

## Lecture 13: Case Study - Financial analysis of the company Pivovary Staropramen a. s.

### 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 %)**

	2006/2005	2007/2006	2008/2007	2009/2008
<b>TOTAL ASSETS</b>	<b>-12,4</b>	<b>19,8</b>	<b>10,3</b>	<b>205,8</b>
<b>RECEIVABLES FOR SUBSCRIBED REGISTERED CAPITAL</b>	-	-	-	-
<b>FIXED ASSETS</b>	<b>7,8</b>	<b>6,7</b>	<b>4,1</b>	<b>378,1</b>
Intangible fixed assets	-18,2	-29,0	-44,8	-28,0
Tangible fixed assets	9,9	8,6	4,3	394,6
Long-term investments	-16,8	-11,2	67,7	-0,3
<b>CURRENT ASSETS</b>	<b>-40,4</b>	<b>41,9</b>	<b>21,3</b>	<b>47,6</b>
Inventories	7,8	-7,1	-1,5	-19,7
Long-term receivables	-37,5	-56,2	-35,7	16,4
Short-term receivables	21,8	2,7	5,6	-18,0
Short-term financial assets	-70,7	179,7	38,8	84,9
<b>Deferrals</b>	<b>24,7</b>	<b>30,6</b>	<b>4,0</b>	<b>-18,4</b>
	2006/2005	2007/2006	2008/2007	2009/2008
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>-12,4</b>	<b>19,8</b>	<b>10,3</b>	<b>205,8</b>
<b>EQUITY</b>	<b>8,7</b>	<b>19,8</b>	<b>8,5</b>	<b>221,5</b>
Registered capital	-	-	-	-
Capital contributions	150,3	-43,4	1 194,5	98 807,5
Reserve funds and other funds from profit	16,7	13,6	29,6	11,5
Retained earnings	-21,3	-26,0	-88,0	-100,0
Profit / loss for the current period	-3,8	150,1	-49,9	148,8
<b>LIABILITIES</b>	<b>-48,8</b>	<b>21,7</b>	<b>16,8</b>	<b>161,9</b>
Provisions	160,1	360,2	-24,3	77,5
Long-term liabilities	-	-	-	-
Short-term liabilities	-49,7	13,7	20,7	-0,8
<b>Accruals</b>	<b>34,6</b>	<b>-12,3</b>	<b>1,6</b>	<b>-6,6</b>

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

### Findings:

- regularly increase in Tangible fixed assets – reconstruction of brewery in Smíchov 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 Braník 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.

$$ROA = \frac{EBIT}{assets}$$

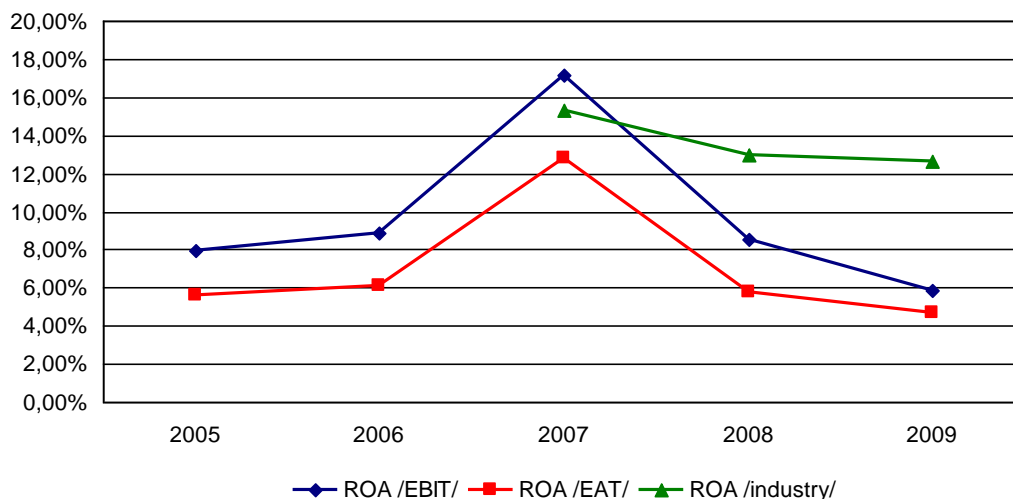
#### **Example 2: Return on Assets in years 2005-2009**

