Financial Analysis

Financial analysis is a tool of financial management for evaluation of financial position and financial performance of an analyzed company. It helps to forecasting of company’s future progress and performance. The main data for financial analysis we can find in the basic financial statements (Balance sheet, Income statements, Cash flow statement).

There are a lot of approaches used by financial analysis. The main approaches are the following:

- Vertical and Horizontal analysis
- Financial Ratios analysis

On the next pages you can find short examples of financial analysis of a company Pivovary Staropramen a. s. carried out in year 2011.

Notice: Don’t pay attention to significant changes in financial statements in year 2009. It is a result of merger of Pivovary Staropramen a.s. and another companies. The explanation of this situation is beyond the syllabus of this course.

Company Profile

Pivovary Staropramen a. s. is the second largest beer producer in the Czech Republic and one of the biggest Czech beer exporters. The domestic market share is higher than 15 % and the key brand Staropramen is exported to more than 30 countries all over the world. The company operates breweries in two locations – in Prague (Staropramen) and in Ostrava (Ostravar).

Main products of company

The company produces a wide range of own beer brands - Staropramen, Braník, Ostravar, Velvet. Under the license it produced also brands like Hoegaarden, Stella Artois or Leffe.
Horizontal Analysis

Horizontal analysis is a trend analysis. It shows changes of particular items of financial statement over a period of time.

**Example 1: Horizontal analysis of Balance sheet in years 2005-2009**

Table 13.1: Horizontal analysis of Balance sheet in years 2005-2009 (in %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>-12.4</td>
<td>19.8</td>
<td>10.3</td>
<td>205.8</td>
</tr>
<tr>
<td><strong>RECEIVABLES FOR</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>REGISTERED CAPITAL</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>-18.2</td>
<td>-29.0</td>
<td>-44.8</td>
<td>-28.0</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>9.9</td>
<td>8.6</td>
<td>4.3</td>
<td>394.6</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>-16.8</td>
<td>-11.2</td>
<td>67.7</td>
<td>-0.3</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>-40.4</td>
<td>41.9</td>
<td>21.3</td>
<td>47.6</td>
</tr>
<tr>
<td>Inventories</td>
<td>7.8</td>
<td>-7.1</td>
<td>-1.5</td>
<td>-19.7</td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>-37.5</td>
<td>-56.2</td>
<td>-35.7</td>
<td>16.4</td>
</tr>
<tr>
<td>Short-term receivables</td>
<td>21.8</td>
<td>2.7</td>
<td>5.6</td>
<td>-18.0</td>
</tr>
<tr>
<td>Short-term financial assets</td>
<td>-70.7</td>
<td>179.7</td>
<td>38.8</td>
<td>84.9</td>
</tr>
<tr>
<td>Deferrals</td>
<td>24.7</td>
<td>30.6</td>
<td>4.0</td>
<td>-18.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>-12.4</td>
<td>19.8</td>
<td>10.3</td>
<td>205.8</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td>8.7</td>
<td>19.8</td>
<td>8.5</td>
<td>221.5</td>
</tr>
<tr>
<td>Registered capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>150.3</td>
<td>-43.4</td>
<td>1194.5</td>
<td>98807.5</td>
</tr>
<tr>
<td>Reserve funds and other funds from profit</td>
<td>16.7</td>
<td>13.6</td>
<td>29.6</td>
<td>11.5</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>-21.3</td>
<td>-26.0</td>
<td>-88.0</td>
<td>-100.0</td>
</tr>
<tr>
<td>Profit / loss for the current period</td>
<td>-3.8</td>
<td>150.1</td>
<td>-49.9</td>
<td>148.8</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td>-48.8</td>
<td>21.7</td>
<td>16.8</td>
<td>161.9</td>
</tr>
<tr>
<td>Provisions</td>
<td>160.1</td>
<td>360.2</td>
<td>-24.3</td>
<td>77.5</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>-49.7</td>
<td>13.7</td>
<td>20.7</td>
<td>-0.8</td>
</tr>
<tr>
<td>Accruals</td>
<td>34.6</td>
<td>-12.3</td>
<td>1.6</td>
<td>-6.6</td>
</tr>
</tbody>
</table>

Source: Own adaptation of financial statements of Pivovary Staropramen a. s.

