytnuté zálohy na dlouhodobý finanční majetek				
<b>C.</b>	<b>OBĚŽNÁ AKTIVA</b>	<b>252 105</b>	<b>-30 736</b>	<b>221 369</b>	<b>273 888</b>
C. I.	<b>Zásoby</b>	<b>113 888</b>	<b>-2 335</b>	<b>111 551</b>	<b>155 875</b>
C. I. 1.	Materiál	55 319	-988	54 331	72 451
2.	Nedokončená výroba a polotovary	46		46	217
3.	Výrobky a zboží	58 521	-1 347	57 174	83 207
1.	1. Výrobky	24 023	-554	23 469	28 450
2.	2. Zboží	34 498	-793	33 705	56 757
4.	Mladá a ostatní zvířata a jejich skupiny				
5.	Poskytnuté zálohy na zásoby				
C. II.	<b>Pohledávky</b>	<b>136 252</b>	<b>-28 401</b>	<b>107 851</b>	<b>117 106</b>
C. II. 1.	<b>Dlouhodobé pohledávky</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Pohledávky z obchodních vztahů				
2.	Pohledávky - ovládaná nebo ovládající osoba				
3.	Pohledávky - podstatný vliv				
4.	Odložená daňová pohledávka				
5.	Pohledávky ostatní				
5.1.	Pohledávky za společníky				
5.2.	Dlouhodobé poskytnuté zálohy				
5.3.	Dohadné účty aktivní				
5.4.	Jiné pohledávky				
C. II. 2.	<b>Krátkodobé pohledávky</b>	<b>136 252</b>	<b>-28 401</b>	<b>107 851</b>	<b>117 106</b>
1.	Pohledávky z obchodních vztahů	105 228	-55	105 173	115 545
2.	Pohledávky - ovládaná nebo ovládající osoba				
3.	Pohledávky - podstatný vliv				
4.	Pohledávky - ostatní	31 024	-28 346	2 678	1 561
4.1.	Pohledávky za společníky				
4.2.	Sociální zabezpečení a zdravotní pojištění				
4.3.	Stát - daňové pohledávky	1 124		1 124	451
4.4.	Krátkodobé poskytnuté zálohy	235		235	255
4.5.	Dohadné účty aktivní	890		890	
4.6.	Jiné pohledávky	28 775	-28 346	429	855
C. III.	<b>Krátkodobý finanční majetek</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Podíly - ovládaná nebo ovládající osoba				
2.	Ostatní krátkodobý finanční majetek				
C. IV.	<b>Peněžní prostředky</b>	<b>1 987</b>	<b>0</b>	<b>1 987</b>	<b>907</b>
1.	Peněžní prostředky v pokladně	372		372	273
2.	Peněžní prostředky na účtech	1 595		1 595	634
D.	<b>Časové rozlišení aktiv</b>	<b>820</b>	<b>0</b>	<b>820</b>	<b>562</b>
D. 1.	Náklady příštích období	820		820	562
2.	Komplexní náklady příštích období				
3.	Příjmy příštích období				

		Stav v běžném účetním období	Stav v minulém účetním období 2018
<b>PASIVA CELKEM</b>		<b>315 443</b>	<b>370 952</b>
<b>A.</b>	<b>VLASTNÍ KAPITÁL</b>	<b>180 752</b>	<b>173 604</b>
A. I.	<b>Základní kapitál</b>	<b>50 060</b>	<b>50 060</b>
A. I. 1.	Základní kapitál	50 060	50 060
2.	Vlastní podíly (-)		
3.	Změny základního kapitálu		
A. II.	<b>Ážio a kapitálové fondy</b>	<b>-5 491</b>	<b>-2 819</b>
A. II. 1.	Ážio		
2.	Kapitálové fondy	-5 491	-2 819
1.	Ostatní kapitálové fondy		
2.	Oceňovací rozdíly z přecenění majetku a závazků (+/-)	-5 491	-2 819
3.	Oceňovací rozdíly z přecenění při přeměnách obchodních korporací (+/-)		
4.	Rozdíly z přeměn obchodních korporací (+/-)		
5.	Rozdíly z ocenění při přeměnách obchodních korporací (+/-)		
