

# **FINANCIAL ANALYSIS OF ESPRINT ZLÍN, s.r.o.**

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Bachelor Thesis  
2009



**Tomas Bata University in Zlín**  
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Univerzita Tomáše Bati ve Zlíně  
Fakulta humanitních studií  
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## **ZADÁNÍ BAKALÁŘSKÉ PRÁCE**

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**Zpracujte teoretické poznatky z oblasti finanční analýzy podniku.  
Provedte finanční analýzu podniku ESPRINT ZLÍN, s.r.o.  
Zhodnoťte přednosti a nedostatky současné finanční situace podniku.  
Na základě finanční analýzy navrhněte doporučení vedoucí ke zlepšení finanční situace podniku.**

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Rozsah příloh:

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**Brealey, Richard and Stewart Myers. Principles of Corporate Finance. New York: McGraw-Hill Book Company, 2003.**

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**Růčková, Petra. Finanční analýza: metody, ukazatele, využití v praxi. Praha: Grada, 2008.**

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## **ABSTRAKT**

Tato bakalářská práce se zabývá finanční analýzou firmy ESPRINT ZLÍN, s.r.o. V první části, která je teoretická, jsou popsány různé metody, které se používají pro finanční analýzu. Ve druhé části, která je praktická, jsou tyto metody aplikované. Analýza je zpracovaná pomocí získaných účetních výkazů od roku 2004 do roku 2008. Účelem této bakalářské práce je informovat o finanční situaci firmy a dát doporučení pro budoucí hospodaření vedoucí ke zlepšení jejího finančního zdraví.

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

## **ABSTRACT**

This bachelor thesis deals with financial analysis of ESPRINT ZLÍN, Ltd. In first part, which is theoretical, are described different methods used for financial analysis. In the second one, which is practical, are these methods applied. Analysis is executed with given accounting statements from 2004 to 2008. The aim of this thesis is to inform about financial situation of the company and give a recommendation for future financial management to improve its financial health.

Keywords: financial analysis, financial statements, absolute indicators, subtractive indicators, ratios, cumulative indicators

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## **DECLARATION OF ORIGINALITY**

I hereby declare that the work presented in this thesis is my own and certify that any secondary material used has been acknowledged in the text and listed in the bibliography.

May 3, 2009

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## INTRODUCTION

We live in a world in what is not so easy to pass muster with competition for every company. It is up them whether they will survive or be destroyed. I think that world depression show us that it is no space for weak companies. It can happen that company seems to be stable and without any financial problems but this could be completely different next year. Companies are fighting with this situation as much as they can. Some of them had to do some cost- measures such as discharge employees, reduce the production or lower the wage. Some of them found other solution of their situation. They have changed their strategy and started to innovate or to make profoundly different products. It is important that for some companies were the situation unmanageable and they gone bankrupt. All in all financial crisis showed that bankrupted companies are not enough strong and flexible. In employees point of view this situation was really bad, but I think that they until now find out that be employed is the key to be happy and they begin to appreciate their work.

In my opinion correct conduct accounts is one of the corner stone of successful company. Firms should do their own financial analysis to know how they run and adapt to detected data as much as possible.

I was interested in financial situation of some company from Zlín. I was looking for some smaller one and I choose ESPRINT Zlín Ltd. Company which is printing company with relatively long and interesting tradition. I contacted them and was really surprise of their positive answer. Management of the company allowed me all necessary financial statements and useful information.

First part is a description of financial analysis from theoretical point of view and the second one is engaged in practical using of different indicators and ratios which help with analysis to find out financial health of the company.

# **I. THEORY**

## **1 CHARACTERISTICS OF FINANCIAL ANALYSIS**

Financial analysis is a tool of financial management and probably is as old as money. Good traders knew financial analysis from time immemorial. Naturally in simpler ways than we know in the age of computers. Structure and level of financial calculation have changed noticeably, but the used mathematical methods are identical. Think about a financial analysis; imagine an analysis of whatever activity including money and time. On one hand, we can analyse the easiest things such as family budget or speculation of expected inflation in our country. On the other hand, we can do the most complicated analysis of financial plans, net incomes or financial steps of big companies and future prognosis of management and their financial health. (Doucha 1996, 11-12)

### **1.1 Using financial statements information**

The primary reason for looking at accounting statements information is to get market value information. The most important thing is that financial statements are a primary source of information about the financial health of a company. (Dittmar 2000, 69)

#### **Internal uses**

Financial statement information has a variety of uses within the firm but the most significant is performance evaluation. Another important use is planning for the future. (Dittmar 2000, 69)

#### **External uses**

Financial statement information is important for people outside a firm. They are for example short-term and long-term creditors, potential investors, large customers and main competitors. It is used also for evaluating suppliers and they would use these statements before deciding to extend credit to us. (Dittmar 2000, 69)

### **1.2 Factors that impact financial analysis**

There are several factors that impact the value of financial analysis. The most common is the influence of inflation, changes in economic scope and legislation and uncertainty of accountant data.

After exploring the economic and political factors which influence company behaviour, the analysis focuses on the company's situation and its presumable development. Analysis can be qualitative and quantitative. (Sekerka 1996, 9)

Conventional qualitative aspects:

- Image of company
- Company's targets and the strategy to meet them
- The quality and level of management
- Structure of property
- Ability to be competitive on individual markets
- Security diversification of service sales including export
- Security diversification of stuff supply including import
- Informational technology
- Environmental solution

Appraisal of quantitative aspects comes out of data which have analyst disposal, particularly accounting statement's data. (Sekerka 1996, 9)

### **1.3 Sources of information for financial analysis**

“Understanding the past is the first step to being prepared for the future. Most firms prepare a financial plan that describes the firm's strategy and projects its future consequences by means of pro forma balance sheets, income statements, and statements of sources and uses of funds. The plan established financial goals and is a benchmark for evaluating subsequent performance.” (Brealey and Myers 2003, 838)

- an income statement
- a cash flow statement
- a balance sheet

Accounting statements record the movement of company's finance in every form and time. They are fundamental source of information for financial analysis and for subjects somehow connected with the company. The necessary condition is truthfulness of

accounting statements and the factual situation of the company. (Bařinová and Vozňáková 2005, 37-38)

### **A balance sheet**

The balance sheet is a snapshot of the firm. It is a convenient means of organizing and summarizing what a firm owns – its assets, what a firm owes – its liabilities and the difference between the two – the firm's equity at a given point in time. The left-hand side lists the assets of the firm and the right-hand side lists the liabilities and equity. Assets are classified as either current or fixed. Current asset has a life of less than one year. Fixed asset has relatively long life and can be either tangible or intangible. The difference between the total value of assets and the total value of liabilities is the shareholders' equity. These balance sheet segments must follow this formula: (Dittmar 2000, 1-3)

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' equity}$$

### **An income Statement**

The Income statement measures performance over a period of time, usually a quarter of a year or a whole year. The first thing reported on an income statement would usually be revenue and expenses from the firm's principal operations. Subsequent parts include financing expenses and the last item is net income. The income statement equation is: (Dittmar 2000, 6)

$$\text{Revenues} - \text{Expenses} = \text{Income}$$

### **The statement of cash flow**

Cash flows are derived from the income statement and from changes in the balance sheet. The cash activities of a firm could be summarized by a simple identity. The cash flow identity summarizes the total cash result of all transactions a firm engages in during the year. (Dittmar 2000, 48)

$$\text{Cash flow from assets} = \text{Cash flow to creditors} + \text{Cash flow to owners}$$

“When reviewing company’s financial statements, it is important to remember that accountants still have a fair degree of leeway in reporting earnings and book values. Although accountants around the world are working toward common practises, there are considerable variations in the accounting rules of different countries.” (Brealey and Myers 2003, 817)

I agree with this statement, because it is quite different when analyze accounting statements from Czech Republic or from USA. According to my opinion company’s profitability really depends on work of accountants. Management of the company has to choose the right one properly. Accountants should not only type some numbers on computers but they should deal with news in the world of accounting statements. They should learn some tricks useful for company’s management to know the simplest ways how to solve occasional financial difficulties.

#### **1.4 Users of financial statements**

Information referring to the financial health of the company is very interesting for many subjects that are somehow connected with it.

Groups demanding financial statement analysis information include:

- Managers
- Investors
- Banks and other creditors
- Business partners
- Competitors
- Employees

##### **Managers**

Managers use information provided by financial accounting. It is a basis for a financial analysis especially for the long-term and operating financial management of a company. The knowledge of the company’s financial situation allows them to make the right decision. It is closely involved with the acquisition of financial resources, providing the optimal property structure and choosing appropriate methods of its funding and also with disposition of asset money. A financial analysis reveals the strengths and weaknesses of the

company's financial management. This enables managers to improve the business plan for the next term. (Grünwald and Holečková 2007, 27-31)

### **Investors**

Primary users of financial-accounting information are shareholders and owners which invested into the company. Potential investors considering investment want to check whether their decision is a good one. Bondholders are interested in paying dividends on time and future financial stability and liquidity of company. (Grünwald and Holečková 2007, 27-31)

### **Banks and other creditors**

Creditors acquire as much information about the financial state of a potential debtor as possible in order to make the right decision whether to give the credit, what amount and under what conditions. Banks assess the credibility of a debtor before they give the credit. The evaluation of debtor credibility is provided by its financial management analysis. (Grünwald and Holečková 2007, 27-31)

### **Business partners**

Suppliers are primarily interested in the company's credibility and liquidity. Long-term suppliers pay attention to the long-time stability. (Grünwald and Holečková 2007, 27-31)

### **Customers**

Customers are interested in the financial situation of suppliers particularly in a long-term business relationship. They need security to provide production themselves in case of financial difficulties or bankruptcy. (Grünwald and Holečková 2007, 27-31)

### **Competitors**

Competitors are interested in financial information of similar companies or complete branch. They deal with financial statements accessible on the internet mainly. Their purpose is to compare their net incomes and they try to make their products innovative to be better. (Grünwald and Holečková 2007, 27-31)



**Employees**

They are interested in the company's prosperity, economic and financial stability. They want to retain their jobs and pay conditions. They monitor the net income and enforce their impact through trade unions. (Grünwald and Holečková 2007, 27-31)

**Government**

Public authorities have interest in the company's financial management for many reasons. Because of statistics, taxation control, financial allowance distribution or annual reports. They require financial information for economic policy definition towards business area. (Grünwald and Holečková 2007, 27-31)

## 2 METHODS

Preparation and financial analysis processing has no obligatory methodology. Method of its implementation depends on the actual situation of the company. The general method includes the following steps: (Šiman 2005, 84-85)

- collection of information
- absolute indicators analysis
- computation and analysis of ratio indicators
- recommendation of subsequent company management method

“Companies invest in variety of real assets. These include tangible assets such as plant and machinery and intangible assets such as management contracts and patents. The object of the investment, or capital budgeting, decision is to find real assets that are worth more than they costs.” (Brealey and Myers 2003, 13)

There are several methods used in financial analysis. The most popular methods are:

- Absolute indicators
- Subtractive indicators
- Ratio indicators

### 2.1 Absolute indicators

Absolute indicators analyses use two basic methods:

- Horizontal analysis
- Vertical analysis

#### 2.1.1 Horizontal analysis

Horizontal analysis is called trend analysis. Sometimes it is also called line analysis, because individual items (lines) of accounting statement are considered from the point of view of time development and their absolute and relative changes are evaluated. Presumable development of relevant indicators could be extrapolated in the future. (Šiman 2005, 84-85)

### 2.1.2 Vertical analysis

Vertical analysis is called common-size analysis, in other words proportional analysis. This method expresses each item in financial statements as a percentage of the selected basis that is 100 %. This method helps to analyse a long-time development of the company's financial situation and compares it to its competitors. (Šiman 2005, 84-85)

## 2.2 Subtractive indicators

The most frequently used indicator is net working capital. It informs about the company's solvency. It shows if the current assets are higher or not than short-term liabilities. The higher is the indicator, the higher is the ability to pay the liabilities of the company. (Čechová 2006, 130)

$$\text{Net working capital} = \text{Current assets} - \text{Short-term liabilities}$$

A positive result of net working capital means that the company is able to pay its short-term liabilities and negative net working capital indicates that the company is unable to pay its short-term liabilities with its current assets (inventory, cash and accounts). The company may run into trouble paying back its creditors in short term and the bankruptcy is a possible consequence. When a net working capital ratio is declining for a longer period, it is necessary to do a further analysis. (Investopedia)

## 2.3 Ratio indicators

Methods of ratio analysis are summarized in several groups of indicators. The company is complex organism and it is necessary to have more than one indicator to characterise its financial situation. It is obvious that for long time existence, the company has to be not only profitable but also liquid and adequately indebted. (Kislingerová and Hnilica 2005, 31)