Findings:

- regularly increase in Tangible fixed assets – reconstruction of brewery in Smichov and enlargement of production capacities
- 2006: deep decrease in Short-term financial assets – repaid a loan received within a group (CZK 1 billion)
- 2007: high increase in Short-term financial assets – revenues from sale of Branik brewery
- 2006-2008: increase in Short-term receivables – regularly increase in Trade receivables
- changes in Profit for the current period – results of 2007 and 2009 were very successful, in years 2006 and 2008 was the profit lower, but still at a very good level
Vertical Analysis
Vertical analysis gives us information about percentage shares of particular items of financial statements.

Financial Ratios Analysis

1. Profitability ratios
Profitability ratios show the net benefit from investment of particular resources. Ratios compare earnings or net income with e.g. assets, equity, volume of sales.

- **Return on Assets (ROA)**

ROA measures the performance of the entity by the comparison of net income (EBIT or EAT) to total assets.

\[
ROA = \frac{EBIT}{assets}
\]

**Example 2: Return on Assets in years 2005-2009**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA_EBIT</td>
<td>7,93</td>
<td>8,83</td>
<td>17,20</td>
<td>8,56</td>
<td>5,86</td>
</tr>
<tr>
<td>ROA_EBIT in industry(^1)</td>
<td>-</td>
<td>-</td>
<td>15,32</td>
<td>12,99</td>
<td>12,65</td>
</tr>
<tr>
<td>ROA_EAT</td>
<td>5,58</td>
<td>6,12</td>
<td>12,78</td>
<td>5,80</td>
<td>4,72</td>
</tr>
</tbody>
</table>

**Source:** Own adaptation of financial statements of Pivovary Staropramen a.s. and Ministry of Industry and Trade of the Czech Republic

**Figure 13.1: Trend of ROA in comparison with industry (in %)**

**Source:** Own structure based on financial statements of Pivovary Staropramen a.s.

\(^1\) A company Pivovary Staropramen a. s. operates in beverage production industry. For this purposes are used average values reached by companies in the same industry.
Findings:

- the level of ROA was, except the year 2007, lower than the industry average
- low ROA = acquired company’s assets earn low proceeds

- **Return on Equity (ROE)**

ROE shows how successful are shareholder’s investments used to produce profit.

\[
ROE = \frac{EAT}{\text{Shareholder’s equity}}
\]

2. **Activity ratios**

Activity ratios measure an efficiency of usage of company’s assets. Activity ratios can be calculated for total assets, receivables, payables and inventories.

- **Collection period**

The collection period show an average number of days needed to collect trade receivables. This ratio is compared with invoice maturity date. The lower collection period indicates the better financial position of company.

\[
\text{Average collection period} = \frac{\text{Trade receivables}}{\text{Daily credit sales}}
\]

- **Payment period**

The payment period represents an average number of days after that the company pays to its lenders.

\[
\text{Average payment period} = \frac{\text{Payables}}{\text{Daily credit purchases}}
\]

**Example 3: Activity ratios in years 2005-2009**

**Table 13.4: Collection and payment periods**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection</td>
<td>36,33</td>
<td>53,87</td>
<td>51,42</td>
<td>47,02</td>
<td>40,10</td>
</tr>
<tr>
<td>Payment</td>
<td>16,01</td>
<td>23,48</td>
<td>31,23</td>
<td>35,15</td>
<td>41,23</td>
</tr>
</tbody>
</table>

**Source:** Own adaptation of financial statements of Pivovary Staropramen a. s.
Findings:

- Collection period – was constantly decreasing since 2006, the collection of receivables was more and more successful
- Payment period – was constantly increasing during the whole period, the company used “free” credit from creditors for a longer time

3. Debt ratios

Companies use different level of debt for their investments and daily activities. The use of debt is connected with business risk. Debt ratios help to measure a level of this kind of risk for company.

- **Debt ratio**
  Debt ratio compares the level of debt with total assets of company. The higher the debt ratio the higher lenders risk.
  \[
  Debt\ ratio = \frac{Total\ debt}{Total\ assets}
  \]

- **Equity ratio**
  Equity ratio represents a “financial independent” of company. It is equity to total assets ratio. It is a complement of previous ratio.
  \[
  Equity\ ratio = \frac{Equity}{Total\ assets}
  \]
Example 4: Debt ratios in years 2005-2009

Table 13.5: Debt ratios (in %)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt ratio</td>
<td>38.32</td>
<td>23.21</td>
<td>23.54</td>
<td>24.69</td>
<td>20.49</td>
</tr>
<tr>
<td>Debt ratio in industry</td>
<td>-</td>
<td>-</td>
<td>30.59</td>
<td>28.17</td>
<td>29.03</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>62.11</td>
<td>77.11</td>
<td>77.09</td>
<td>75.85</td>
<td>79.76</td>
</tr>
<tr>
<td>Equity ratio in industry</td>
<td>-</td>
<td>-</td>
<td>69.37</td>
<td>70.61</td>
<td>69.11</td>
</tr>
</tbody>
</table>

Source: Own adaptation of financial statements of Pivovary Staropramen a.s. and Ministry of Industry and Trade of the Czech Republic

Findings:

- **Debt ratio** – value of debt ratio ranged from 20 to 25 % (except 2005 due to loan received within a group) and was under the industry average. This low level of debt which signified a low level of business risk.