A. III.	<b>Fondy ze zisku</b>	<b>10 010</b>	<b>10 010</b>
A. III. 1.	Ostatní rezervní fondy	10 010	10 010
2.	Statutární a ostatní fondy		
A. IV.	<b>Výsledek hospodaření minulých let (+/-)</b>	<b>112 391</b>	<b>87 457</b>
IV. 1.	Nerozdělený zisk nebo neuhrazená ztráta minulých let (+/-)	112 391	87 457
2.	Jiný výsledek hospodaření minulých let (+/-)		
A. V.	<b>Výsledek hospodaření běžného účetního období (+/-)</b>	<b>13 792</b>	<b>28 908</b>
A. VI.	<b>Rozhodnuto o zálohové výplatě podílu na zisku (-)</b>	<b>0</b>	<b>0</b>
<b>B. + C.</b>	<b>CIZÍ ZDROJE</b>	<b>134 691</b>	<b>197 348</b>
B.	<b>Rezervy</b>	<b>130</b>	<b>823</b>
B. 1.	Rezerva na důchody a podobné závazky		
2.	Rezerva na daň z příjmů		
3.	Rezervy podle zvláštních právních předpisů		
4.	Ostatní rezervy	130	823
C.	<b>Závazky</b>	<b>134 561</b>	<b>196 526</b>
C. I.	<b>Dlouhodobé závazky</b>	<b>6 833</b>	<b>6 098</b>
1.	Vydané dluhopisy	0	0
1.	Vyměnitelné dluhopisy		
2.	Ostatní dluhopisy		
2.	Závazky k úvěrovým institucím		
3.	Dlouhodobé přijaté zálohy		
4.	Závazky z obchodních vztahů		
5.	Dlouhodobé směnky k úhradě		
6.	Závazky - ovládaná nebo ovládající osoba		
7.	Závazky - podstatný vliv		
8.	Odložený daňový závazek	6 833	6 098
9.	Závazky - ostatní	0	0
1.	Závazky ke společníkům		
2.	Dohadné účty pasivní		
3.	Jiné závazky		
C. II.	<b>Krátkodobé závazky</b>	<b>127 728</b>	<b>190 427</b>
1.	Vydané dluhopisy	0	0
1.	Vyměnitelné dluhopisy		
2.	Ostatní dluhopisy		
2.	Závazky k úvěrovým institucím	61 333	116 520
3.	Krátkodobé přijaté zálohy		
4.	Závazky z obchodních vztahů	40 233	52 816
5.	Krátkodobé směnky k úhradě		
6.	Závazky - ovládaná nebo ovládající osoba		
7.	Závazky - podstatný vliv		
8.	Závazky - ostatní	26 162	21 091
1.	Závazky ke společníkům		
2.	Krátkodobé finanční výpomoci		
3.	Závazky k zaměstnancům	3 742	4 456
4.	Závazky ze sociálního zabezpečení a zdravotního pojištění	2 442	2 980
5.	Stát - daňové závazky a dotace	798	1 298
6.	Dohadné účty pasivní	18 978	11 921
7.	Jiné závazky	202	457
D.	<b>Časové rozlišení pasiv</b>	<b>0</b>	<b>0</b>
D. 1.	Výdaje příštích období		
2.	Výnosy příštích období		



## APPENDIX 8: INCOME STATEMENT 2019

(in thousands of CZK)

		Stav v běžném účetním období	Stav v minulém účetním období 2018
I.	- Tržby z prodeje výrobků a služeb	417 748	462 651
II.	- Tržby za prodej zboží	381 509	384 687
<b>A.</b>	<b>Výkonová spotřeba</b>	<b>686 654</b>	<b>742 105</b>
A.1.	Náklady vynaložené na prodané zboží	320 549	339 088
A.2.	Spotřeba materiálu a energie	297 475	337 553
A.3.	Služby	68 630	65 464
<b>B.</b>	<b>Změna stavu zásob vlastní činnosti (+/-)</b>	<b>3 041</b>	<b>-7 645</b>
<b>C.</b>	<b>Aktivace (-)</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>Osobní náklady</b>	<b>84 633</b>	<b>84 854</b>
D.1.	Mzdové náklady	62 410	62 507
D.2.	Náklady na sociální zabezpečení, zdravotní pojištění a ostatní náklady	22 223	22 347