### 2.3.1 Profitability ratios

Profitability ratios are probably the best known and most widely used of all financial ratios. In one form or another, they are intended to measure how efficiently the firm uses its assets and how efficiently the firm manages its operations. (Dittmar 2000, 64)

### Return on Assets

Return on assets (ROA) is a measure of profit per crown of assets. It can be defined in several ways, but the most common is: (Dittmar 2000, 64)

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Total assets}}$$

### Return on Equity

Return on equity (ROE) is a measure for the stockholders to know how they fared during the year. (Dittmar 2000, 64)

$$\text{Return on Equity} = \frac{\text{Net income}}{\text{Total equity}}$$

### Return on Sales

Return on sales indicates which part of sales is profit.

$$\text{Return on sales} = \frac{\text{Profit}}{\text{Sales}}$$

Weakness in either operating or asset use efficiency will show up in a reduced return on assets, which will change into a lower ROE. Considering the Du Pont identity, it appears that the ROE could be leveraged up by increasing the amount of debt in the firm. It happens if the firm's ROA exceeds the interest rate on the debt. More importantly, the use of debt financing has a number and the amount of leverage a firm uses is governed by its capital structure policy. (Dittmar 2000, 68)

### 2.3.2 Liquidity ratios

The primary concern is the firm's ability to pay its bills over the short run without undue stress. These ratios focus on current assets and current liabilities. Liquidity ratios are particularly interesting to short-term creditors. (Dittmar 2000, 57)

### **Current Ratio**

Current ratio is one of the best known and most widely used and is a measure of short-term liquidity. To the firm, a high current ratio indicates liquidity, but it also may indicate an inefficient use of cash and other short-term assets. (Dittmar 2000, 57)

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

### **The Acid Test Ratio**

The Acid Test Ratio is also called quick ratio and is more rigorous than current ratio, because it eliminates inventory, which is the least liquid of current asset. (Hisrich and Peters 2002, 485)

$$\text{Acid test ratio} = \text{Current assets} - \frac{\text{Inventory}}{\text{Current liabilities}}$$

### **Cash Ratio**

Cash ratio measures the most liquid instruments of company.

$$\text{Cash Ratio} = \frac{\text{Cash Equivalents} + \text{Cash}}{\text{Current Liabilities}}$$

### **2.3.3 Solvency ratios**

Long-term solvency ratios are intended to address the firm's long-run ability to meet its obligations, its financial leverage. (Dittmar 2000, 59)

#### **Debt ratio**

The debt ratio helps the entrepreneur to assess the firm's ability to meet all of its obligations. It is also a measure of risk because debt also consists of a fixed commitment in the form of interest and principal repayments. (Hisrich and Peters 2002, 486)

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total assets}}$$

### **Debt to equity ratio**

The debt to equity ratio assesses the firm's capital structure. It provides a measure of risk to creditors by considering the funds invested by creditors (debt) and investors (equity). The higher is the percentage of the debt, the greater is the degree of risk to any of the creditors. (Hisrich and Peters 2002, 486)

$$\text{Debt to equity ratio} = \frac{\text{Total liabilities}}{\text{Stockholder's equity}}$$

### **2.3.4 Activity ratios**

Activity ratios are sometimes called asset utilization ratios and are used to measure the activity of a company's assets, its turnover. They are intended to describe how efficiently or intensively a firm uses its assets to generate sales. (Dittmar 2000, 61)

#### **Average Collection Period**

The average collection period indicates the average number of days it takes to convert accounts receivable into cash. This ratio helps the entrepreneur to measure the liquidity of accounts receivable or the ability of the venture to collect from its customers. (Hisrich and Peters 2002, 485)

$$\text{Average collection period} = \frac{\text{Accounts receivable}}{\text{Average daily sales}}$$

#### **Inventory Turnover**

The inventory turnover measures the efficiency of the venture in managing and selling its inventory. A high turnover is a positive sign that indicates that the venture is able to sell its inventory quickly. There could be a danger with a very high turnover that the venture is under stock, which could result in lost orders. Managing inventory is very important to the cash flow and profitability of a new venture. (Hisrich and Peters 2002, 485)

$$\text{Inventory turnover} = \frac{\text{Sales}}{\text{Inventory}}$$

### Fixed asset turnover

The fixed asset turnover measures effectiveness of using premises, machines, devices and other long-term portions of fixed asset. It indicates the asset turnover to sales - how many times per year. (Kislingerová 2007, 93)

$$\text{Fixed Asset Turnover} = \frac{\text{Sales}}{\text{Fixed Asset}}$$

## 2.4 Cumulative indicators

### 2.4.1 Kralicek Quick Test

From this test just one indicator from four individual groups of indicators is chosen. There are indicators of stability, profitability, liquidity and net income. Marks are allocated to a certain business based on the results. The final mark is simple the arithmetic mean of all marks. The advantage of this test is its quickness and simplicity. (Kislingerová and Hnilica 2005, 76)

Table 1. Kralicek Quick Test

Parameter	Calculation	Indicator value	Number of points
Q1	$\frac{\text{Equity}}{\text{Assets}}$	0.3+	4
		0.2 - 0.3	3
		0.1 - 0.2	2
		0.0 - 0.1	1
		0.0-	0
Q2	$\frac{\text{Liabilities} - \text{Cash}}{\text{Cash flow}}$	3-	4
		3 - 5	3
		5 - 12	2
		12 - 30	1
		30+	0
Q3	$\frac{\text{EBIT}}{\text{Assets}}$	0.15+	4
		0.12 - 0.15	3
		0.08 - 0.12	2
		0.00 - 0.08	1
		0.00-	0

Q4	<i>Cash flow</i> <i>Revenues</i>	0.1+	4
		0.08 - 0.1	3
		0.05 - 0.08	2
		0.00 - 0.05	1
		0.00-	0
QT	$QT = \frac{\Sigma \text{Points}}{4}$ QT > 3 stable company QT < 1 unstable company		

Source: Mrkvička, Josef, and Pavel Kolář. 2006. *Finanční analýza*. (Praha: ASPI, a.s.), 153

### 2.4.2 Altman Z-Score

The Altman Z-Score is a formula that measures the financial health of the company. It is a powerful diagnostic tool for predicting the profitability of a company entering bankruptcy within a 2 year period. The Z-Score includes four or five ratios which determine possible bankruptcy. (Wikipedia)

The 5 financial ratios in the Altman Z-Score and their respective weight factor:

Table 2. Altman Z-Score

<b>A</b>	<b>EBIT/Total Assets</b>	<b>x 3.3</b>	<b>-4 to +8.0</b>
<b>B</b>	<b>Net Sales /Total Assets</b>	<b>x 0.999</b>	<b>-4 to +8.0</b>
<b>C</b>	<b>Market Value of Equity / Total Liabilities</b>	<b>x 0.6</b>	<b>-4 to +8.0</b>
<b>D</b>	<b>Working Capital/Total Assets</b>	<b>x 1.2</b>	<b>-4 to +8.0</b>
<b>E</b>	<b>Retained Earnings /Total Assets</b>	<b>x1.4</b>	<b>-4 to +8.0</b>

Source: Credit Guru

These ratios are multiplied by the weight age as above and the results are added together.

There are two ways how to calculate Z-Score:

- $Z\text{-Score} = A \times 3.3 + B \times 0.99 + C \times 0.6 + D \times 1.2 + E \times 1.4$
- $Z\text{-Score} = 0,717X1 + 0,847X2 + 3,107X3 + 0,420X4 + 0,998X5$



The Interpretation of Z-Score:

- Z-SCORE ABOVE 3.0 -The company is safe.
- Z-SCORE BETWEEN 2.7 and 2.99 - This zone is an area where one should exercise caution.
- Z-SCORE BETWEEN 1.8 and 2.7 - Good chances of the company going bankrupt within 2 years Z-SCORE BELOW 1.80- Probability of financial difficulties is very high.

### 2.4.3 The Du Pont Analysis

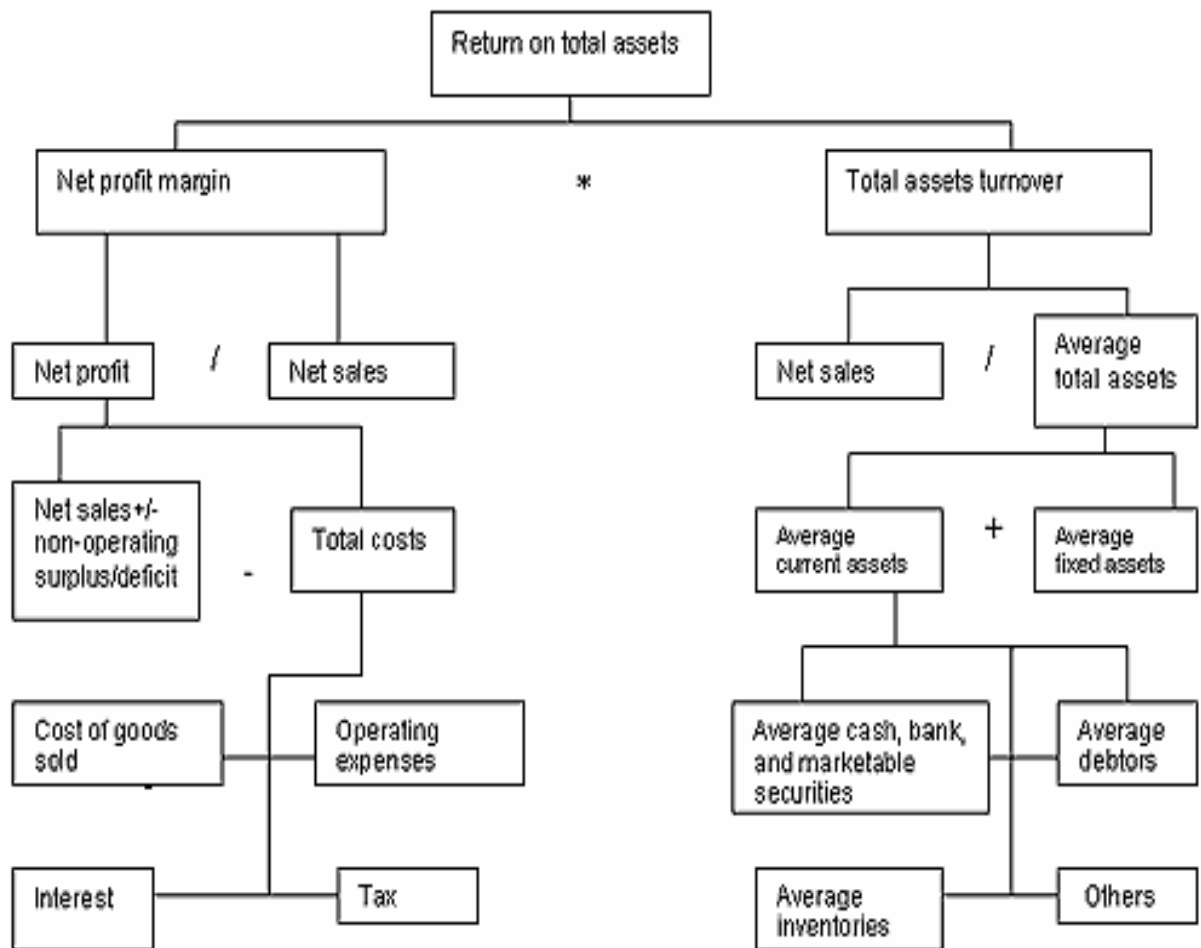


Fig. 1. The Dupont model

Source: The Manage Mentor

The Du Pont identity tells us that ROE (return on equity) is affected by three things:

1. Operating efficiency (as measured by profit margin)
2. Asset use efficiency (as measured by total asset turnover)
3. Financial leverage (as measured by the equity multiplier)

(Dittmar 2000, 67)

When analyzing Du Pont model it is typical to use both ratios. Return on equity and return on assets. The basic formulas are:

$$ROE = \frac{EBIT}{Equity} = \frac{EBIT}{Sales} * \frac{Sales}{Total\ assets} * \frac{Total\ assets}{Equity}$$

$$ROA = \frac{EBIT}{Total\ assets} = \frac{EBIT}{Sales} * \frac{Sales}{Total\ assets}$$

## **II. ANALYSIS**

### 3 ESPRINT ZLÍN

Printing company ESPRINT ZLÍN, Ltd.<sup>1</sup> belongs to Czech classification of economic activity, OKEČ, is classed into branch of publishing, print and reproduction of sound records. The company belongs to section of print 22.2. This section is composed of separate polygraphic industry; it is journal print, book binding and processing, typography and print of graphic masters and other works in polygraphic industry.

#### 3.1 Description of company

Date established: 1.6.1993

Trade name: ESPRINT ZLÍN, s.r.o.

Place of business: Zlín, Obeciny IX/3617, PSČ 760 01

Identification Number: 489 08 631

Partners:

Stanislav Vojtěch, p.i.n. 570801/0033

Zlín, Obeciny IX/3617, PSČ 760 01

Investment: 40 000, - CZK

Payment: 100 %

business share: 1/3

Radim Malíček, p.i.n. 610228/0877

Zlín, U Trojáku 4639, PSČ 760 05

Investment: 40 000, - CZK

Payment: 100 %

business share: 1/3

Ivana Vojtěchová, p.i.n. 606227/0544

Zlín, Obeciny IX 3617, PSČ 760 01

Investment: 40 000, - CZK

Payment: 100 %

---

<sup>1</sup> ESPRINT Ltd in Czech language = s.r.o., only ESPRINT further to make it simpler

business share: 1/3

Capital: 120 000, - CZK

(Justice)

ESPRINT ZLÍN is a printing company established in 1993 by Stanislav Vojtěch, a trained printer, and his six associates. The company started its business in Štípa, but there were not enough space to expand its production. After two years the company moved to a rented facility of Film studios Zlín where movie tales were shot before. Three partners left ESPRINT in 1996 and it became a family firm which is managed by remain three owners.

ESPRINT bought an equipment and machinery from advertising company NAPO in Otrokovice and gave the work to three employees there in 2008. NAPO was not only advertising company, but also provided digital print whereas ESPRINT was focused only on offset printing. The reason for this purchase was NAPO's bankruptcy caused bad management leading. It was a step toward get new customers for ESPRINT because NAPO had longer tradition and had its regular customers.

NAPO was renamed to be the subsidiary of ESPRINT and it could extend its services of advertising and promotion activity, rubber stamp production and mainly of digital print.

ESPRINT ZLÍN s.r.o. has no sales representative hence customers relations are did by one of three owners. Customers from Zlín region are the focus of attention because the company had difficulties with exacting debt from costumers from another region. It has almost 70% of regular customers.

Strategy of the company is providing high-quality polygraphic services for customers from Zlín and to be independent and profitable.

*Table 3. Employees in ESPRINT*

<b>Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Number of employees</b>	8	10	10	10	13

*Source: own*

### **3.2 Subject of enterprise**

- offset printing: business cards, brochures, stationery, leaflets, postcards, magazines, envelopes, , letterheads, newsletters, posters, calendars, handbills, presentation folders

- merchandise
- advertising and promotional activity
- publishing activity
- mediating activity

### 3.3 Equipment

The company is equipped of many copy prints and printing presses. ESPRINT uses many methods used in polygraphic industry. It focuses on offset printing – main activity and digital printing. Big step which this company did was replacing an old printing press and decided for an offset printer 5-colour KBA Performa 66 which is current star in the world of print.

### 3.4 SWOT analysis

Table 4. SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Technological skills</li> <li>- Production and print quality</li> <li>- Good relationship of employees</li> <li>- Educated and experienced employees</li> <li>- Financial stability</li> <li>- Low cost of print</li> <li>- Early market entry</li> </ul>	<ul style="list-style-type: none"> <li>- Limited offer of printing size</li> <li>- Little brand recognition</li> <li>- Location of printing-work</li> <li>- Low brand awareness</li> <li>- Target mainly the region costumers</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Foreign market</li> <li>- E-business</li> <li>- Entry into new market segments</li> <li>- New subsidiary closer to center</li> <li>- Brand promotion</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing amount of competitors</li> <li>- Rapid technology chase</li> <li>- Competitor has new innovative product or service</li> <li>- Economic crisis</li> </ul>

Source: own creation

The biggest advantage of ESPRINT I see in technological skills and modern equipment. In the newest progressive print machine KBA Performa 66-5 was bought in 2008. Company contracted a bank loan for million Czech crowns and is assured of recovery of investment. Disadvantage of company is its narrow sphere of costumers-target to Zlín region and the location of printing work which is almost 10 kilometers from centre. Main opportunity of the company should be entry into new market segment or begin to use e-business which is really popular nowadays. I think that threats of the company are mostly the same as other companies have.

## 4 METHODS

It is necessary to pay attention not only to financial statements but also to particular events happened during the analyzing. It is used of balance sheets and income statements from 2004 to 2008 when analyzing ESPRINT Company. Changes in analysis are discussed with management and described. Analysis is based on absolute and subtractive indicators, ratio indicators and also on cumulative indicators.

### 4.1 Absolute indicators

Absolute indicators analysis uses two basic methods:

- Horizontal analysis - individual items of the financial statement are considered from point of view time
- Vertical analysis - each item in the financial statement as a percentage of selected bases that is 100 %

#### 4.1.1 Horizontal analysis of the balance sheet

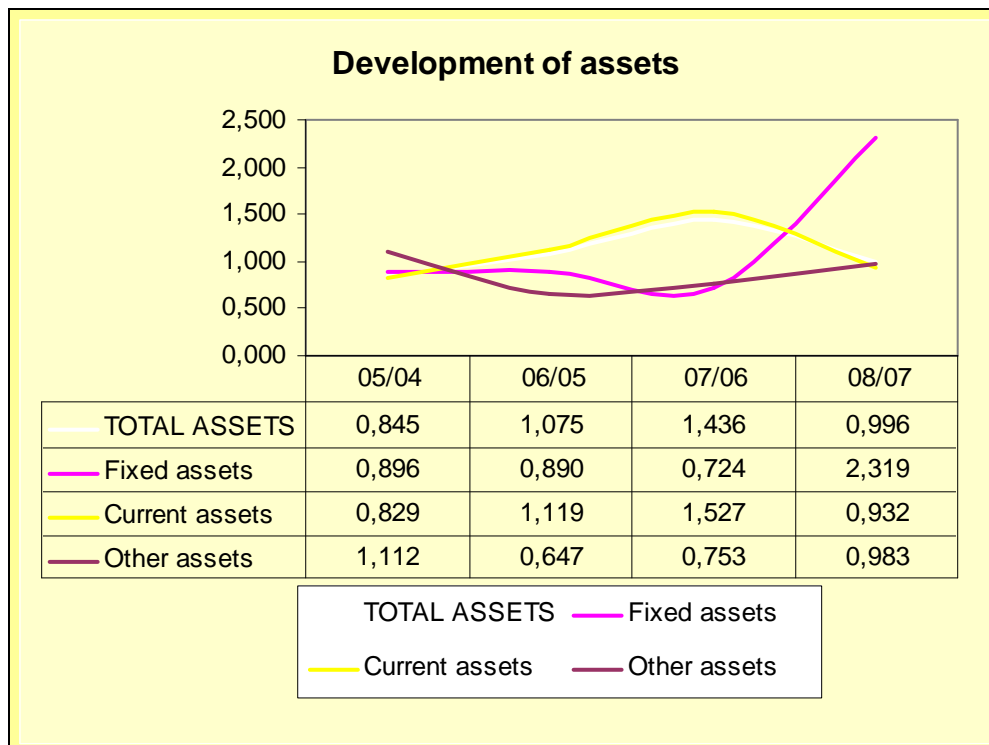


Fig. 2. Graph of horizontal analyses-development of assets

Source: own calculation



It is obvious from graph of development of assets that total assets declined of 16% in 2005, but there were increased next years. In 2006 it was only 8%. Greatest distinction is between 2006 and 2007 where was the increase of 36%. Noticeable change of fixed assets was in 2008. It was 132%. ESRINT bought a machinery and equipment from advertising company NAPO which bankrupted and established new subsidiary there. Current assets has increasing trend but from 2007 declined. Other assets were higher in 2004 than in 2005 (11%). From 2005 there is a moderate increase of other assets.

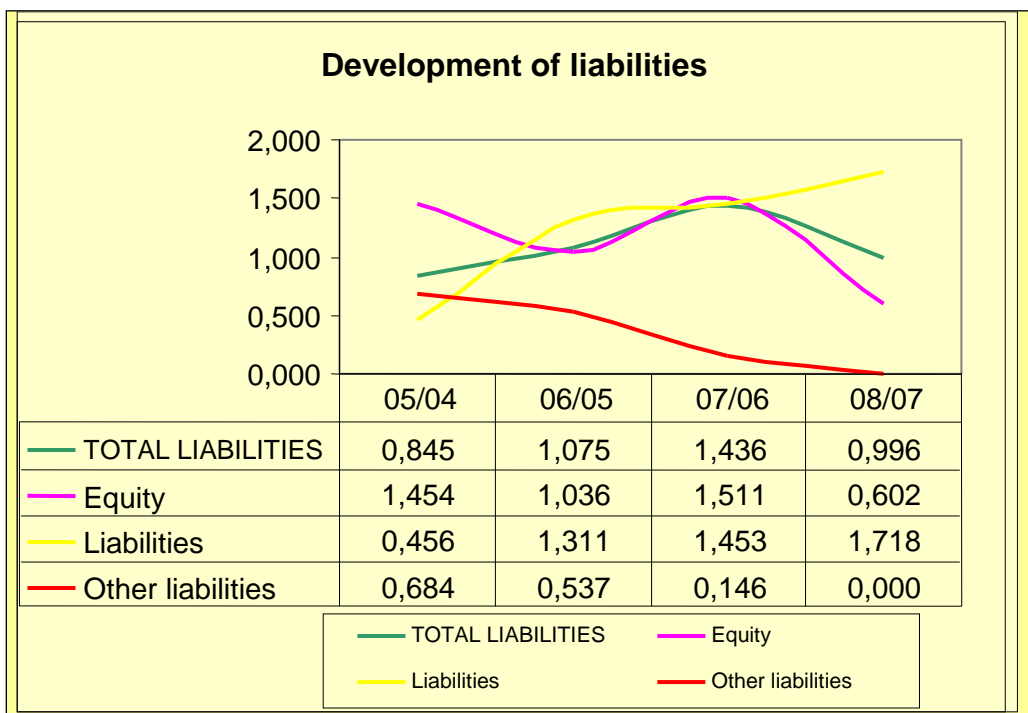


Fig. 3. Graph of horizontal analyses-development of liabilities

Source: own calculation

There was a moderate increase of total liabilities between 2004 and 2007 when they reached a peak. Equity fluctuated from 2004 to 2008. In 2008 there was a failure of 91%. There was a gradual increase of liabilities. It reached a peak in 2008 because of the bank loan which was 1 million Czech crowns. Other liabilities fell gradually between 2004 and 2008. The highest increase of equity was the rate of 2007 and 2006.

4.1.2 Vertical analysis of a balance sheet

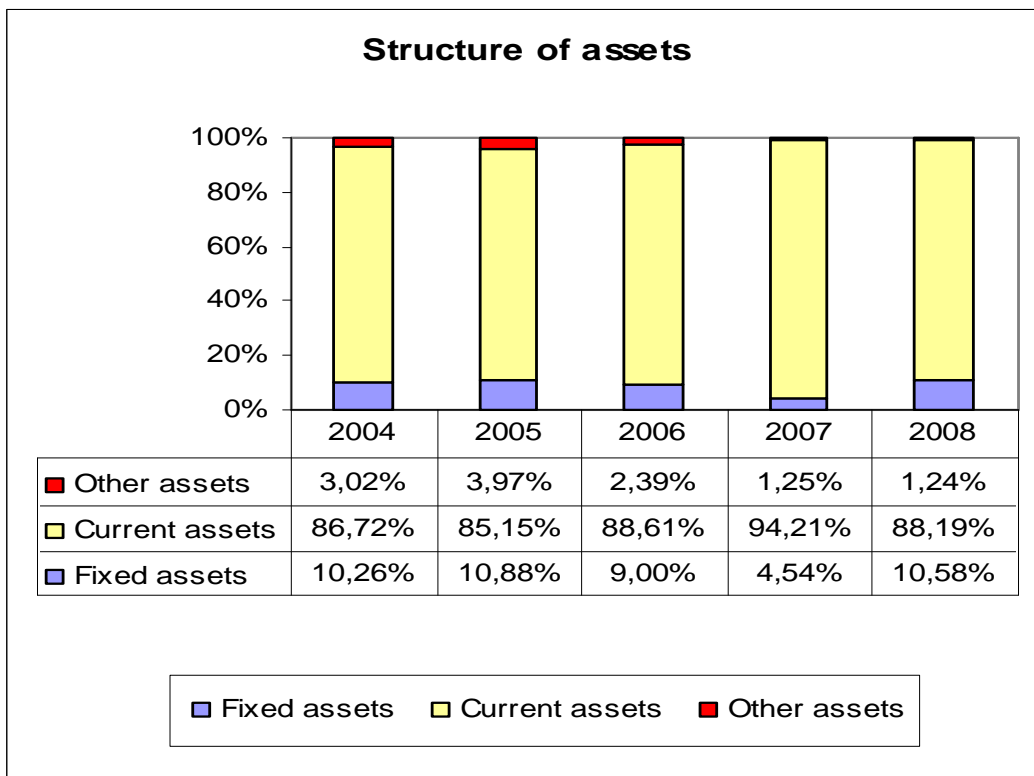


Fig. 4. Graph of vertical analyses-structure of asset

Source: own calculation

Looking at the graph we can see that current assets fill the biggest part of total assets. In my opinion it happens also in the structure of other companies. Current assets are most created of short-term receivables and inventories. Inventories increased to almost 26% in 2005 but short-term financial assets decreased 14, 45% in the same year. The most obvious change is in 2007 when current assets fill almost 95%. It had connection with increased number of short-term receivables, because trade receivables increased to almost 92%. It was consequence of the fact that ESPRINT bought a new printing press. It raised the productivity and also the number of customers – short-term receivables.

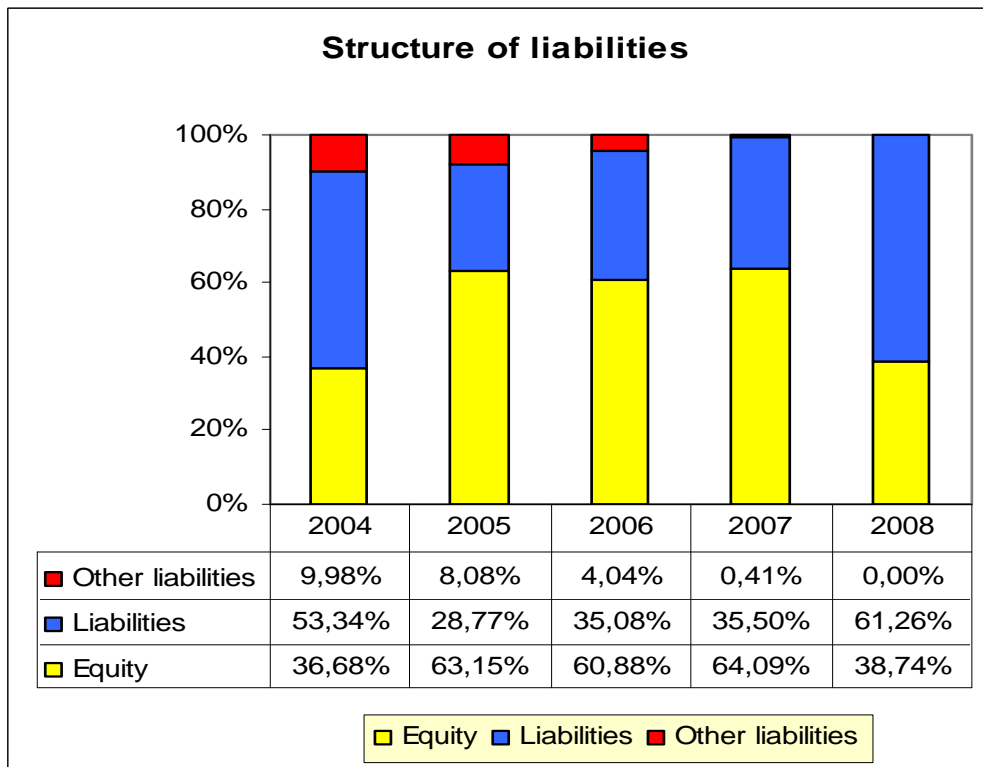


Fig. 5. Graph of vertical analyses-structure of liabilities

Source: own calculation

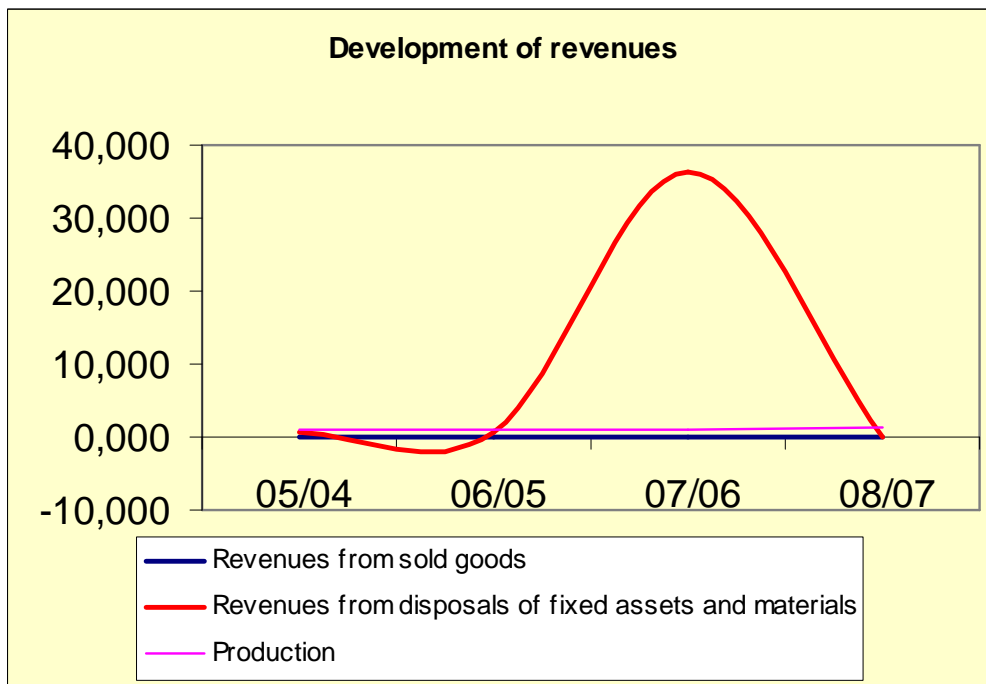
The greatest portion of liabilities is created of equity except the year 2004 and 2008 when equity was less than 40%. It can be seen that structure of liabilities changed radically in 2004 (53,34%) and in 2008 (61,26%). The first change was caused by a short-term financial accommodation (43000 CZK) and the second one was caused by short-term bank loan. ESPRINT needed a bank loan for purchase of equipment of broken NAPO.

### 4.1.3 Horizontal analysis of the income statement

Table 5. Horizontal analysis-income statement

(in CZK thousand)	2004	2005	2006	2007	2008	05/04	06/05	07/06	08/07
Revenues from sold goods	0	0	0	0	0	x	x	x	x
Production	12573	14017	13293	11 401	13 584	1,115	0,948	0,858	1,191
Revenues from disposals of fixed assets and materials	201	109	88	3210	48	0,542	0,807	36,477	0,015
Other operating revenues	157	121	96	255	173	0,771	0,793	2,656	0,678
Extraordinary revenues	0	0	14	0	0	x	x	x	x

Source: own calculation



*Fig. 6. Graph of horizontal analyses-development of revenues*

*Source: own calculation*

Looking at the graph of development of revenues it can be seen that revenues from sold goods and are always 0% and production had no radical changes. These items are not so important. Revenues from disposals of fixed assets and materials reached its highest peak in 2007 because ESPRINT sold its old printing machine. Equity increased due to this disposal of property.

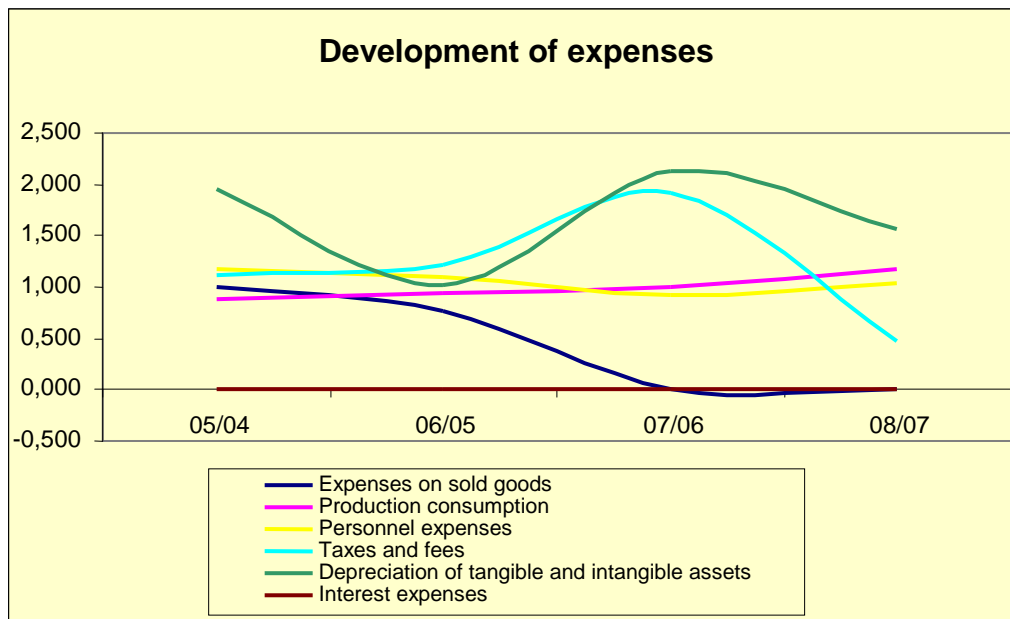
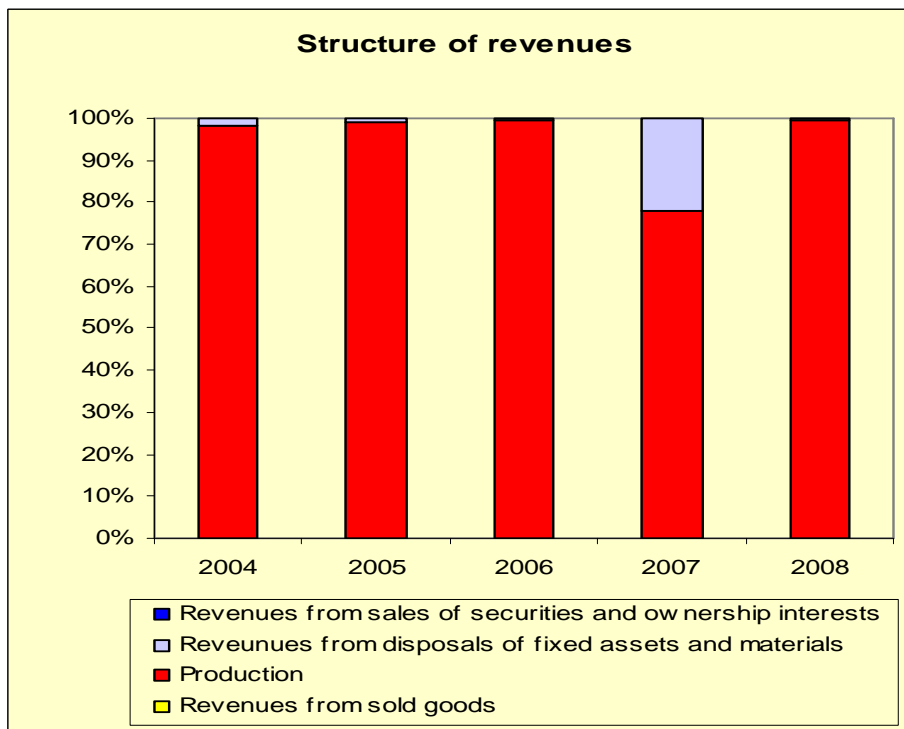


Fig. 7. Graph of horizontal analyses-development of expenses

Source: own calculation

Although expenses on sold goods plateaued in 2004 and 2005 there was still an overall down ward trend since 2006. Production consumption, interest expenses and personnel expenses did not signify substantive change. Taxes and fees fell gradually in 2008 because of bank loan and it connects with fell of depreciation of tangible and intangible assets. Company took a bank loan to purchase equipment and it displayed in its depreciation.

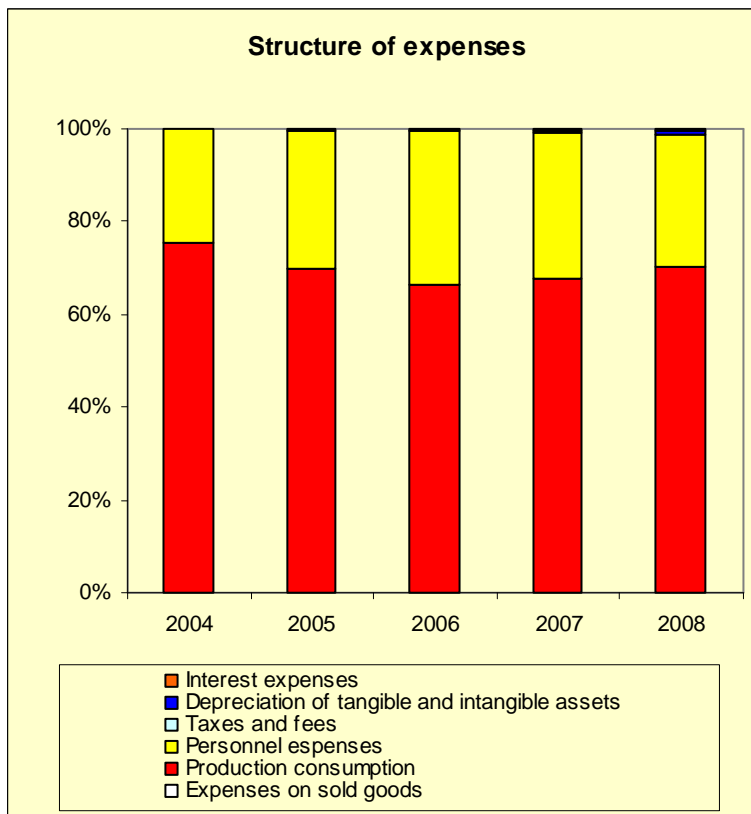
#### 4.1.4 Vertical analysis of the income statement



*Fig. 8. Graph of vertical analyses-structure of revenues*

*Source: own calculation*

Production and revenues from sales are only items that created this graph. Revenues are mostly formed of production. Revenues from disposal of fixed assets and materials significantly increased in 2007 (28% of production). In the same year production decreased because of lesser value of revenues from own products and services.



*Fig. 9. Graph of vertical analyses-structure of expenses*

*Source: own calculation*

Expenses in the graph are mostly created from production consumption. It reached the highest level in 2004 (almost 83%). Depreciation of tangible and intangible assets increased slightly between 2004 and 2008 when achieve 9%. It is interesting that personnel expenses increased in 2006 to 32,7%. Next years are not so high particularly because the company was thrifty.

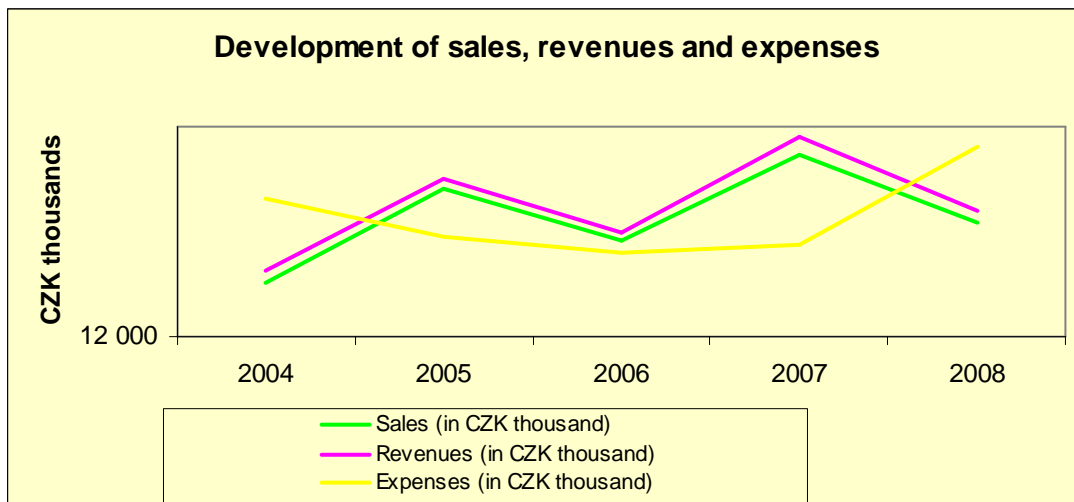


Fig. 10. Graph of development-sales, revenues and expenses

Source: own calculation

This graph says the situation of development of sales, revenues and expenses. It is obvious that highest results were achieved in 2007 because of the purchase of new printing machine. It was the reason of spreading number of customers and consequently higher profits. Lower expenses were caused by increased depreciation of tangible and intangible assets.

## 4.2 Subtractive indicators

Table 6. Net working capital

(In CZK thousand)	2004	2005	2006	2007	2008
<b>NWC</b>	1227	1689	1724	2715	2240

Source: own calculation

In progress of net working capital of ESPRINT from 2004 to 2008 can be seen positive numbers. There was an increase of net working capital until 2007 when it reached a peak. These numbers are greater than zero as it means that company is able to pay its short-term liabilities.



### 4.3 Ratio indicators

#### 4.3.1 Profitability ratios

Table 7. Profitability

Profitability	2004	2005	2006	2007	2008
ROA	-29,26%	27,74%	9,16%	33,64%	-18,50%
ROE	-79,78%	43,92%	13,51%	39,41%	-50,90%
ROS	-8,13%	5,88%	1,98%	7,99%	-6,66%

Source: own calculation

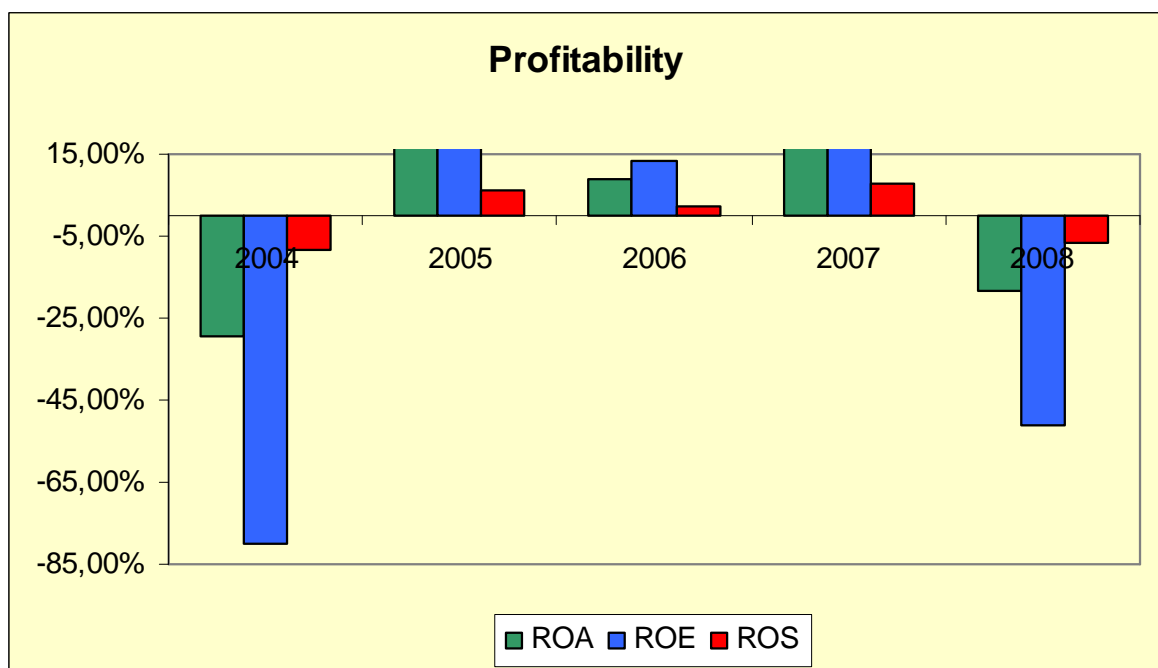


Fig. 11. Graph of profitability

Source: own calculation

These three ratios are connected with profit/loss of year. Looking at graph can be seen that situation of company's profitability was positive only within three years.

It is obvious that worst ever situation of ESPRINT was in 2004 and 2008. All of three ratio indicators were less than zero. The highest return on assets and return on sales was in 2007 thanks to purchase of new printing machine. This caused the highest profit. Numbers which are lower than zero could signal bad economic situation and future difficulties. Each company would like to be profitable as much as possible.

### 4.3.2 Liquidity ratios

Table 8. Liquidity

Liquidity	2004	2005	2006	2007	2008
Current ratio	1,63	2,96	2,53	2,65	1,44
Acid-Test ratio	1,54	2,08	2,38	2,60	1,35
Cash ratio	0,57	0,50	0,62	0,27	0,22

Source: own calculation

Indicator of company’s liquidity has no fixed rule to judge financial health of company. It depends on the structure of company’s size and its property, but to imagine ESRINT situation, these advised numbers are used.

Advised number of current ratio is 1,5-2. This could be noted only in 2004 and 2008. It is not as liquid as others because inventory is involved. Acid-test ratio is over appropriate rates in 2005, 2006 and 2007. Cash ratio that should be about 0,2 reached this advised rate only in 2008.

### 4.3.3 Solvency ratios

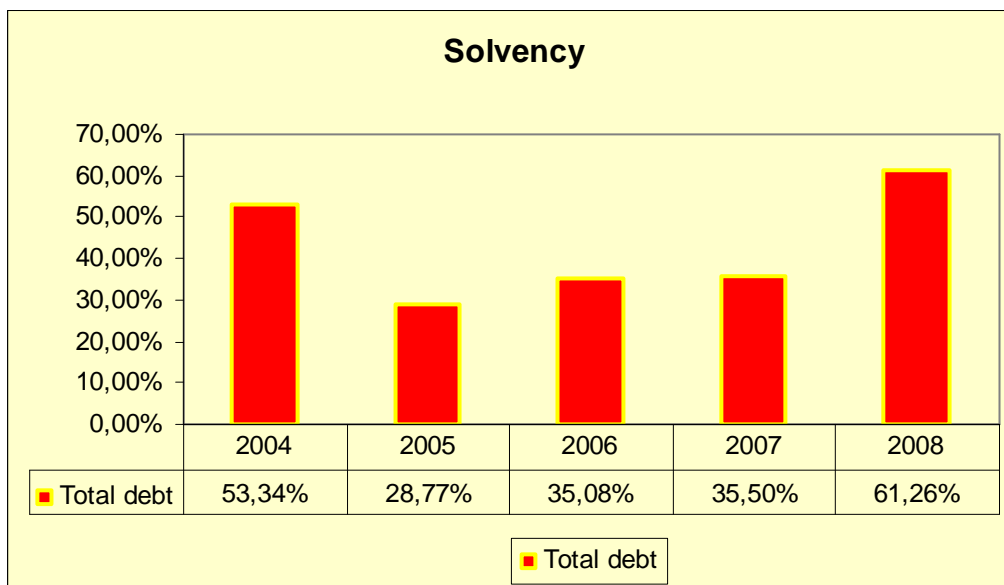


Fig. 12. Graph of solvency

Source: own calculation

Total debt of company was high in 2004 but then decreased. High rate of debt was noticed in 2008 again, this year was really risky and over recommended rate of 60%. Reason for so much high rate was financial crisis and shortage of orders.

#### 4.3.4 Activity ratios

Table 9. Activity

Activity	2004	2005	2006	2007	2008
<b>Asset turnover ratio</b>	3,6	4,71	4,15	3,16	2,96
<b>Inventory turnover</b>	75,59	18,59	83,63	178,18	52,63
<b>Days in inventory</b>	5	19	4	2	7
<b>Receivables turnover</b>	6,99	10,4	6,71	3,81	4,3
<b>Liabilities turnover</b>	6,75	16,39	11,84	8,90	4,83

Source: own calculation

Asset turnover is recommended at least once per year. EPSRINT had almost five turnovers in 2005 and it shows that company is successful with its financial management. The same situation is with inventory turnover. Company reached really high numbers especially in 2007 which was the year when company had the highest profit. Situation of days in inventory is connected with inventory turnover. ESRINT has so high figures of inventory turnover and days in inventory because it accepts more little orders than one big. It is economic strategy to avoid financial problems in case of amount outstanding. It is important to compare receivables and liabilities turnover. Except in 2004, company had longer liabilities maturity than receivables which mean that company demand for longer maturity of liabilities because waited for money from customers.

## 4.4 Cumulative indicators

### 4.4.1 Kralicek Quick Test

Table 10. Kralicek quick analysis

QUICK TEST	2004	2005	2006	2007	2008
<b>Registered capital/Equity</b>	36,68%	63,15%	60,88%	64,09%	38,74%
<b>CF from running activities/sales</b>	5,81%	1,51%	1,43%	43,80%	3,79%
<b>ROA</b>	-29,26%	27,74%	8,23%	25,25%	-19,72%
<b>Period of debt payment</b>	1	2	2	0	4

QUICK TEST	2004	2005	2006	2007	2008
------------	------	------	------	------	------

<b>Equity</b>	1	1	1	1	1
<b>CF%</b>	3	4	4	1	4
<b>ROA</b>	5	1	3	1	5
<b>Period of debt payment-years</b>	1	1	1	1	1

<b>QUICK TEST</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Financial stability</b>	1	1	1	1	1
<b>Revenues situation</b>	4	2,5	3,5	1	4,5
<b>Total situation</b>	<b>2,5</b>	<b>1,75</b>	<b>2,25</b>	<b>1</b>	<b>2,75</b>

Source: own calculation

Kralicek Quick test describes total financial situation of ESPRINT. Equity ratio had perfect results all analysed years. Rate of cash flow from running activities and sales was except year 2007 really bad, because was lesser than 5%. Return on assets was worst ever in 2004 and 2008. Debt payment situation was average until 2008 when reached 5 years. Result of this test is financially stable company. Best situation was in 2007. As mentioned before, company bought new printing machine and begun to accept more orders. The worst situation was in 2008 because of financial crisis, less orders and customers.

#### 4.4.2 Altman Z-Score

Table 11. Altman Z-score analysis

<b>YEAR</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	-0,909	0,862	0,285	1,045	-0,575
	3,594	4,706	4,146	3,153	2,954
	0,289	0,922	0,729	0,758	0,266
	0,506	0,829	0,392	0,361	0,527
	0,239	0,404	0,384	0,421	0,193
<b>Z-Score</b>	<b>3,720</b>	<b>7,723</b>	<b>5,935</b>	<b>5,738</b>	<b>3,365</b>
<b>Result</b>	☺	☺	☺	☺	☺

Source: own calculation

Result of Altman Z-score is very positive and interpretation is simple. The company managed in safe zone - ESPRINT had no difficulties with its financial management, but year 2008 was not as profitable as previous years. It has to be aware of next company's development. It is really strange that the results of profitability ratio were completely different and according them was ESPRINT in bad economic situation. I think that this test should not be considered as reliable source of information about company.

#### 4.4.3 The Du Pont Analysis

Table 12. Du Pont analysis-ROE

ROE	=	Net income	=	Net income	*	Sales	*	Assets
		Equity		Sales		Assets		Equity
2004	=	-0,798	=	-0,081	*	3,601	*	2,726
2005	=	0,439	=	0,059	*	4,715	*	1,584
2006	=	0,135	=	0,020	*	4,154	*	1,643
2007	=	0,394	=	0,080	*	3,159	*	1,560
2008	=	-0,509	=	-0,067	*	2,960	*	2,581

Source: own calculation

Return on equity is enriched of leverage effect. This influences all results. Leverage effect acts only when reached more than 1, but it is not a case of ESPRINT. The situation was improving during next years except year 2008 when negative value appeared again. Reason for that was weak economic situation in company and negative profit/loss. Next reason was influence of bank loan in 2004 (43000) and in 2008 (1000 000).

Table 13. Du Pont analysis-ROA

ROA	=	Net income	=	Net income	*	Sales
		Assets		Sales		Assets
2004	=	-0,293	=	-0,081	*	3,601
2005	=	0,277	=	0,059	*	4,715
2006	=	0,082	=	0,020	*	4,154
2007	=	0,253	=	0,080	*	3,159
2008	=	-0,197	=	-0,067	*	2,960

Source: own calculation

Return on assets reached negative values in 2004 and 2008 because of negative net income which influences the results. ROA reached the highest values in 2005 because company had relatively high net income and also equity.

The situation was improving during next years except year 2008 when negative value appeared again. Reason for that was weak economic situation in company and negative profit/loss. Next reason was influence of bank loan in 2004 (43000) and in 2008 (1000 000).

## CONCLUSION

The aim of my bachelor thesis was to analyze accounting statements of ESPRINT Ltd company from 2004 to 2008. On the basis of balance sheets and income statements I tried to make the financial analysis with help of different economic indicators and ratios. I described them in theoretical part of my thesis. Theoretical part includes description of analysis importance; its users, methods and terms that are somehow connected with it. Practical part contains results, calculations and explanations of methods which were used. I would like to make short summarization of results.

Practical part of my bachelor thesis begins with horizontal analysis of the balance sheet from 2004 to 2008. I described there the development of assets and liabilities. According to results I should say that the most significant change is noticed in fixed assets in 2008. The explanation is the purchase of equipment from bankrupted company NAPO in Otrokovice. It became the subsidiary of ESPRINT. It is closely connected with increase of liabilities in 2008. ESPRINT had to take a bank loan for this purchase. Looking at the graph of vertical analysis of balance sheet we can see that the most noticeable change was in 2007. It was influenced by buying new printing machine. This printing machine earns a lot of money for ESPRINT because it provided more services and new customers were coming. Horizontal analysis of the income statement disclosed a radical change of revenues from disposals of fixed assets and materials in 2007 because ESPRINT bought its old printing machine to replace it by the new one. The purchase of new printing machine connected with graph of vertical analysis of the income statement. There is an increase of depreciation of tangible and intangible assets.

All these results closely connected with calculation of ratio indicators. According to it the highest profit was noticed in 2007 and the highest number of debt was in 2008 because company took a bank loan for mentioned purchase of printing machine. I should warn this company because the total debt of was over recommended rate and it could be dangerous to stand the situation in future. If the company does incorrect steps of financial managing difficulties would come. This situation is also described in Kralicek Quick test, The Du Pont analysis and Altman Z-Score where the ratios achieved the worst numbers. The year 2008 was really bad for economic situation of ESPRINT company on account of low orders and high leverage of company. This company should begin with new strategy plan and find how to become more stable. According to my SWOT analysis I see the real threat in economic crisis that certainly influence economic situation of ESPRINT. I am afraid that

when company had difficulties in 2008, economic depression should probably much more worsen everything. I recommended ESPRINT to be flexible and do not afraid of new things. They should focus on wider sphere of customers not only from its region and they could try to use popular E-business to make orders.

Positive thing I see in purchase of NAPO which was advertising agency and provide digital print before. Thanks to this purchase ESPRINT spread its services and established bankrupted NAPO to be its subsidiary. Regular customers abided at a place and since the end of 2008 ESPRINT should have be much more profitable. I am really interested in the balance sheet and the income statement of 2009 because I predict better financial situation. Finally I would like to wish all the best to ESPRINT and I hope that my prediction will be real.

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## APPENDICES

- P I Balance sheet of ESPRINT (2004-2008)
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- P III Horizontal analysis of balance sheet
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## APPENDIX P I: BALANCE SHEET OF ESPRINT (2004-2008)

Balance sheet (in thousands CZK)		2004	2005	2006	2007	2008
	<b>TOTAL ASSETS</b>	<b>3 547</b>	<b>2 996</b>	<b>3 221</b>	<b>4 625</b>	<b>4 605</b>
<b>B.</b>	<b>Fixed assets</b>	<b>364</b>	<b>326</b>	<b>290</b>	<b>210</b>	<b>487</b>
<b>B.I.</b>	<b>Intangible assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.II.</b>	<b>Tangible assets</b>	<b>364</b>	<b>326</b>	<b>290</b>	<b>210</b>	<b>487</b>
3.	Machinery, tools and equipment	364	364	290	210	487
<b>B.III.</b>	<b>Long-term investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C.</b>	<b>Current assets</b>	<b>3 076</b>	<b>2 551</b>	<b>2 854</b>	<b>4 357</b>	<b>4 061</b>
<b>C.I.</b>	<b>Inventories</b>	<b>169</b>	<b>760</b>	<b>160</b>	<b>82</b>	<b>259</b>
C.I.1.	Material	169	284	160	82	259
6.	Advance payment for inventory	0	476	0	0	0
<b>C.II.</b>	<b>Long-term receivables</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.	Receivables from partners, cooperative members and association members	0	-2	0	0	0
<b>C.III.</b>	<b>Short-term receivables</b>	<b>1 828</b>	<b>1 360</b>	<b>1 995</b>	<b>3 831</b>	<b>3 171</b>
C.III.1.	Trade receivables	1169	1323	1731	3 790	3 135
6.	Receivables from accounting units with substantial influence	583	0	227	0	0
7.	Other receivables	76	37	38	41	37
<b>C.IV.</b>	<b>Short-term financial assets</b>	<b>1 079</b>	<b>433</b>	<b>699</b>	<b>444</b>	<b>631</b>
C.IV.1.	Cash	123	64	230	41	26
2.	Bank accounts	956	369	469	403	605
<b>D.</b>	<b>Other assets</b>	<b>107</b>	<b>119</b>	<b>77</b>	<b>58</b>	<b>57</b>
<b>D.I.</b>	<b>Accruals</b>	<b>107</b>	<b>119</b>	<b>77</b>	<b>58</b>	<b>57</b>
D.I.1.	Deferred expenses	107	119	77	58	57

Balance sheet (in thousands CZK)		2004	2005	2006	2007	2008
	<b>TOTAL LIABILITIES</b>	<b>3 547</b>	<b>2 996</b>	<b>3 221</b>	<b>4 625</b>	<b>4 605</b>
<b>A.</b>	<b>Equity</b>	<b>1 301</b>	<b>1 892</b>	<b>1 961</b>	<b>2 964</b>	<b>1 784</b>
<b>A.I.</b>	<b>Registered capital</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>
A.I.1.	Registered capital	120	120	120	120	120
<b>A.II.</b>	<b>Capital funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>A.III.</b>	<b>Reserve funds, statutory reserve account for cooperatives, and other retained earnings</b>	<b>98</b>	<b>98</b>	<b>97</b>	<b>97</b>	<b>97</b>
A.III.1.	Legal reserve fund	90	90	90	90	90
3.	Statutory and other funds	8	8	7	7	7
<b>A.IV.</b>	<b>Profit/loss previous year</b>	<b>2 121</b>	<b>2 934</b>	<b>1 491</b>	<b>1 970</b>	<b>2 865</b>
A.IV.1.	retained earnings from previous years	2121	1896	1687	1 774	2 669
2.	Accumulated losses from previous years	0	1038	-196	196	196
<b>A.V.</b>	<b>Profit/loss current year</b>	<b>-1 038</b>	<b>-1 260</b>	<b>253</b>	<b>777</b>	<b>-1 298</b>
<b>B.</b>	<b>Liabilities</b>	<b>1 892</b>	<b>862</b>	<b>1 130</b>	<b>1 642</b>	<b>2 821</b>
<b>B.I.</b>	<b>Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.II.</b>	<b>Long-term payables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.III.</b>	<b>Short-term payables</b>	<b>1 849</b>	<b>862</b>	<b>1 130</b>	<b>1 642</b>	<b>1 821</b>
B.III.1.	Trade payables	1281	459	530	918	1 324
2.	Payables from partners, cooperative members and association members	71	72	128	59	74
3.	Payroll	113	123	118	116	148
4.	Payables to social security and national insurance	123	129	169	108	142

5.	Due from state - tax liabilities and subsidies	134	79	185	441	133
7.	Payables to accounting units with substantial influence	127	0	0	0	0
<b>B.IV.</b>	<b>Bank loans and financial accommodations</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 000</b>
2.	Short-term bank loans	0	0	0	0	1 000
3.	short-term financial accommodation	43	0	0	0	0
<b>C.</b>	<b>Other liabilities</b>	<b>354</b>	<b>242</b>	<b>130</b>	<b>19</b>	<b>0</b>
<b>C.I.</b>	<b>Accruals</b>	<b>354</b>	<b>242</b>	<b>130</b>	<b>19</b>	<b>0</b>
C.I.1.	Accrued expenses	354	242	130	19	0

## APENDIX P2: INCOME STATEMENT OF ESPRINT (2004-2008)

Income statement (in thousands CZK)		2004	2005	2006	2007	2008
<b>I.</b>	<b>Revenues from sold goods</b>	0	0	0	0	0
<b>A.</b>	<b>Expenses on sold goods</b>	25	25	19	0	0
<b>+</b>	<b>Sale margin</b>	-25	-25	-19	0	0
<b>II.</b>	<b>Production</b>	12573	14017	13293	11 401	13 584
II.1.	Revenues from own products and services	12573	14017	13293	11 401	13 584
<b>B.</b>	<b>Production consumption</b>	10 388	9 274	8 656	8 657	10 212
B.1.	Consumption of material and energy	4 663	5 196	4 802	4 172	4 901
B.2.	Services	5 725	4 078	3 854	4485	5 311
<b>+</b>	<b>Added value</b>	2160	4718	4618	2 744	3 372
<b>C.</b>	<b>Personnel expenses</b>	3 397	3 987	4 341	4 042	4 163
C.1.	Wages and salaries	2 414	2 852	3 105	2880	2 944
C.2.	Remuneration of board members	0	0	0	0	0
C.3.	Social security expenses and health insurance	824	983	1 067	990	1 021
C.4.	Other social expenses	159	152	169	172	198
<b>D.</b>	<b>Taxes and fees</b>	8	9	11	21	10
<b>E.</b>	<b>Depreciation of tangible and intangible assets</b>	19	37	38	81	126
<b>III.</b>	<b>Revenues from disposals of fixed assets and materials</b>	201	109	88	3210	48
<b>F.</b>	<b>Net book value of disposed fixed assets and materials</b>	18	0	0	0	6
<b>G.</b>	<b>Change in operating reserves and complex deferred costs</b>	0	0	0	0	0
<b>VI.</b>	<b>Other operating revenues</b>	157	121	96	255	173
<b>I.</b>	<b>Other operating expenses</b>	99	84	131	333	265
<b>*</b>	<b>Operating profit/loss</b>	-1023	831	281	1 571	-823
<b>XIV.</b>	<b>Interest revenues</b>	0	0	0	0	0
<b>P.</b>	<b>Interest expenses</b>	0	0	0	0	56
<b>XV.</b>	<b>Other financial revenues</b>	0	0	0	0	0
<b>Q.</b>	<b>Other financial expenses</b>	15	21	15	15	29
<b>*</b>	<b>Profit/loss from financial operations</b>	-15	-21	-15	-15	-85
<b>S.</b>	<b>Income tax on ordinary income</b>	0	0	0	388	0
S.1.	Due tax	0	0	0	388	0
S.2.	Tax deferred	0	0	0	0	0
<b>**</b>	<b>Operating profit/loss from ordinary activity</b>	-1 038	810	236	1 168	-908
<b>XVII.</b>	<b>Extraordinary revenues</b>	0	0	14	0	0
<b>T.</b>	<b>Extraordinary expenses</b>	0	-21	-15	0	0
U.1.	Due tax	0	0	0	0	0
U.2.	Tax deferred	0	0	0	0	0
<b>*</b>	<b>Profit/loss from extraordinary activity</b>	0	21	29	0	0
<b>W.</b>	<b>Transfer profit/loss to partners</b>	0	0	0	0	0
<b>***</b>	<b>Profit/loss of current period (+/-)</b>	-1 038	831	265	1 168	-908
	<b>Profit/loss before tax (+/-)</b>	-1 038	831	295	1 556	-908

## APENDIX P3: HORIZONTAL ANALYSIS OF BALANCE SHEET

Balance sheet	2004	2005	2006	2007	2008	05/04	06/05	07/06	08/07
<b>TOTAL ASSETS</b>	<b>3 547</b>	<b>2 996</b>	<b>3 221</b>	<b>4 625</b>	<b>4 605</b>	<b>0,845</b>	<b>1,075</b>	<b>1,436</b>	<b>0,996</b>
<b>Fixed assets</b>	<b>364</b>	<b>326</b>	<b>290</b>	<b>210</b>	<b>487</b>	<b>0,896</b>	<b>0,890</b>	<b>0,724</b>	<b>2,319</b>
<b>Intangible assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Tangible assets</b>	<b>364</b>	<b>326</b>	<b>290</b>	<b>210</b>	<b>487</b>	<b>0,896</b>	<b>0,890</b>	<b>0,724</b>	<b>2,319</b>
Machinery, tools and equipment	364	364	290	210	487	1,000	0,797	0,724	2,319
<b>Long-term investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Current assets</b>	<b>3 076</b>	<b>2 551</b>	<b>2 854</b>	<b>4 357</b>	<b>4 061</b>	<b>0,829</b>	<b>1,119</b>	<b>1,527</b>	<b>0,932</b>
<b>Inventories</b>	<b>169</b>	<b>760</b>	<b>160</b>	<b>82</b>	<b>259</b>	<b>4,497</b>	<b>0,211</b>	<b>0,513</b>	<b>3,159</b>
Material	169	284	160	82	259	1,680	0,563	0,513	3,159
Advance payment for inventory	0	476	0	0	0	x	0,000	x	x
<b>Long-term receivables</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>0,000</b>	<b>x</b>	<b>x</b>
Receivables from partners, cooperative members and association members	0	-2	0	0	0	x	0,000	x	x
<b>Short-term receivables</b>	<b>1 828</b>	<b>1 360</b>	<b>1 995</b>	<b>3 831</b>	<b>3 171</b>	<b>0,744</b>	<b>1,467</b>	<b>1,920</b>	<b>0,828</b>
Trade receivables	1169	1323	1731	3 790	3 135	1,132	1,308	2,189	0,827
Receivables from accounting units with substantial influence	583	0	227	0	0	0,000	x	0,000	x
Other receivables	76	37	38	41	37	0,487	1,027	1,079	0,902
<b>Short-term financial assets</b>	<b>1 079</b>	<b>433</b>	<b>699</b>	<b>444</b>	<b>631</b>	<b>0,401</b>	<b>1,614</b>	<b>0,635</b>	<b>1,421</b>
Cash	123	64	230	41	26	0,520	3,594	0,178	0,634
Bank accounts	956	369	469	403	605	0,386	1,271	0,859	1,501
<b>Other assets</b>	<b>107</b>	<b>119</b>	<b>77</b>	<b>58</b>	<b>57</b>	<b>1,112</b>	<b>0,647</b>	<b>0,753</b>	<b>0,983</b>
<b>Accruals</b>	<b>107</b>	<b>119</b>	<b>77</b>	<b>58</b>	<b>57</b>	<b>1,112</b>	<b>0,647</b>	<b>0,753</b>	<b>0,983</b>
Deferred expenses	107	119	77	58	57	1,112	0,647	0,753	0,983
<b>TOTAL LIABILITIES</b>	<b>3 547</b>	<b>2 996</b>	<b>3 221</b>	<b>4 625</b>	<b>4 605</b>	<b>0,845</b>	<b>1,075</b>	<b>1,436</b>	<b>0,996</b>
<b>Equity</b>	<b>1 301</b>	<b>1 892</b>	<b>1 961</b>	<b>2 964</b>	<b>1 784</b>	<b>1,454</b>	<b>1,036</b>	<b>1,511</b>	<b>0,602</b>
<b>Registered capital</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
Registered capital	120	120	120	120	120	1,000	1,000	1,000	1,000
<b>Capital funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Reserve funds, statutory reserve account for cooperatives, and other retained earnings</b>	<b>98</b>	<b>98</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>1,000</b>	<b>0,990</b>	<b>1,000</b>	<b>1,000</b>
Legal reserve fund	90	90	90	90	90	1,000	1,000	1,000	1,000
Statutory and other funds	8	8	7	7	7	1,000	0,875	1,000	1,000
<b>Profit/loss previous year</b>	<b>2 121</b>	<b>2 934</b>	<b>1 491</b>	<b>1 970</b>	<b>2 865</b>	<b>1,383</b>	<b>0,508</b>	<b>1,321</b>	<b>1,454</b>
retained earnings from previous years	2121	1896	1687	1 774	2 669	0,894	0,890	1,052	1,505
Accumulated losses from previous years	0	1038	-196	196	196	x	-0,189	-1,000	1,000
<b>Profit/loss current year</b>	<b>-1 038</b>	<b>-1 260</b>	<b>253</b>	<b>777</b>	<b>-1 298</b>	<b>1,214</b>	<b>-0,201</b>	<b>3,071</b>	<b>-1,671</b>
<b>Liabilities</b>	<b>1 892</b>	<b>862</b>	<b>1 130</b>	<b>1 642</b>	<b>2 821</b>	<b>0,456</b>	<b>1,311</b>	<b>1,453</b>	<b>1,718</b>
<b>Long-term payables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Short-term payables</b>	<b>1 849</b>	<b>862</b>	<b>1 130</b>	<b>1 642</b>	<b>1 821</b>	<b>0,466</b>	<b>1,311</b>	<b>1,453</b>	<b>1,109</b>
Trade payables	1281	459	530	918	1 324	0,358	1,155	1,732	1,442
Payables from partners, cooperative members and association members	71	72	128	59	74	1,014	1,778	0,461	1,254
Payroll	113	123	118	116	148	1,088	0,959	0,983	1,276
Payables to social security and national insurance	123	129	169	108	142	1,049	1,310	0,639	1,315
Due from state - tax liabilities and subsidies	134	79	185	441	133	0,590	2,342	2,384	0,302
Payables to accounting units with substantial influence	127	0	0	0	0	0,000	x	x	x
<b>Bank loans and financial</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 000</b>	<b>0,000</b>	<b>x</b>	<b>x</b>	<b>x</b>



<b>accommodations</b>									
Short-term bank loans	0	0	0	0	1 000	x	x	x	x
short-term financial accommodations	43	0	0	0	0	0,000	x	x	x
<b>Other liabilities</b>	<b>354</b>	<b>242</b>	<b>130</b>	<b>19</b>	<b>0</b>	<b>0,684</b>	<b>0,537</b>	<b>0,146</b>	<b>0,000</b>
<b>Accruals</b>	<b>354</b>	<b>242</b>	<b>130</b>	<b>19</b>	<b>0</b>	<b>0,684</b>	<b>0,537</b>	<b>0,146</b>	<b>0,000</b>
Accrued expenses	354	242	130	19	0	0,684	0,537	0,146	0,000

## APENDIX P4: VERTICAL ANALYSIS OF BALANCE SHEET

Balance sheet		2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	<b>TOTAL ASSETS</b>	<b>3 547</b>	<b>100,00%</b>	<b>2 996</b>	<b>100,00%</b>	<b>3 221</b>	<b>100,00%</b>	<b>4 625</b>	<b>100,00%</b>	<b>4 605</b>	<b>100,00%</b>
<b>B.</b>	<b>Fixed assets</b>	<b>364</b>	<b>10,26%</b>	<b>326</b>	<b>10,88%</b>	<b>290</b>	<b>9,00%</b>	<b>210</b>	<b>4,54%</b>	<b>487</b>	<b>10,58%</b>
<b>B.I.</b>	<b>Intangible assets</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>B.II.</b>	<b>Tangible assets</b>	<b>364</b>	<b>10,26%</b>	<b>326</b>	<b>10,88%</b>	<b>290</b>	<b>9,00%</b>	<b>210</b>	<b>4,54%</b>	<b>487</b>	<b>10,58%</b>
3.	Machinery, tools and equipment	364	10,26%	364	12,15%	290	9,00%	210	4,54%	487	10,58%
<b>B.III.</b>	<b>Long-term investments</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>C.</b>	<b>Current assets</b>	<b>3 076</b>	<b>86,72%</b>	<b>2 551</b>	<b>85,15%</b>	<b>2 854</b>	<b>88,61%</b>	<b>4 357</b>	<b>94,21%</b>	<b>4 061</b>	<b>88,19%</b>
<b>C.I.</b>	<b>Inventories</b>	<b>169</b>	<b>4,76%</b>	<b>760</b>	<b>25,37%</b>	<b>160</b>	<b>4,97%</b>	<b>82</b>	<b>1,77%</b>	<b>259</b>	<b>5,62%</b>
C.I.1.	Material	169	4,76%	284	9,48%	160	4,97%	82	1,77%	259	5,62%
6.	Advance payment for inventory	0	0,00%	476	15,89%	0	0,00%	0	0,00%	0	0,00%
<b>C.II.</b>	<b>Long-term receivables</b>	<b>0</b>	<b>0,00%</b>	<b>-2</b>	<b>-0,07%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>C.III.</b>	<b>Short-term receivables</b>	<b>1 828</b>	<b>51,54%</b>	<b>1 360</b>	<b>45,39%</b>	<b>1 995</b>	<b>61,94%</b>	<b>3 831</b>	<b>82,83%</b>	<b>3 171</b>	<b>68,86%</b>
C.III.1.	Trade receivables	1169	32,96%	1323	44,16%	1731	53,74%	3 790	81,95%	3 135	68,08%
6.	Receivables from accounting units with substantial influence	583	16,44%	0	0,00%	227	7,05%	0	0,00%	0	0,00%
7.	Other receivables	76	2,14%	37	1,23%	38	1,18%	41	0,89%	37	0,80%
<b>C.IV.</b>	<b>Short-term financial assets</b>	<b>1 079</b>	<b>30,42%</b>	<b>433</b>	<b>14,45%</b>	<b>699</b>	<b>21,70%</b>	<b>444</b>	<b>9,60%</b>	<b>631</b>	<b>13,70%</b>
C.IV.1.	Cash	123	3,47%	64	2,14%	230	7,14%	41	0,89%	26	0,56%
2.	Bank accounts	956	26,95%	369	12,32%	469	14,56%	403	8,71%	605	13,14%
<b>D.</b>	<b>Other assets</b>	<b>107</b>	<b>3,02%</b>	<b>119</b>	<b>3,97%</b>	<b>77</b>	<b>2,39%</b>	<b>58</b>	<b>1,25%</b>	<b>57</b>	<b>1,24%</b>
<b>D.I.</b>	<b>Accruals</b>	<b>107</b>	<b>3,02%</b>	<b>119</b>	<b>3,97%</b>	<b>77</b>	<b>2,39%</b>	<b>58</b>	<b>1,25%</b>	<b>57</b>	<b>1,24%</b>
D.I.1.	Deferred expenses	107	3,02%	119	3,97%	77	2,39%	58	1,25%	57	1,24%
Balance sheet		2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	<b>TOTAL LIABILITIES</b>	<b>3 547</b>	<b>100,00%</b>	<b>2 996</b>	<b>100,00%</b>	<b>3 221</b>	<b>100,00%</b>	<b>4 625</b>	<b>100,00%</b>	<b>4 605</b>	<b>100,00%</b>
<b>A.</b>	<b>Equity</b>	<b>1 301</b>	<b>36,68%</b>	<b>1 892</b>	<b>63,15%</b>	<b>1 961</b>	<b>60,88%</b>	<b>2 964</b>	<b>64,09%</b>	<b>1 784</b>	<b>38,74%</b>
<b>A.I.</b>	<b>Registered capital</b>	<b>120</b>	<b>3,38%</b>	<b>120</b>	<b>4,01%</b>	<b>120</b>	<b>3,73%</b>	<b>120</b>	<b>2,59%</b>	<b>120</b>	<b>2,61%</b>
A.I.1.	Registered capital	120	3,38%	120	4,01%	120	3,73%	120	2,59%	120	2,61%
<b>A.II.</b>	<b>Capital funds</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>A.III.</b>	<b>Reserve funds, statutory</b>	<b>98</b>	<b>2,76%</b>	<b>98</b>	<b>3,27%</b>	<b>97</b>	<b>3,01%</b>	<b>97</b>	<b>2,10%</b>	<b>97</b>	<b>2,11%</b>
A.III.1.	Legal reserve fund	90	2,54%	90	3,00%	90	2,79%	90	1,95%	90	1,95%
3.	Statutory and other funds	8	0,23%	8	0,27%	7	0,22%	7	0,15%	7	0,15%
<b>A.IV.</b>	<b>Profit/loss previous year</b>	<b>2 121</b>	<b>59,80%</b>	<b>2 934</b>	<b>97,93%</b>	<b>1 491</b>	<b>46,29%</b>	<b>1 970</b>	<b>42,59%</b>	<b>2 865</b>	<b>62,21%</b>
A.IV.1.	retained earnings from previous years	2121	59,80%	1896	63,28%	1687	52,38%	1 774	38,36%	2 669	57,96%
2.	Accumulated losses from previous years	0	0,00%	1038	34,65%	-196	-6,09%	196	4,24%	196	4,26%
<b>A.V.</b>	<b>Profit/loss current year</b>	<b>-1 038</b>	<b>-29,26%</b>	<b>-1 260</b>	<b>-42,06%</b>	<b>253</b>	<b>7,85%</b>	<b>777</b>	<b>16,80%</b>	<b>-1 298</b>	<b>-28,19%</b>
<b>B.</b>	<b>Liabilities</b>	<b>1 892</b>	<b>53,34%</b>	<b>862</b>	<b>28,77%</b>	<b>1 130</b>	<b>35,08%</b>	<b>1 642</b>	<b>35,50%</b>	<b>2 821</b>	<b>61,26%</b>
<b>B.I.</b>	<b>Reserves</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>B.II.</b>	<b>Long-term payables</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>
<b>B.III.</b>	<b>Short-term payables</b>	<b>1 849</b>	<b>52,13%</b>	<b>862</b>	<b>28,77%</b>	<b>1 130</b>	<b>35,08%</b>	<b>1 642</b>	<b>35,50%</b>	<b>1 821</b>	<b>39,54%</b>
B.III.1.	Trade payables	1281	36,12%	459	15,32%	530	16,45%	918	19,85%	1 324	28,75%
2.	Payables from partners, cooperative	71	2,00%	72	2,40%	128	3,97%	59	1,28%	74	1,61%

	members and association members										
3.	Payroll	113	3,19%	123	4,11%	118	3,66%	116	2,51%	148	3,21%
4.	Payables to social security and national insurance	123	3,47%	129	4,31%	169	5,25%	108	2,34%	142	3,08%
5.	Due from state - tax liabilities and subsidies	134	3,78%	79	2,64%	185	5,74%	441	9,54%	133	2,89%
	<b>Bank loans and financial accommodations</b>										
<b>B.IV.</b>		<b>43</b>	<b>1,21%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>0</b>	<b>0,00%</b>	<b>1 000</b>	<b>21,72%</b>
<b>C.</b>	<b>Other liabilities</b>	<b>354</b>	<b>9,98%</b>	<b>242</b>	<b>8,08%</b>	<b>130</b>	<b>4,04%</b>	<b>19</b>	<b>0,41%</b>	<b>0</b>	<b>0,00%</b>
<b>C.I.</b>	<b>Accruals</b>	<b>354</b>	<b>9,98%</b>	<b>242</b>	<b>8,08%</b>	<b>130</b>	<b>4,04%</b>	<b>19</b>	<b>0,41%</b>	<b>0</b>	<b>0,00%</b>

## APENDIX P5: HORIZONTAL ANALYSIS OF INCOME STATEMENT

Income statement (in thousands CZK)		2004	2005	2006	2007	2008	03/02	04/03	05/04	06/05
I.	Revenues from sold goods	0	0	0	0	0	x	x	x	x
A.	Expenses on sold goods	25	25	19	0	0	1,000	0,760	0,000	x
+	Sale margin	-25	-25	-19	0	0	1,000	0,760	0,000	x
II.	Production	12573	14017	13293	11 401	13 584	1,115	0,948	0,858	1,191
II.1.	Revenues from own products and services	12573	14017	13293	11 401	13 584	1,115	0,948	0,858	1,191
B.	Production consumption	10 388	9 274	8 656	8 657	10 212	0,893	0,933	1,000	1,180
B.1.	Consumption of material and energy	4 663	5 196	4 802	4 172	4 901	1,114	0,924	0,869	1,175
B.2.	Services	5 725	4 078	3 854	4485	5 311	0,712	0,945	1,164	1,184
+	Added value	2160	4718	4618	2 744	3 372	2,184	0,979	0,594	1,229
C.	Personnel expenses	3 397	3 987	4 341	4 042	4 163	1,174	1,089	0,931	1,030
C.1.	Wages and salaries	2 414	2 852	3 105	2880	2 944	1,181	1,089	0,928	1,022
C.3.	Social security expenses and health insurance	824	983	1 067	990	1 021	1,193	1,085	0,928	1,031
C.4.	Other social expenses	159	152	169	172	198	0,956	1,112	1,018	1,151
D.	Taxes and fees	8	9	11	21	10	1,125	1,222	1,909	0,476
E.	Depreciation of tangible and intangible assets	19	37	38	81	126	1,947	1,027	2,132	1,556
III.	Revenues from disposals of fixed assets and materials	201	109	88	3210	48	0,542	0,807	36,477	0,015
VI.	Other operating revenues	157	121	96	255	173	0,771	0,793	2,656	0,678
I.	Other operating expenses	99	84	131	333	265	0,848	1,560	2,542	0,796
*	Operating profit/loss	-1023	831	281	1 571	-823	-0,812	0,338	5,591	-0,524
Q.	Other financial expenses	15	21	15	15	29	1,400	0,714	1,000	1,933
*	Profit/loss from financial operations	-15	-21	-15	-15	-85	1,400	0,714	1,000	5,667
**	Operating profit/loss from ordinary activity	-1 038	810	236	1 168	-908	-0,780	0,291	4,949	-0,777
XVII.	Extraordinary revenues	0	0	14	0	0	x	x	x	x
T.	Extraordinary expenses	0	-21	-15	0	0	x	0,714	x	x
*	Profit/loss from extraordinary activity	0	21	29	0	0	x	1,381	x	x
***	Profit/loss of current period (+/-)	-1 038	831	265	1 168	-908	-0,801	0,319	4,408	-0,777
	Profit/loss before tax (+/-)	-1 038	831	295	1 556	-908	-0,801	0,355	5,275	-0,584

## APENDIX P6: VERTICAL ANALYSIS OF INCOME STATEMENT

	Income statement (in thousands CZK)	2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
I.	Revenues from sold goods	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
A.	Expenses on sold goods	25	0,2%	25	0,2%	19	0,1%	0	0,0%	0	0,0%
+	Sale margin	-25	-0,2%	-25	-0,2%	-19	-0,1%	0	0,0%	0	0,0%
II.	Production	12573	100,0%	14017	100,0%	13293	100,0%	11 401	100,0%	13 584	100,0%
II.1.	Revenues from own products and services	12573	100,0%	14017	100,0%	13293	100,0%	11 401	100,0%	13 584	100,0%
B.	Production consumption	10 388	82,6%	9 274	66,2%	8 656	65,1%	8 657	75,9%	10 212	75,2%
B.1.	Consumption of material and energy	4 663	37,1%	5 196	37,1%	4 802	36,1%	4 172	36,6%	4 901	36,1%
B.2.	Services	5 725	45,5%	4 078	29,1%	3 854	29,0%	4485	39,3%	5 311	39,1%
+	Added value	2160	17,2%	4718	33,7%	4618	34,7%	2 744	24,1%	3 372	24,8%
C.	Personnel expenses	3 397	27,0%	3 987	28,4%	4 341	32,7%	4 042	35,5%	4 163	30,6%
C.1.	Wages and salaries	2 414	19,2%	2 852	20,3%	3 105	23,4%	2880	25,3%	2 944	21,7%
C.2.	Remuneration of board members	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
C.3.	Social security expenses and health insurance	824	6,6%	983	7,0%	1 067	8,0%	990	8,7%	1 021	7,5%
C.4.	Other social expenses	159	1,3%	152	1,1%	169	1,3%	172	1,5%	198	1,5%
D.	Taxes and fees	8	0,1%	9	0,1%	11	0,1%	21	0,2%	10	0,1%
E.	Depreciation of tangible and intangible assets	19	0,2%	37	0,3%	38	0,3%	81	0,7%	126	0,9%
III.	Revenues from disposals of fixed assets and materials	201	1,6%	109	0,8%	88	0,7%	3210	28,2%	48	0,4%
F.	Net book value of disposed fixed assets and materials	18	0,1%	0	0,0%	0	0,0%	0	0,0%	6	0,0%
G.	Change in operating reserves and complex deferred costs	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
VI.	Other operating revenues	157	1,2%	121	0,9%	96	0,7%	255	2,2%	173	1,3%
I.	Other operating expenses	99	0,8%	84	0,6%	131	1,0%	333	2,9%	265	2,0%
*	Operating profit/loss	-1023	-8,1%	831	5,9%	281	2,1%	1 571	13,8%	-823	-6,1%
XIV.	Interest revenues	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
P.	Interest expenses	0	0,0%	0	0,0%	0	0,0%	0	0,0%	56	0,4%
XV.	Other financial revenues	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
Q.	Other financial expenses	15	0,1%	21	0,1%	15	0,1%	15	0,1%	29	0,2%
*	Profit/loss from financial operations	-15	-0,1%	-21	-0,1%	-15	-0,1%	-15	-0,1%	-85	-0,6%
S.	Income tax on ordinary income	0	0,0%	0	0,0%	0	0,0%	388	3,4%	0	0,0%
S.1.	Due tax	0	0,0%	0	0,0%	0	0,0%	388	3,4%	0	0,0%
S.2.	Tax deferred	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
**	Operating profit/loss from ordinary activity	-1 038	-8,3%	810	5,8%	236	1,8%	1 168	10,2%	-908	-6,7%
XVII.	Extraordinary revenues	0	0,0%	0	0,0%	14	0,1%	0	0,0%	0	0,0%
T.	Extraordinary expenses	0	0,0%	-21	-0,1%	-15	-0,1%	0	0,0%	0	0,0%
U.1.	Due tax	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
U.2.	Tax deferred	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%
*	Profit/loss from extraordinary activity	0	0,0%	21	0,1%	29	0,2%	0	0,0%	0	0,0%
***	Profit/loss of current period (+/-)	-1 038	-8,3%	831	5,9%	265	2,0%	1 168	10,2%	-908	-6,7%
	Profit/loss before tax (+/-)	-1 038	-8,3%	831	5,9%	295	2,2%	1 556	13,6%	-908	-6,7%

## APENDIX P7: ESPRINT ZLÍN



*Esprint Zlín, Ltd*

*Source: Esprint*