- **Equity ratio** – in years 2006-2009 ranged this ratio between 75-80 %. It is a proof of the previous finding that the level of debt is low and the equity of company covers a significant part of acquired assets.

4. Liquidity ratios

Liquidity ratios describe a company’s ability to meet its short-term obligations using assets which are easily convertible into cash. There are three main categories of liquidity:

- **Current liquidity** – show the ability to cover short-term liabilities using company’s current assets

  \[ \text{Current liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}} \]

- **Quick liquidity** - describes the ability to cover short-term liabilities using company’s current assets without inventories

  \[ \text{Quick liquidity ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}} \]

- **Cash liquidity** – show the ability to cover short-term liabilities using the company’s most liquid assets

  \[ \text{Quick liquidity ratio} = \frac{\text{Cash} + \text{Cash equivalents}}{\text{Current liabilities}} \]
**Example 5: Liquidity ratios in years 2005-2009**

Table 13.3: Liquidity ratios

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liquidity</td>
<td>1.20</td>
<td>1.43</td>
<td>1.78</td>
<td>1.79</td>
<td>2.66</td>
</tr>
<tr>
<td>Current liquidity in industry</td>
<td>-</td>
<td>-</td>
<td>1.33</td>
<td>1.36</td>
<td>2.06</td>
</tr>
<tr>
<td>Quick liquidity</td>
<td>0.93</td>
<td>1.00</td>
<td>1.52</td>
<td>1.60</td>
<td>2.50</td>
</tr>
<tr>
<td>Quick liquidity in industry</td>
<td>-</td>
<td>-</td>
<td>0.91</td>
<td>0.96</td>
<td>1.58</td>
</tr>
<tr>
<td>Cash liquidity</td>
<td>0.69</td>
<td>0.40</td>
<td>0.98</td>
<td>1.13</td>
<td>2.10</td>
</tr>
<tr>
<td>Cash liquidity in industry</td>
<td>-</td>
<td>-</td>
<td>0.27</td>
<td>0.27</td>
<td>0.67</td>
</tr>
</tbody>
</table>

**Source:** Own adaptation of financial statements of Pivovary Staropramen a. s. and Ministry of Industry and Trade of the Czech Republic

**Findings:**

- all categories of liquidity ratios increased every year (except the Cash liquidity in 2006)
- all liquidity ratios were over the average of industry
- → the company was without liquidity problems and was able to meet their obligation promptly
### Financial Statements