**Table 13.2: Return on Assets (in %)**

	2005	2006	2007	2008	2009
ROA <sub>EBIT</sub>	7,93	8,83	17,20	8,56	5,86
ROA <sub>EBIT</sub> in industry <sup>1</sup>	-	-	15,32	12,99	12,65
ROA <sub>EAT</sub>	5,58	6,12	12,78	5,80	4,72

**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.

<sup>1</sup> 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.

$$ROE = \frac{EAT}{Shareholder's\ equity}$$

**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.

$$Average\ collection\ period = \frac{Trade\ receivables}{Daily\ credit\ sales}$$

- **Payment period**

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

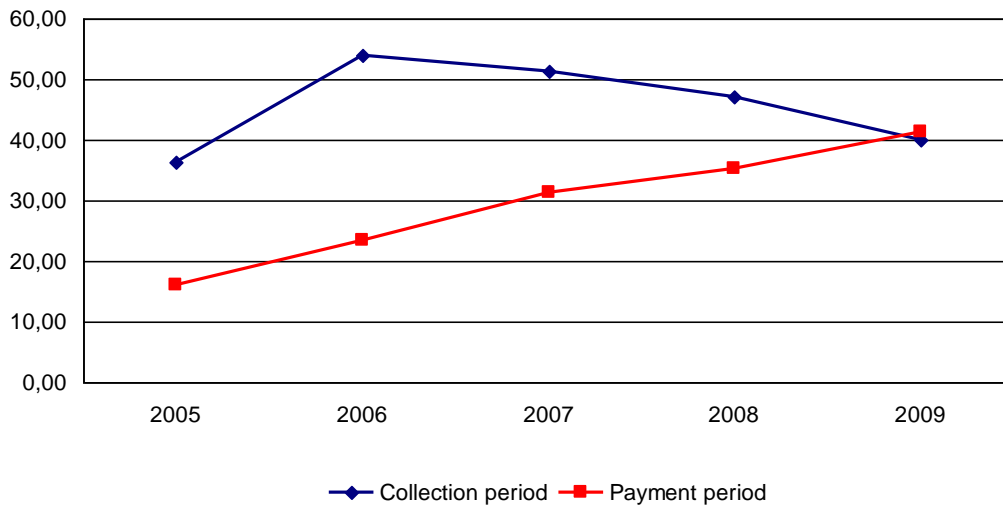
$$Average\ payment\ period = \frac{Payables}{Daily\ credit\ purchases}$$

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

**Table 13.4: Collection and payment periods**

	2005	2006	2007	2008	2009
Collection period	36,33	53,87	51,42	47,02	40,10
Payment period	16,01	23,48	31,23	35,15	41,23

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

**Figure 13.2: Trend of collection and payment periods (in %)**

**Source:** Own structure based on 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 %)**

	2005	2006	2007	2008	2009
Debt ratio	38,32	23,21	23,54	24,69	20,49
Debt ratio in industry	-	-	30,59	28,17	29,03
Equity ratio	62,11	77,11	77,09	75,85	79,76
Equity ratio in industry	-	-	69,37	70,61	69,11

**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**

	2005	2006	2007	2008	2009
Current liquidity	1,20	1,43	1,78	1,79	2,66
Current liquidity in industry	-	-	1,33	1,36	2,06
Quick liquidity	0,93	1,00	1,52	1,60	2,50
Quick liquidity in industry	-	-	0,91	0,96	1,58
Cash liquidity	0,69	0,40	0,98	1,13	2,10
Cash liquidity in industry	-	-	0,27	0,27	0,67