D.2.1.	Náklady na sociální zabezpečení a zdravotní pojištění	22 177	21 632
D.2.2.	Ostatní náklady	46	815
<b>E.</b>	<b>Úpravy hodnot v provozní oblasti</b>	<b>7 651</b>	<b>4 012</b>
E.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku	7 509	6 622
E.1.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - trvalé	7 509	6 622
E.1.2.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - dočasné		
E.2.	Úpravy hodnot zásob	1 008	-3 528
E.3.	Úpravy hodnot pohledávek	-866	918
III.	Ostatní provozní výnosy	3 832	1 794
III.1.	Tržby z prodaného dlouhodobého majetku	1	1
III.2.	Tržby z prodaného materiálu	159	253
III.3.	Jiné provozní výnosy	3 672	1 540
<b>F.</b>	<b>Ostatní provozní náklady</b>	<b>4 398</b>	<b>1 982</b>
F.1.	Zůstatková cena prodaného dlouhodobého majetku		
F.2.	Prodaný materiál		
F.3.	Daně a poplatky	955	861
F.4.	Rezervy v provozní oblasti a komplexní náklady příštích období	-993	-1 452
F.5.	Jiné provozní náklady	4 136	2 573
<b>*</b>	<b>Provozní výsledek hospodaření (+/-)</b>	<b>16 812</b>	<b>23 823</b>
<b>IV.</b>	<b>Výnosy z dlouhodobého finančního majetku - podíly</b>	<b>3 972</b>	<b>12 463</b>
IV.1.	Výnosy z podílů - ovládaná nebo ovládající osoba	3 972	12 463
IV.2.	Ostatní výnosy z podílů		
<b>G.</b>	<b>Náklady vynaložené na prodané podíly</b>	<b>0</b>	<b>0</b>
<b>V.</b>	<b>Výnosy z ostatního dlouhodobého finančního majetku</b>	<b>0</b>	<b>0</b>
V.1.	Výnosy z ostatního dlouhodobého finančního majetku - ovládaná nebo ovládající osoba		
V.2.	Ostatní výnosy z ostatního dlouhodobého finančního majetku		
<b>H.</b>	<b>Náklady související s ostatním dlouhodobým finančním majetkem</b>	<b>0</b>	<b>0</b>
<b>VI.</b>	<b>Výnosové úroky a podobné výnosy</b>	<b>1</b>	<b>0</b>
VI.1.	Výnosové úroky a podobné výnosy - ovládaná nebo ovládající osoba		
VI.2.	Ostatní výnosové úroky a podobné výnosy	1	
<b>I.</b>	<b>Úpravy hodnot a rezervy ve finanční oblasti</b>	<b>0</b>	<b>0</b>
<b>J.</b>	<b>Nákladové úroky a podobné náklady</b>	<b>2 230</b>	<b>2 046</b>
J.1.	Nákladové úroky a podobné náklady - ovládaná nebo ovládající osoba		
J.2.	Ostatní nákladové úroky a podobné náklady	2 230	2 046
<b>VII.</b>	<b>Ostatní finanční výnosy</b>	<b>2 240</b>	<b>4 071</b>
<b>K.</b>	<b>Ostatní finanční náklady</b>	<b>4 488</b>	<b>6 071</b>
<b>*</b>	<b>Finanční výsledek hospodaření (+/-)</b>	<b>-505</b>	<b>8 417</b>
<b>**</b>	<b>Výsledek hospodaření před zdaněním (+/-)</b>	<b>16 307</b>	<b>32 240</b>
<b>L.</b>	<b>Daň z příjmu</b>	<b>2 515</b>	<b>3 334</b>
L.1.	Daň z příjmu splatná	1 780	2 778
L.2.	Daň z příjmu odložená (+/-)	735	556
<b>**</b>	<b>Výsledek hospodaření po zdanění (+/-)</b>	<b>13 792</b>	<b>28 908</b>
<b>M.</b>	<b>Převod podílů na výsledku hospodaření společníkům (+/-)</b>	<b>0</b>	<b>0</b>
<b>***</b>	<b>Výsledek hospodaření za účetní období (+/-)</b>	<b>13 792</b>	<b>28 908</b>
<b>*</b>	<b>Čistý obrát za účetní období</b>	<b>809 302</b>	<b>865 665</b>