**Appendix A**: Balance sheet of the company Pivovary Staropramen a. s. in years 2005-2009 (in thousands of CZK)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>4 313 322</td>
<td>3 777 457</td>
<td>4 526 748</td>
<td>4 990 859</td>
<td>15 261 761</td>
</tr>
<tr>
<td><strong>RECEIVABLES FOR SUBSCRIBED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REGISTERED CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>104 365</td>
<td>85 408</td>
<td>60 649</td>
<td>33 475</td>
<td>24 114</td>
</tr>
<tr>
<td>Royalties</td>
<td>1 141</td>
<td>233</td>
<td>133</td>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td>Other intangible fixed assets</td>
<td>213</td>
<td>710</td>
<td>0</td>
<td>0</td>
<td>1 712</td>
</tr>
<tr>
<td>Intangible fixed assets under construction</td>
<td>10 963</td>
<td>7 331</td>
<td>5 394</td>
<td>499</td>
<td>4 891</td>
</tr>
<tr>
<td>Advance payments for Intangible fixed assets</td>
<td>0</td>
<td>247</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Tangible fixed assets</strong></td>
<td>1 922 629</td>
<td>2 113 913</td>
<td>2 294 722</td>
<td>2 392 459</td>
<td>11 832 822</td>
</tr>
<tr>
<td>Land</td>
<td>161 237</td>
<td>164 055</td>
<td>138 543</td>
<td>138 055</td>
<td>138 415</td>
</tr>
<tr>
<td>Building</td>
<td>446 873</td>
<td>421 272</td>
<td>637 826</td>
<td>641 090</td>
<td>591 974</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>1 179 120</td>
<td>1 076 534</td>
<td>1 418 358</td>
<td>1 516 707</td>
<td>1 356 196</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>262</td>
<td>262</td>
<td>216</td>
<td>216</td>
<td>115</td>
</tr>
<tr>
<td>Tangible fixed assets under construction</td>
<td>83 620</td>
<td>391 102</td>
<td>80 739</td>
<td>82 459</td>
<td>24 187</td>
</tr>
<tr>
<td>Advance payments for tangible fixed assets</td>
<td>24 029</td>
<td>37 719</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adjustments to acquire fixed assets</td>
<td>27 488</td>
<td>22 969</td>
<td>13 932</td>
<td>9 721 935</td>
<td></td>
</tr>
<tr>
<td><strong>Long-term investments</strong></td>
<td>55 115</td>
<td>45 854</td>
<td>40 731</td>
<td>68 323</td>
<td>68 144</td>
</tr>
<tr>
<td>Investments in group undertakings</td>
<td>5 941</td>
<td>11 656</td>
<td>30 395</td>
<td>61 176</td>
<td>63 802</td>
</tr>
<tr>
<td>Loans – group undertakings, associated companies</td>
<td>23 485</td>
<td>16 615</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>25 689</td>
<td>17 583</td>
<td>10 336</td>
<td>7 147</td>
<td>4 342</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>1 919 285</td>
<td>1 143 161</td>
<td>1 622 434</td>
<td>1 968 158</td>
<td>2 905 513</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>159 967</td>
<td>172 482</td>
<td>160 157</td>
<td>157 806</td>
<td>126 705</td>
</tr>
<tr>
<td>Raw materials</td>
<td>89 891</td>
<td>70 596</td>
<td>74 201</td>
<td>78 445</td>
<td>64 911</td>
</tr>
<tr>
<td>Work in progress and semi-finished goods</td>
<td>33 920</td>
<td>36 719</td>
<td>36 813</td>
<td>39 265</td>
<td>25 724</td>
</tr>
<tr>
<td>Finished goods</td>
<td>33 599</td>
<td>60 916</td>
<td>39 293</td>
<td>38 053</td>
<td>35 610</td>
</tr>
<tr>
<td>Goods for resale</td>
<td>2 551</td>
<td>4 212</td>
<td>9 850</td>
<td>2 043</td>
<td>460</td>
</tr>
<tr>
<td>Advance payments for long-term inventories</td>
<td>6</td>
<td>39</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Long-term receivables</strong></td>
<td>272 861</td>
<td>170 474</td>
<td>74 681</td>
<td>48 016</td>
<td>55 874</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>0</td>
<td>0</td>
<td>23 023</td>
<td>29 718</td>
<td>36 485</td>
</tr>
<tr>
<td>Long-term advances paid</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4 470</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>272 861</td>
<td>170 474</td>
<td>51 658</td>
<td>18 298</td>
<td>14 919</td>
</tr>
<tr>
<td><strong>Short-term receivables</strong></td>
<td>394 481</td>
<td>480 442</td>
<td>493 213</td>
<td>520 820</td>
<td>426 871</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>362 239</td>
<td>446 552</td>
<td>456 551</td>
<td>497 031</td>
<td>319 042</td>
</tr>
<tr>
<td>Receivables – group undertakings</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8 501</td>
</tr>
<tr>
<td>Tax receivables</td>
<td>0</td>
<td>3 530</td>
<td>5 293</td>
<td>225</td>
<td>8 446</td>
</tr>
<tr>
<td>Short-term advances paid</td>
<td>16 897</td>
<td>19 791</td>
<td>13 271</td>
<td>15 885</td>
<td>7 838</td>
</tr>
<tr>
<td>Estimated receivables</td>
<td>2 437</td>
<td>10 244</td>
<td>15 266</td>
<td>7 302</td>
<td>6 704</td>
</tr>
<tr>
<td>Other receivables</td>
<td>12 908</td>
<td>325</td>
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<td>894 383</td>
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<td>20 176</td>
<td>22 338</td>
<td>13 764</td>
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<td></td>
<td>2005</td>
<td>2006</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
</tr>
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<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
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<td><strong>TOTAL LIABILITIES AND</strong></td>
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<td>3 777 457</td>
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<td>4 990 859</td>
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<td>3 785 559</td>
<td>12 172 117</td>
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<td>3 434 949</td>
<td>3 434 949</td>
<td>3 434 949</td>
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<td>3 434 949</td>
<td>3 434 949</td>
<td>3 434 949</td>
<td>3 434 949</td>
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<td>615</td>
<td>7 961</td>
<td>7 874 027</td>
</tr>
<tr>
<td>Revaluation of assets and liabilities</td>
<td>-2 161</td>
<td>1 087</td>
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<td>7 961</td>
<td>6 884</td>
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<td>Revaluation reserve on transformation</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>7 867 143</td>
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<td>Reserve funds and other funds from profit</td>
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<td>86 869</td>
<td>98 689</td>
<td>127 881</td>
<td>142 560</td>
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<td>74 416</td>
<td>86 440</td>
<td>98 002</td>
<td>126 922</td>
<td>141 404</td>
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<td>429</td>
<td>687</td>
<td>959</td>
<td>1 156</td>
</tr>
<tr>
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<td>-841 540</td>
<td>-623 154</td>
<td>-74 875</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated losses</td>
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<td>-841 540</td>
<td>-623 154</td>
<td>-74 875</td>
<td>0</td>
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<td>Profit / loss for the current period</td>
<td>240 474</td>
<td>231 248</td>
<td>578 399</td>
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<td>720 581</td>
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<td>1 165 564</td>
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<td>18 789</td>
<td>86 472</td>
<td>65 417</td>
<td>116 132</td>
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<td>Income tax provision</td>
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<td>0</td>
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<td>108 287</td>
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<td>Other provisions</td>
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<td>18 789</td>
<td>86 472</td>
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<td>7 845</td>
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<td>Long-term liabilities</td>
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<td>1 845 379</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Short- term liabilities</td>
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<td>911 679</td>
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<td>20 648</td>
<td>22 763</td>
<td>22 059</td>
</tr>
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<td>Payables to social security and health ins.</td>
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<td>11 854</td>
<td>11 215</td>
<td>11 210</td>
<td>10 449</td>
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<td>Tax liabilities and subsidies</td>
<td>102 249</td>
<td>86 451</td>
<td>113 026</td>
<td>99 041</td>
<td>108 296</td>
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<td>Short-term advances received</td>
<td>172 565</td>
<td>178 755</td>
<td>193 304</td>
<td>315 720</td>
<td>257 088</td>
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<td>Estimated payables</td>
<td>138 889</td>
<td>175 619</td>
<td>232 078</td>
<td>142 836</td>
<td>173 505</td>
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<td>Other payables</td>
<td>3 742</td>
<td>3 315</td>
<td>699</td>
<td>58 393</td>
<td>271</td>
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<tr>
<td><strong>Accruals</strong></td>
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<td>44 572</td>
<td>39 099</td>
<td>39 736</td>
<td>37 122</td>
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<td>Accrued expenses</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>138</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>33 105</td>
<td>44 572</td>
<td>39 099</td>
<td>39 736</td>
<td>36 984</td>
</tr>
</tbody>
</table>