**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)

	2005	2006	2007	2008	2009
<b>TOTAL ASSETS</b>	<b>4 313 322</b>	<b>3 777 457</b>	<b>4 526 748</b>	<b>4 990 859</b>	<b>15 261 761</b>
<b>RECEIVABLES FOR SUBSCRIBED REGISTERED CAPITAL</b>					
<b>FIXED ASSETS</b>	<b>2 082 109</b>	<b>2 245 175</b>	<b>2 396 102</b>	<b>2 494 257</b>	<b>11 925 080</b>
<b>Intangible fixed assets</b>	<b>104 365</b>	<b>85 408</b>	<b>60 649</b>	<b>33 475</b>	<b>24 114</b>
Software	92 048	76 887	55 122	32 942	17 511
Royalties	1 141	233	133	34	0
Other intangible fixed assets	213	710	0	0	1 712
Intangible fixed assets under construction	10 963	7 331	5 394	499	4 891
Advance payments for Intangible fixed assets	0	247	0	0	0
<b>Tangible fixed assets</b>	<b>1 922 629</b>	<b>2 113 913</b>	<b>2 294 722</b>	<b>2 392 459</b>	<b>11 832 822</b>
Land	161 237	164 055	138 543	138 055	138 415
Building	446 873	421 272	637 826	641 090	591 974
Plant and equipment	1 179 120	1 076 534	1 418 358	1 516 707	1 356 196
Other tangible fixed assets	262	262	216	216	115
Tangible fixed assets under construction	83 620	391 102	80 739	82 459	24 187
Advance payments for tangible fixed assets	24 029	37 719	590	0	0
Adjustments to acquire fixed assets	27 488	22 969	18 450	13 932	9 721 935
<b>Long-term investments</b>	<b>55 115</b>	<b>45 854</b>	<b>40 731</b>	<b>68 323</b>	<b>68 144</b>
Investments in group undertakings	5 941	11 656	30 395	61 176	63 802
Loans – group undertakings, associated companies	23 485	16 615	0	0	0
Other long-term investments	25 689	17 583	10 336	7 147	4 342
<b>CURRENT ASSETS</b>	<b>1 919 285</b>	<b>1 143 161</b>	<b>1 622 434</b>	<b>1 968 158</b>	<b>2 905 513</b>
<b>Inventories</b>	<b>159 967</b>	<b>172 482</b>	<b>160 157</b>	<b>157 806</b>	<b>126 705</b>
Raw materials	89 891	70 596	74 201	78 445	64 911
Work in progress and semi-finished goods	33 920	36 719	36 813	39 265	25 724
Finished goods	33 599	60 916	39 293	38 053	35 610
Goods for resale	2 551	4 212	9 850	2 043	460
Advance payments for long-term inventories	6	39	0	0	0
<b>Long-term receivables</b>	<b>272 861</b>	<b>170 474</b>	<b>74 681</b>	<b>48 016</b>	<b>55 874</b>
Trade receivables	0	0	23 023	29 718	36 485
Long-term advances paid	0	0	0	0	4 470
Deferred tax asset	272 861	170 474	51 658	18 298	14 919
<b>Short-term receivables</b>	<b>394 481</b>	<b>480 442</b>	<b>493 213</b>	<b>520 820</b>	<b>426 871</b>
Trade receivables	362 239	446 552	456 551	497 031	319 042
Receivables – group undertakings	0	0	0	0	84 501
Tax receivables	0	3 530	5 293	225	8 446
Short-term advances paid	16 897	19 791	13 271	15 885	7 838
Estimated receivables	2 437	10 244	15 266	7 302	6 704
Other receivables	12 908	325	2 832	377	340
<b>Short-term financial assets</b>	<b>1 091 976</b>	<b>319 763</b>	<b>894 383</b>	<b>1 241 516</b>	<b>2 296 063</b>
Cash	8 525	3 931	2 072	1 074	712
Bank accounts	1 083 451	315 832	892 311	1 240 442	2 295 351
<b>Deferrals</b>	<b>311 928</b>	<b>389 121</b>	<b>508 212</b>	<b>528 444</b>	<b>431 168</b>
Prepaid expenses	297 695	375 157	488 036	506 106	417 404
Accrued revenues	14 233	13 964	20 176	22 338	13 764



	2005	2006	2007	2008	2009
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4 313 322</b>	<b>3 777 457</b>	<b>4 526 748</b>	<b>4 990 859</b>	<b>15 261 761</b>
<b>EQUITY</b>	<b>2 678 994</b>	<b>2 912 613</b>	<b>3 489 498</b>	<b>3 785 559</b>	<b>12 172 117</b>
<b>Registered capital</b>	<b>3 434 949</b>	<b>3 434 949</b>	<b>3 434 949</b>	<b>3 434 949</b>	<b>3 434 949</b>
Registered capital	3 434 949	3 434 949	3 434 949	3 434 949	3 434 949
<b>Capital contributions</b>	<b>-2 161</b>	<b>1 087</b>	<b>615</b>	<b>7 961</b>	<b>7 874 027</b>
Revaluation of assets and liabilities	-2 161	1 087	615	7 961	6 884
Revaluation reserve on transformation	0	0	0	0	7 867 143
<b>Reserve funds and other funds from profit</b>	<b>74 422</b>	<b>86 869</b>	<b>98 689</b>	<b>127 881</b>	<b>142 560</b>
Statutory reserve fund / Undistributable fund	74 416	86 440	98 002	126 922	141 404
Statutory and other funds	6	429	687	959	1 156
<b>Retained earnings</b>	<b>-1 068 690</b>	<b>-841 540</b>	<b>-623 154</b>	<b>-74 875</b>	<b>0</b>
Retained earnings	0	0	0	0	0
Accumulated losses	-1 068 690	-841 540	-623 154	-74 875	0
<b>Profit / loss for the current period</b>	<b>240 474</b>	<b>231 248</b>	<b>578 399</b>	<b>289 643</b>	<b>720 581</b>
<b>LIABILITIES</b>	<b>1 601 223</b>	<b>820 272</b>	<b>998 151</b>	<b>1 165 564</b>	<b>3 052 522</b>
<b>Provisions</b>	<b>7 224</b>	<b>18 789</b>	<b>86 472</b>	<b>65 417</b>	<b>116 132</b>
Income tax provision	0	0	0	58 544	108 287
Other provisions	7 224	18 789	86 472	6 873	7 845
<b>Long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 845 379</b>
Deferred tax liability	0	0	0	0	1 845 379
<b>Short- term liabilities</b>	<b>1 593 999</b>	<b>801 483</b>	<b>911 679</b>	<b>1 100 147</b>	<b>1 091 011</b>
Trade payables	146 017	325 389	340 709	450 184	475 734
Liabilities – group undertakings	0	0	0	0	43 609
Liabilities – associated companies	1 000 000	0	0	0	0
Payables to employees	19 081	20 100	20 648	22 763	22 059
Payables to social security and health ins.	11 356	11 854	11 215	11 210	10 449
Tax liabilities and subsidies	102 349	86 451	113 026	99 041	108 296
Short-term advances received	172 565	178 755	193 304	315 720	257 088
Estimated payables	138 889	175 619	232 078	142 836	173 505
Other payables	3 742	3 315	699	58 393	271
<b>Accruals</b>	<b>33 105</b>	<b>44 572</b>	<b>39 099</b>	<b>39 736</b>	<b>37 122</b>
Accrued expenses	0	0	0	0	138
Deferred revenues	33 105	44 572	39 099	39 736	36 984

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)

	2005	2006	2007	2008	2009
Revenue from goods	92 931	92 211	71 297	52 255	46 407
Cost of goods sold	37 303	37 886	32 239	23 938	18 694
<b>Gross profit</b>	<b>55628</b>	<b>54325</b>	<b>39058</b>	<b>28317</b>	<b>27713</b>
<b>Revenue from production</b>	<b>3 374 581</b>	<b>3 556 622</b>	<b>3 752 870</b>	<b>4 005 590</b>	<b>3 981 271</b>
Revenue from own products and services	3 409 521	3 522 240	3 767 707	3 998 124	3 996 139
Change in inventory of own production	-34 940	34 382	-14 837	7 466	-14 868
<b>Cost of sales</b>	<b>2 183 845</b>	<b>2 361 522</b>	<b>2 578 426</b>	<b>2 665 904</b>	<b>2 245 679</b>
Materials and consumables	1 008 731	1 063 142	1 161 453	1 307 691	1 097 413
Services	1 175 114	1 298 380	1 416 973	1 358 213	1 148 266
<b>ADDED VALUE</b>	<b>1 246 364</b>	<b>1 249 425</b>	<b>1 213 502</b>	<b>1 368 003</b>	<b>1 763 305</b>
<b>Personnel expenses</b>	<b>448 880</b>	<b>453 008</b>	<b>471 139</b>	<b>434 729</b>	<b>470 651</b>
Wages and salaries	324 788	327 977	344 364	314 771	345 421
Remunerations of board members	448	384	240	230	220
Social security and health insurance expenses	115 227	116 720	116 894	111 901	115 767
Social expenses	8 417	7 927	9 641	7 827	9 243
Taxes and charges	2 668	5 049	21 627	7 143	4 484
Depreciation of intangible and tangible assets	448 018	402 949	449 050	429 582	425 431
<b>Proceeds from disposals of fixed assets and raw materials</b>	<b>74 368</b>	<b>54 791</b>	<b>498 383</b>	<b>65 170</b>	<b>73 245</b>
Proceeds from disposals of fixed assets	48 218	35 619	467 854	24 282	40 173
Proceeds from disposals of raw materials	26 150	19 172	30 529	40 888	33 072
<b>Net book value of fixed assets and raw materials sold</b>	<b>67 349</b>	<b>45 217</b>	<b>229 049</b>	<b>47 867</b>	<b>50 863</b>
Net book value of fixed assets sold	42 407	32 304	199 025	7 713	20 678
Net book value of raw materials	24 942	12 913	30 024	40 154	30 185
Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	-53 678	31 006	-217 791	-79 130	9 423
Other operating revenues	33 330	36 433	61 444	36 415	36 446
Other operating expenses	85 299	53 955	36 168	197 061	49 532
<b>OPERATING PROFIT / LOSS</b>	<b>355 526</b>	<b>349 465</b>	<b>784 087</b>	<b>432 336</b>	<b>862 612</b>
Securities and ownership interests sold	0	0	0	735	0
Interest revenue	14 287	10 508	11 929	35 608	23 518
Interest expense	0	0	0	0	137
Other financial revenues	30 892	8 376	21 796	58 904	13 445
Other financial expense	58 808	34 714	39 368	98 870	5 277
<b>PROFIT / LOSS FROM FINANCIAL OPERATIONS</b>	<b>-13 629</b>	<b>-15 830</b>	<b>-5 643</b>	<b>-5 093</b>	<b>31 549</b>
<b>Income tax from ordinary profit / loss</b>	<b>101 423</b>	<b>102 387</b>	<b>200 045</b>	<b>137 600</b>	<b>173 580</b>
current	0	0	81 230	104 240	170 201
differed	101 423	102 387	118 815	33 360	3 379
<b>PROFIT / LOSS ON ORDINARY ACTIVITIES AFTER TAX</b>	<b>240 474</b>	<b>231 248</b>	<b>578 399</b>	<b>289 643</b>	<b>720 581</b>
<b>EXTRAORDINARY PROFIT / LOSS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit / loss for the accounting period</b>	<b>240 474</b>	<b>231 248</b>	<b>578 399</b>	<b>289 643</b>	<b>720 581</b>
<b>Profit / loss before tax</b>	<b>341 897</b>	<b>333 635</b>	<b>778 444</b>	<b>427 243</b>	<b>894 161</b>

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)

	2005	2006	2007	2008	2009
Operating profit / loss before tax	341 897	333 635	778 444	427 243	894 161
<b>Non-cash transactions</b>	<b>373 323</b>	<b>466 682</b>	<b>-21 317</b>	<b>330 661</b>	<b>8 383 877</b>
Depreciation of fixed assets	454 845	413 252	454 996	483 710	427 013
Change in goodwill and adjustments to acquired assets	4 518	4 519	0	4 518	7 871 662
Change in provisions and adjustments relating to operating activity	-63 671	31 006	-217 790	-169 329	104 636
Profit(-) Loss(+) on sale of fixed assets	-5 812	-3 315	-268 829	-16 569	-19 495
Profit(-) Loss(+) on sale of securities	0	0	0	735	0
Interest revenue and expenses	-14 287	-10 508	-11 929	-35 608	-23 381
Other non-cash transactions	-2 270	31 728	22 235	63 204	23 442
<b>Net operating cash flow before tax, changes in working capital and extraordinary items</b>	<b>715 220</b>	<b>800 317</b>	<b>757 127</b>	<b>757 904</b>	<b>9 278 038</b>
<b>Changes in working capital</b>	<b>75 515</b>	<b>-982 966</b>	<b>-32 613</b>	<b>127 450</b>	<b>14 602</b>
Change in receivables from operating activities and deferrals	58 050	-173 775	-147 019	-63 166	151 386
Change in short-term liabilities from operating activities and accruals	-3 799	-781 049	103 617	148 707	-169 780
Change in inventories	2 264	-28 142	3 883	-11 132	28 723
Change in short term financial assets, other than cash and cash equivalents	19 000	0	6 906	53 041	4 273
<b>Net operating cash flow before financial balances, tax and extraordinary items</b>	<b>790 735</b>	<b>-182 649</b>	<b>724 514</b>	<b>885 354</b>	<b>9 292 640</b>
Interest paid	0	0	0	0	-137
Interest received	14 287	9 309	10 406	35 608	23 518
Income tax paid on ordinary income and income tax relating to prior periods	0	0	0	-42 261	-61 914
<b>Net operating cash flow</b>	<b>805 022</b>	<b>-173 340</b>	<b>734 920</b>	<b>878 701</b>	<b>9 254 107</b>
<i>Investment activity</i>					
Acquisition of fixed assets	-470 121	-626 157	-633 389	-522 490	-9 882 647
Proceeds from sales of fixed assets	48 218	35 619	467 854	24 282	40 173
Advances and loans to related parties	-11 073	-7 458	6 277	0	0
<b>Net cash flow from investment activity</b>	<b>-432 976</b>	<b>-597 996</b>	<b>-159 258</b>	<b>-498 208</b>	<b>-9 842 474</b>
<i>Financial activity</i>					
Change in long-term liabilities and bank loans	0	0	0	-33 360	1 842 000
<b>Increase and decrease in equity from cash transactions</b>	<b>-725</b>	<b>-877</b>	<b>-1 042</b>	<b>0</b>	<b>-199 086</b>
Equity paid to shareholders	0	0	0	0	-199 086
<b>Net cash flow from financial activity</b>	<b>-725</b>	<b>-877</b>	<b>-1 042</b>	<b>-33 360</b>	<b>1 642 914</b>
<b>Net increase or decrease in cash balance</b>	<b>371 321</b>	<b>-772 213</b>	<b>574 620</b>	<b>347 133</b>	<b>1 054 547</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>720 655</b>	<b>1 091 976</b>	<b>319 763</b>	<b>894 383</b>	<b>1 241 516</b>
<b>Cash and cash equivalents, end of period</b>	<b>1 091 976</b>	<b>319 763</b>	<b>894 383</b>	<b>1 241 516</b>	<b>2 296 063</b>

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

**The source of information:**

LEV, L. *Financial analysis of a concrete company*. Diploma thesis. Pilsen: The Faculty of Economics, UWB in Pilsen, 2011

Financial Statements of company Pivovary Staropramen a. s. in years 2005-2009.