**Source:** Own adaptation of financial statements of Pivovary Staropramen a. s.
### Appendix B: Income statement of company Pivovary Staropramen a. s. in years 2005-2009 (in thousands of CZK)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from goods</td>
<td>92,931</td>
<td>92,211</td>
<td>71,297</td>
<td>52,255</td>
<td>46,407</td>
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<td>Cost of goods sold</td>
<td>37,303</td>
<td>37,886</td>
<td>32,239</td>
<td>23,938</td>
<td>18,694</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>55,628</td>
<td>54,325</td>
<td>39,058</td>
<td>28,317</td>
<td>27,713</td>
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<td>Revenue from production</td>
<td>3,374,581</td>
<td>3,556,622</td>
<td>3,767,707</td>
<td>3,998,124</td>
<td>3,996,139</td>
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<td>-34,940</td>
<td>34,382</td>
<td>-14,837</td>
<td>7,466</td>
<td>-14,688</td>
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<td><strong>Cost of sales</strong></td>
<td>2,183,845</td>
<td>2,361,522</td>
<td>2,578,426</td>
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<td>1,298,380</td>
<td>1,416,973</td>
<td>1,358,213</td>
<td>1,148,266</td>
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<td><strong>ADDED VALUE</strong></td>
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<td>1,249,425</td>
<td>1,213,502</td>
<td>1,368,003</td>
<td>1,763,305</td>
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<td>448,880</td>
<td>453,008</td>
<td>471,139</td>
<td>434,729</td>
<td>470,651</td>
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<td>Wages and salaries</td>
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<td>327,977</td>
<td>344,364</td>
<td>314,771</td>
<td>345,421</td>
</tr>
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<td>Remunerations of board members</td>
<td>448</td>
<td>384</td>
<td>240</td>
<td>230</td>
<td>220</td>
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<tr>
<td>Social security and health insurance expenses</td>
<td>115,227</td>
<td>116,720</td>
<td>116,894</td>
<td>111,901</td>
<td>115,767</td>
</tr>
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<td>Social expenses</td>
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<td>7,927</td>
<td>9,641</td>
<td>7,827</td>
<td>9,243</td>
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<td>Taxes and charges</td>
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<td>5,049</td>
<td>21,627</td>
<td>7,143</td>
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<td>402,949</td>
<td>449,050</td>
<td>429,582</td>
<td>425,431</td>
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<td><strong>Produce from disposals of fixed assets and raw materials</strong></td>
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<td>54,791</td>
<td>498,383</td>
<td>65,170</td>
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<td>35,619</td>
<td>467,854</td>
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<td>Proceeds from disposals of raw materials</td>
<td>26,150</td>
<td>19,172</td>
<td>30,529</td>
<td>40,888</td>
<td>33,072</td>
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<td><strong>Net book value of fixed assets and raw materials sold</strong></td>
<td>67,349</td>
<td>45,217</td>
<td>229,049</td>
<td>47,867</td>
<td>50,863</td>
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<td>Net book value of fixed assets sold</td>
<td>42,407</td>
<td>32,304</td>
<td>199,025</td>
<td>7,713</td>
<td>20,678</td>
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<td>Net book value of raw materials</td>
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<td>12,913</td>
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<td>30,185</td>
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<td>31,006</td>
<td>-217,791</td>
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<td>36,433</td>
<td>61,444</td>
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<td>53,955</td>
<td>36,168</td>
<td>197,061</td>
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<td>349,465</td>
<td>784,087</td>
<td>432,336</td>
<td>862,612</td>
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<td>11,929</td>
<td>35,608</td>
<td>23,518</td>
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<td>-5,093</td>
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<td>102,387</td>
<td>200,045</td>
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<td>104,240</td>
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<td>102,387</td>
<td>118,815</td>
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<td><strong>PROFIT / LOSS ON ORDINARY ACTIVITIES AFTER TAX</strong></td>
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<td>231,248</td>
<td>578,399</td>
<td>289,643</td>
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<td>0</td>
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<td></td>
</tr>
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<td>Profit / loss for the accounting period</td>
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<td>231,248</td>
<td>578,399</td>
<td>289,643</td>
<td>720,581</td>
</tr>
<tr>
<td>Profit / loss before tax</td>
<td>341,897</td>
<td>333,635</td>
<td>778,444</td>
<td>427,243</td>
<td>894,161</td>
</tr>
</tbody>
</table>

**Source:** Own adaptation of financial statements of Pivovary Staropramen a. s.
Appendix C: Cash flow statement of company Pivovary Staropramen a. s. in years 2005-2009

(in thousands of CZK)

| Year | Operating profit / loss before tax | Non-cash transactions | Depreciation of fixed assets | Change in goodwill and adjustments to acquired assets | Change in provisions and adjustments relating to operating activity | Profit(-) Loss(+) on sale of fixed assets | Profit(-) Loss(+) on sale of securities | Interest revenue and expenses | Other non-cash transactions | Net operating cash flow before tax, changes in working capital and extraordinary items | Changes in working capital | Net operating cash flow before financial balances, tax and extraordinary items | Interest paid | Interest received | Income tax paid on ordinary income and income tax relating to prior periods | Net operating cash flow | Investment activity | Net cash flow from investment activity | Financial activity | Net cash flow from financial activity | Net increase or decrease in cash balance | Cash and cash equivalents, beginning of the year | Cash and cash equivalents, end of period |
|------|----------------------------------|-----------------------|------------------------------|-------------------------------------------------|-------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------------|------------------------------------------|-------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
| 2005 | 341 897                          | 373 323               | 454 845                      | 4 518                                           | -63 671                                          | -5 812                                   | 0                                         | -14 287                                  | -2 270                                  | 715 220                                          | 75 515                                  | 790 735                                          | 0                                         | 14 287                                  | 19 000                                    | 805 022                                  | -432 976                                  | 720 655                                  | 1 091 976                                | 1 091 976                                | 371 321                                | |
The source of information:
