

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Evaluation of Competitiveness of Selected Company

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Evaluation of competitiveness of selected company

Objectives of thesis

This bachelor thesis focuses on financial analysis and competitiveness of the company Wemac. The purpose of this thesis is to study an economic situation and learn about the strengths and weaknesses of the company and to suggest improving the strategy. The aim is to find out the ways of improving this company's position on a financial market.

Methodology

In the bachelor thesis will be used methods of financial analysis, vertical and horizontal analysis and the financial situation of the company will be analysed from its closures and the competition on the market by SWOT and Porter's analysis.

The proposed extent of the thesis

40 – 60 pages

Keywords

Competitiveness, Porter's Five Forces, Financial Analysis, Balance Sheet, Cash Flow, SWOT Analysis, Strategy, Competitive advantage

Recommended information sources

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Declaration

I declare that I have worked on my bachelor thesis titled "Evaluation of Competitiveness of Selected Company" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 12.03.2018

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Evaluation of Competitiveness of Selected Company

Abstract

This bachelor thesis consists of competitiveness and financial analysis of Wemac s.r.o. company. The goal of this thesis is to introduce the background of selected company and analyse its position on the market. Financial analysis compares the years 2014-2016.

Financial analysis found out that the company does not have any financial problems or debts in comparison with the whole sector. However, the company has a big amount of underused money. Liquidity of the company has higher amount, which means that it can damage the profitability of the company. Especially current ratio and quick ratio are higher than recommended value.

Market analysis detected that the market position tends to perfect competition because there is no monopoly. There are more rivals on the market but on the other hand Wemac company has a big advantage, because the company has started earlier than others and provides good quality products. The biggest weakness is that the entire business of the company is dependent on suppliers. If there is a problem with the suppliers and their manufacture, the company can lose some goods from its portfolio.

Keywords: financial analysis, vertical analysis, horizontal analysis, swot, porter's five forces, balance sheet, profit and loss statement, competitiveness

Zhodnocení Konkurenceschopnosti Vybraného Podniku

Abstrakt

Tato bakalářská práce se skládá z konkurenceschopnosti a finanční analýzy společnosti Wemac s.r.o.. Cílem této práce je představit prostředí vybrané firmy a analyzovat její pozici na trhu. Finanční analýza se zabývá dobou mezi roky 2014-2016.

Finanční analýza zjistila, že firma nemá finanční potíže nebo dluhy v porovnání s celým sektorem. Nicméně společnost má velké množství nevyužitých finančních prostředků. Likvidita společnosti má vyšší hodnotu což znamená, že může uškodit ziskovosti. Obzvláště běžná a pohotová likvidita je vyšší než doporučená hodnota.

Analýza trhu objevila, že trh vede k dokonalé konkurenci, není zde monopol. Na trhu je více konkurentů, ale společnost Wemac má velkou výhodu, protože se dostala na trh vrzy a poskytuje kvalitní produkty. Největší slabinou je, že firma je závislá na dodavatelích. Kdyby nastal problém s dodavateli a jejich výrobou, společnost může ztratit některé produkty.

Klíčová slova: finanční analýza, vertikální analýza, horizontální analýza, swot, porterův model pěti sil, rozvaha, výkaz zisku a ztrát, konkurenceschopnost

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1 Introduction

Nineties in the Czech Republic represented a freedom and new start for the Czech Republic and a business. Some people decided to set up their companies after Velvet Revolution and opening borders. It was easier to follow business trends because there was connection with states abroad.

Among firms which started their business in nineties belongs Wemac company which started to sell filtration system. The founders of the company had competitive advantage because they belonged to the first companies which started their wholesale business in this engineering sector.

Nowadays government has ordered a legislation about determining conditions of occupational health protection and more companies started to produce or sell filtration systems. Factories should protect their employees and a demand for filtration systems has increased. There is not monopoly in the Czech Republic but on the other hand this business does not tend to imperfect competition.

First part describes basic terms and methods related to financial analysis, firm's strategy and competitiveness. The second part will examine data of the real company with the financial analysis between the years 2014-2016, market analysis and compare it with the whole sector on the market.

2 Objectives

The first objective is to introduce the background of Wemac company, its financial statements and the strategy of the company. Next objective is to apply learned methods from literature review to assess company's performance during given years and to build up marketing analysis. Finally, an important objective is to interpret results of financial and market analysis and to evaluate competitiveness of a company.

3 Literature Review

3.1 Financial Analysis

The goal of financial analysis is to analyse and critic business problems, company performance and shareholder value in economic terms. It should take a careful adjustment of data because it is often prepared with different objectives. (Helfert, 2000)

The role of financial analysis is to report and give information about company's performance, changes in financial position to compare past and current year. There are several decisions to which evaluating financial reports:

- Evaluating an equity investment for inclusion in a portfolio
- Evaluating a merger or acquisition candidate
- Evaluating a subsidiary or operating division of a parent company
- Determining the creditworthiness of a company that has made a loan request and extending credit to a customer
- Valuing a security for making an investment recommendation to others.
- Forecasting future net income and cash flow. (Robinson, 2009)

3.1.1 Users of Financial Analysis

Financial analysis should provide information for decision-making. The first step before financial analysis is to determine the users and divide them into two basic groups: external and internal users.

Among users belong management, investors or creditors who expect different objectives and sources of information. As is it seen in the table below, every audience has different objectives and sources of information.

Table 1: Map of Financial Analysis Objectives

<i>Audience</i>	<i>Goals or Objectives</i>	<i>Sources of Information</i>	<i>Analytical Tools</i>	<i>Financial position</i>
Investors	Valuation	Financial statements (annual report or 10-K)	Common-size financial statements	Valuation
Creditors	Ability to pay debt	Footnotes	Ration Analysis	Liquidity
Management	Efficiency	Management discussion	Cash flow projection	Profitability
		Other industry data		Solvency

Source: TEMTE, Andrew. Financial Statement Analysis

Internal users of the financial statements are related to the company. Internal users are represented by:

- Managers and owners
 - It is important to use financial statements for their decision in business and to see financial position of an organisation.
- Employees
 - Employees of the company use it for making collective bargaining agreements and for discussing promotions and rankings.

Among external users belongs:

- Institutional investors
 - Investors who use financial statements to assess the financial strength of a company.
- Financial institutions
 - For example, banks or other institutions that decide to help the company with working capital
- Government

- To analyse how the company pays taxes and to know about financial strength of a company
- Vendors
 - To assess the creditworthiness of the business
- General mass and media
 - Common people or media can be users of the analysis to think about a company (World Finance, *Users of Financial Statements*)

3.2 Financial Statements

Financial statements allow managers to observe the financial condition and operating results of the business. Helps to understand the cash flow patterns in more specific ways. At first, we should understand their nature and limitations before we can observe it. It reflects cumulative effects of all of management's past decisions. They are governed by rules that attempt to consistently and fairly for every business transaction using the following principles:

- Transactions are recorded at values prevailing in time
- If values decline the adjustment can be made.
- Revenues and costs should be recognized when pledged to and not when cash changes hands.
- Periodic matching of revenues and costs is achieved via accruals, deferrals and accounting allocations
- Permission for negative alternatives are required in the form of estimates that reduce profits and recorded value. It usually affects shareholder's equity or special set-asides. (Helfert, 2000)

3.2.1 Balance Sheet

"The balance sheet presents a summary statement of the firm's financial position at a given point in time." (Gitman, 2003, s. 47)

It is a statement which records the categories and amounts of assets and liabilities incurred to lenders and owners. It must always balance. The main reason is that the value of total assets invested in the business at any point in time must be matched by the recorded liabilities and owner's equity which supporting these assets. They reflect conditions on the date of their preparation. Balance sheet also represents the effect of all transactions and decisions that have been accounted for up to the date of preparation. Liabilities are obligations that represents claims against the assets of the business. It is the owner's repayment priority. (Helfert, 2000)

We can divide the major assets as:

- Current assets - short-term assets, expected to be transformed into cash within 1 year or less. Current assets turn over within a short period, such as cash, accounts receivable, inventories and marketable securities.
- Fixed assets - used over a longer time, for example land, mineral resources, building, machinery and vehicles
- Other assets - like deposits, patents and various intangibles

Obtained major sources of the funds:

- Current liabilities - short-term liabilities that should be paid within a year or less. It includes tax authorities, obligations to vendors, employees and lenders.
- Long-term liabilities - involves bonds, loans and mortgages. It is a variety of debt instruments repayable beyond one year.
- Owners' equity - represents the set amount of funds administers to various classes of owners of the business and accumulated earnings kept in the business after payments of dividends (Helfert, 2000)

3.2.2 Income Statement

The income statement is the set of data which represents financial summary of the firm's operating results during a specified period. The most common income statements covering 1-year period ending at a specified date, usually the end of the year, the 31th of December. (Gitman, 2003)

It reflects the effect of management's operating decisions on business performance and resulting the accounting profit or loss for owners of the business. The business is analysed over a specified time and the profit or loss calculated in the statement increases or decreases owner's equity on the balance sheet. The income statement is helping to balance sheet to explain the change in owner's equity. It provides a variety of performance assessment information and displays revenues recognizes for a specific period, the costs and expenses. (Helfert, 2000)

The elements which involve revenues and costs are:

- Sales for cash or credit,
- General and administrative expenses or research and
- Development costs
- Purchased of goods or for resale or manufacture, or cost of services provided.

(Helfert, 2000)

3.2.3 Statement of Retained Earnings

“The statement of retained earnings reconciles the net income earned during a given year, and any cash dividends paid, with the change in retained earnings between the start and the end of that year.” (Gitman, 2003, s. 47)

Retained earnings represents the residual profit after taxes for the period. A net amount which remains in company after payment of interest and dividends. It forms a significant part of the funding potential for additional investment and growth on the bottom of the chart. (Helfert, 2000)

3.2.4 Statement of Cash Flows

Cash Flow means the difference in amount of cash available at the beginning of a period and the amount at the end of that period. It is called positive if the closing balance is higher than the opening balance.

It captures the current operating results and the accompanying changes in the balance sheet. It gives us a resulting in cash from decisions made during a given period.

Cash flow statement consists of:

- Investments - increases in assets are uses of cash and disinvestments in assets are sources of cash
- Operations - Profitable are source of cash, losses drain cash from the system.
- Financing – trade credit and new financing are sources of cash and repayments of liabilities, dividends or returns of capital are uses of cash (Helfert,2000)

3.3 Competitiveness and Competition

The term competitiveness means an ability of the firm to success on the market. It should offer products which has some protentional for buyers. Competition means something different for each company. For example, one of the most popular kind of competition is to be the best like at sports. It means that they want to be excellent: have the best industry, best products and employees. They would like to be number one, focus on market share, compete by imitation and they make a race that no one can win. For most managers is it and idea how competition works.

“If rivals all pursue the “one best way” to compete, they will find themselves on a collision course.” (Magretta, 2012, s. 24)

Michael Porter has another opinion and compete to be the best is the wrong way of thinking about competition. He gave a name to this syndrome as a competition to be the best. For him strategic competition means choosing a different way from others. It should be variety of needs and to be unique. Every company is different; they produce a variety of products and services and every person has dissimilar needs and opinions as well. The aims are receiving higher returns, focus on profits, meet diverse needs of target customers, compete by innovation and get multiple winners. The real point of competition is not to beat your rivals; it is to earn profits. (Magretta, 2012)

3.3.1 Competitive Strategy

Competitive strategy means to find out how to be distinguished in the market. It is a combination of the ends for which firm wants to struggle and means how it wants to get there. In the picture below, we can see the formula of the key aspects of firm’s competitive strategy.

In the centre of the wheel are firm's goals, the broad definition of how to compete specific economic and noneconomic objectives. Around the centre we can see key operating policies with which the firm is seeking to achieve these goals.

“Depending on the nature of the business, management can be specific in articulating these key operating policies; once they are specified, the concept of strategy can be used to guide overall behaviour of the firm.” (Porter, 1980, s. 25)

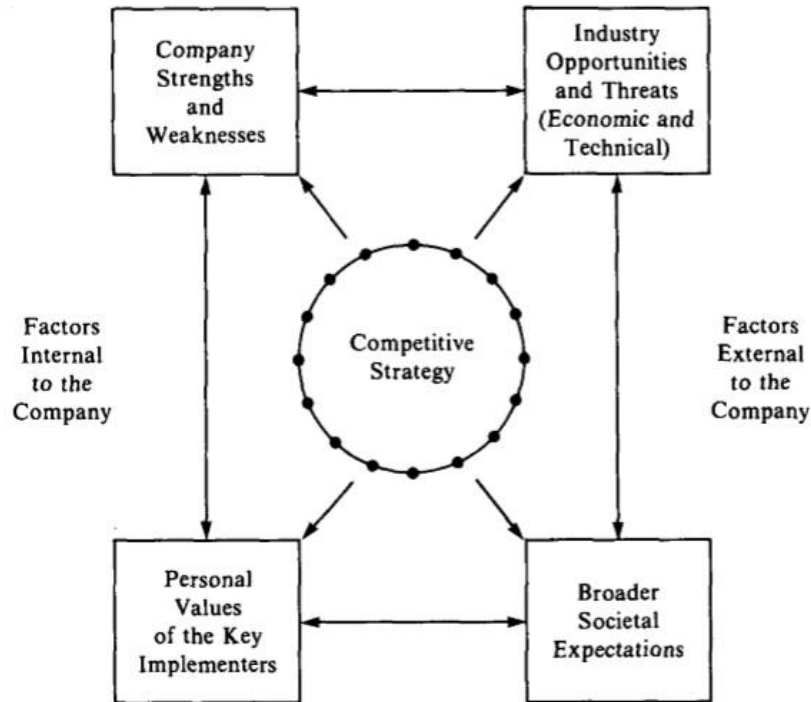
Figure 1: Wheel of Competitive Strategy



Source: PORTER, Michael. Competitive Strategy

In the other picture is the broadest level of formulating competitive strategy. It is composed of four key factors that determine the limit of what a company can successfully accomplish. The strengths and weaknesses of the company are its profile of assets and skills relative to competitors, including resources, technological posture or brand identification. Needs of the key executives, motivations are personal values, which must implement the chosen strategy. A company can successfully adopt internal limits to the competitive strategy. They are represented in strengths and weaknesses. (Porter, 1980)

Figure 2: How is the competitive strategy formulated



Source: PORTER, Michael. *Competitive Strategy*

3.3.2 Strategy

“Strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.” (Johnson, 2008, s.3)

Complexity is a defining feature of strategy and strategic decisions and is especially so in organisations with wide geographical scope, such as multinational. Uncertainty is inherent in strategy, because nobody can be sure about the future. (Johnson, 2008)

3.3.3 Marketing

“Marketing are activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people.” (Investopedia, Marketing)

Marketing is consisted of four important elements, 4P, which represent:

- Product selection, identification and development

- Price determination
- Selection of place – the point of sale
- Promotional strategy development and implementation

Marketing is based on consumers thinking, their satisfaction and it is important for companies to be more visible on the marketplace. The main goal of the marketing is to move a product or service from concept to the customer and to satisfy customer's needs. (Business Dictionary, *What is Marketing*)

4 Methodology

4.1 Financial statements analysis

Many tools of analysis are used to assess the implication of financial statement data. Financial methods are divided into three basic groups: horizontal analysis, vertical analysis and ratio analysis.

4.1.1 Horizontal Analysis

Horizontal analysis which is called trend analysis is a technique for evaluating a series of financial statement data over a period. Users of this analyses compare one year to another. The aim of this analysis is to control the increase or decrease that has happened. This change is expressed as either amount or percentage.

It is used in intracompany comparisons. It facilitates the comparison. It is used among basic financial statements which contain data for a minimum of two years or a summary of selected data which are for a series of five to ten years or even more. (Weygandt, 2010)

Formula of changes since base period:

$$\text{Base period change} = \frac{\text{Current Year Amount} - \text{Base Year Amount}}{\text{Base year amount}} \quad (1)$$

Formula for horizontal analysis of current year in relation to base year:

$$\text{Current Results in Base Period} = \frac{\text{Current Year Amount}}{\text{Base Year Amount}} \quad (2)$$

4.1.2 Vertical Analysis

Vertical analysis, which is called common size analysis is a technique that expresses an item as a percentage of a base amount within a given year. It focuses on a given year and shows every component of it. This analytical method is very useful for both intercompany and intercompany comparisons. This method can show us proportional changes of account balances and then can compare account balances in different years. The main goal of this analysis is to examine relationship within a given year. (Gitman, 2003)

The vertical analysis formula:

$$\text{Vertical analysis} = \frac{\text{Values of Item}}{\text{Sum of Items}} \quad (3)$$

4.1.3 Ratio Analysis

Ratio analysis expresses the relationship among selected items of financial statement data. A ratio expresses the mathematical relationship between one quantity and another. The relationship is expressed as terms or percentage, a rate or simple proportion. (Weygandt, 2010)

Liquidity Ratios

The liquidity of the firm which is measured by its ability to satisfy its short-term obligations. It refers to the solvency of the firm's overall financing position. These ratios are good leading indicators of cash flow problems. The two basic measures of liquidity are the current and the quick ratio.

Current Ratio

Current ratio measures the firm's ability to meet its short-term obligations.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad (4)$$

Quick Ratio

Quick ratio, also called acid-test is like the current ratio except that it excludes inventory, which is generally the least liquid current asset. The low liquidity is caused because many types of inventory cannot be easily sold because they are partially complete item and inventory is sold on credit that makes it an account receivable before being converted into cash.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \quad (5)$$

Cash Position Ratio

Cash position ratio is a ratio of financial assets and current liabilities. Among financial assets belongs cash, bank accounts and short-term financial assets.

$$\text{Cash Position Ratio} = \frac{\text{Financial Assets}}{\text{Current Liabilities}} \quad (6)$$

Debt Ratios

The debt position of a company shows the amount of other people's money being used to generate profits. The more debt a company uses, the greater is the financial leverage in relation to its total assets. The more fixed cost debt is used, the greater will be its expected risk and return.

“Financial leverage is the magnification of risk and return introduced through the use of fixed-cost financing, such as debt and preferred stock.” (Gitman, 2003, s.58)

Debt Ratio

Debt ratio is a measurement of the proportion of total assets financed by firm's creditors. The higher is this ratio, the greater is the amount of money which is from other people.

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \quad (7)$$

Debt to Equity Ratio

Ratio measures company's debt capital relative to equity capital. Higher amount of this ratio means that the company has higher financial risk. (Robinson, 2009)

$$\text{Debt to Equity ratio} = \frac{\text{Other sources}}{\text{Equity}} \quad (8)$$

Profitability Ratios

Profitability ratios measures the firm's profits with respect to a given level of sales, a certain level of assets or owner's investment. Without profits the firm could not attract outside capital.

Gross Profit Margin

Measures the percentage of each sales dollar remaining after the firm has paid for its goods. The higher gross profit margin, the better.

$$\text{Gross Profit Margin} = \frac{\text{Sales} - \text{Cost of Goods Sold}}{\text{Sales}} \quad (9)$$

Return on Total Assets (ROA)

Return on total assets, which is often called the return on investment, measures the overall effectiveness of management in generating profits with its available assets. The higher, the better.

$$ROA = \frac{\text{Earnings Available for Common Stockholders}}{\text{Total Assets}} \quad (10)$$

Return on Common Equity (ROE)

With ROE is measured the return earned on the common stockholder's investment in the firm. The higher return, the better off are the owners. (Gitman, 2003)

$$ROE = \frac{\text{Earnings Available for Common Stockholders}}{\text{Common Stock Equity}} \quad (11)$$

Return on Sales

ROS shows how many percent of revenue create the profit and display company's effectiveness. (Investopedia, *Return on Sales*)

$$\text{Return on Sales} = \frac{\text{Earnings After Taxes}}{\text{Sales}} \quad (12)$$

Activity Ratios

Activity ratios, also called operating efficiency ratios, measure how well company manages various activities. How efficiently assets are used by a company. These ratios manage working capital and longer-term assets.

Total Assets Turnover Ratio

Total assets turnover ratio indicates money tied up in inventory and which can be used as resources to indicate inventory management effectiveness.

$$\text{Total Assets Turnover Ratio} = \frac{\text{Revenue}}{\text{Total Assets}} \quad (13)$$

Inventory Turnover Ratio

Inventory turnover ratio measures how many times is inventory of the company sold and replaced over a period of time.

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Inventory}} \quad (14)$$

Receivables Turnover Ratio

Receivables turnover ratio measures an effectiveness and how many times accounts receivables are collected during a year. (Robinson, 2009)

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Short} + \text{Long Term Receivables}} \quad (15)$$

4.2 Market Analysis

4.2.1 PESTLE Analysis

The PESTLE framework is composed of factors which influence the environment of the company. It provides general list of effects on the success or failure of strategies.

PESTLE stands for:

- Political
 - represents the main role of government and laws. Potential change of government which can cause changes in policies and priorities.
- Economic
 - focuses on macro-economic factors like exchange rates, business cycles and differential economic growth rates all around the world. Economy can be limited to the home country or global trade laws. It has a worldwide impact.
- Social
 - influences are consisted of changing cultures and demographics such as ageing populations. These factors are caused by customers.

- Technological
 - influences mean innovations like the internet and the rise of new composite materials. This area is important for development of technology.
- Legal
 - wants to keep legislative constraints or changes like health and safety.
- Environmental
 - stands for clean nature and environment such as pollution and waste. It is important to protect them.

Managers should analyse these factors because it is important to see future aspects of the company. A lot of these factors are linked together. For example, technology developments can change economic factors in the way of changing working positions and environmental factors because it can reduce pollution. (Johnson, 2008)

“The key drivers for change are environmental factors that are likely to have a high impact on the success or failure of strategy.” (Johnson, 2008, s.56)

4.2.2 Porter’s Five Forces

Porter’s five forces is updated framework of SWOT analysis. It is more specific for observing the environment of the company. It was used to evaluate profit protentional of different industries because a selected company is evaluated more deeply. The five forces represent an industry structure.

“The five forces framework explains the industry’s average prices and costs, and therefore the average industry profitability you are trying to beat. The general rule is the more powerful the force, the more pressure it will put on the prices.” (Magretta, 2012, s. 35)

Porter’s Five Forces framework was originally developed as a way of assessing the profit protentional. Porter’s opinion is that where these five forces are high, industries are not attractive to compete in. It is possible to do a strategic analysis even when the profit criteria may not apply. (Johnson, 2008)

Figure 3: The Five Forces



Source: MAGRETTA, Joan. Understanding Michael Porter

The five forces consist of:

The threat of entry

Entry barriers are protectors of an industry from newcomers who would add new capacity and who want to gain market share. It is influenced the most at degree of competition because it is an obligation to know how easy it is to enter the industry. It depends on the extent and height of barriers of entry. Barriers, factors that should be overcome by new entrants. For existing competitors are high barriers better because they can protect them from new competitors on the market. Typical barriers could be scale and experience, expected relation or legislation or government action. (Magretta, 2012)

The threat of substitutes

Substitutes are characterized by products or services that meet the same basic needs as the industry's product in a different way. (Magretta, 2012)

Substitutes offer a similar benefit with replacing a product to another type. It can influence a demand because customers can switch into these alternative because of advantageous prices.

“The simple risk of substitution puts a cap on the prices that can be charged in an industry.” (Johnson, 2008, s. 62)

The power of buyers

Customers are essential for the survival of any business. Concentrated buyers represent a few large customers account for more sales which increase buyers power. Low switching costs cause that buyers can switch between one supplier to another. If the buyer has some facilities to supply itself, it tends to be powerful. In negotiation, it can raise the threat of doing the suppliers’ job themselves. (Johnson, 2008)

“Powerful buyers will force prices down or demand more value in the product, this capturing more of the value for themselves.” (Magretta, 2008, s.39)

The power of suppliers

Suppliers are people who supply the given organisation with things which the company wants to produce. For example, a fuel, raw materials and equipment. The factor that increasing supplier power is the opposite of buyer power. There are few producers which can dominate supply and suppliers have more power over buyers. If it is expensive to move from one supplier to another than buyers become more dependent. Suppliers have increased power when they can cut out buyers acting as intermediaries. (Johnson, 2008)

“Power suppliers will change higher prices or insist on more favourable terms, lowering industry profitability.” (Magretta, 2012, s. 40)

The extent of rivalry

The competitive forces intervene on the direct competitive rivalry between an organisation and its most immediate rivals. Powerful buyers with low switching costs force their suppliers to high rivalry to offer the best deals. If companies which are equal size, there is a danger of intense competition – one competitor wants to dominate over others. If there are less rivalrous industries, companies tend to have one or two dominant organisations.

Organisation can grow with the market in situation of strong growth. However, when there is a low growth, any growth is the expense of a rival. Low profitability represents low-growth market. High fixed costs require investment in capital equipment. Companies will seek to reduce unit costs by increasing their volumes, for instance, cut prices.

Rivalry is also influenced by high exit barriers. In a commodity market, where products or services are poorly demanded, is low differentiation. There is increased rivalry because customers switching between competitors and the only way how to compete is in price. (Johnson, 2008)

4.2.3 Boston Matrix

Boston Matrix was developed by Boston Consulting Group to evaluate the business portfolio in marketing and sales planning. The aim is to evaluate the product in two dimensions: market growth and market share.

Among quadrants belongs:

- Cash cows – do not need high investment. They are basis of the company's profitability.
- Stars – have a big potential to become cash cows, but it is necessary to invest in advertising or innovations.
- Question marks – company have to differentiate between them, they can become cash cows.
- Dogs – they have low profitability, company should decide to withdraw these products from the market. (Management Mania, *Boston matrix*)

4.2.4 SWOT Analysis

SWOT analysis is used to assess a business or a proposition. It is an analyses of business environment and the strategic capability. The goal is to identify the extent to which strengths and weaknesses are relevant to changes in business environment. It is useful if it is comparative, it means that if it examines strengths, weaknesses, opportunities and threats in relation to competitors. It helps to focus on future choices and the extent to which an organisation can support these strategies.

The SWOT is consisted of:

- Strengths
 - help to make stronger market position, to get before the competitor and are influenced by internal resources.

- Weaknesses
 - the goal is to minimize weaknesses to improve the strategy of the company. They come from internal resources.
- Opportunities
 - a chance to develop the market position of the company.
- Threats
 - risks which can endanger the goals of the company.

There are possible dangers of analysis. It can generate very long lists of strengths, weaknesses, opportunities and threats where we are not able to say what is exactly important at what is less important. The other danger is overgeneralization.

“Identifying a very general explanation of strategic capability does not explain the underlying reasons for that capability.” (Johnson, 2008, s.120)

5 Results

5.1 Basic Information about Wemac Company

Wemac company was established in 1995 as a limited liability company. The registered capital of the company was 100 thousand CZK which was paid by founders equally. The founders of the company are siblings who are also managing directors of the company. The headquarters of the company is in the capital city.

Wemac company belongs to an engineering sector and it is specialized in oil mist, fume and dust extraction equipment for all types of manufacturing and engineering processes. This company provides a care of manufacture's environment and creates better environment for factory workers. Company's machine operators provide a service in which customers can get a non-binding offer with a detailed plan about filtration systems with technical data, a price list and graphical data, which are usually done in CAD programme.

The company cooperates with foreign companies from which imports many kinds of products, for example, with companies from the United Kingdom, Sweden, Denmark or Germany. Products include protection separators of aerosols, oil mist collectors, oil smoke filters, extraction arms, magnetic separators, liquid filtrations, dust impurities and other filtering systems.

The table below shows data about a number of employees and wages. Since the start of the business the company has expanded. In comparison with 2014, in 2016 the company hired four new employees. The company offers positive atmosphere and fair behaviour to its employees and if some employees do their job well, they will get incentive bonus.

Table 2: Number of employees and wages

Years	2014	2015	2016
Number of employees	13	16	17
Number of management members	2	2	2
Wages (thousands of CZK/year)	7067	8163	8286

Source: Data from selected company

5.2 Financial analysis of the selected company

5.2.1 Horizontal and Vertical Analysis of Balance Sheet

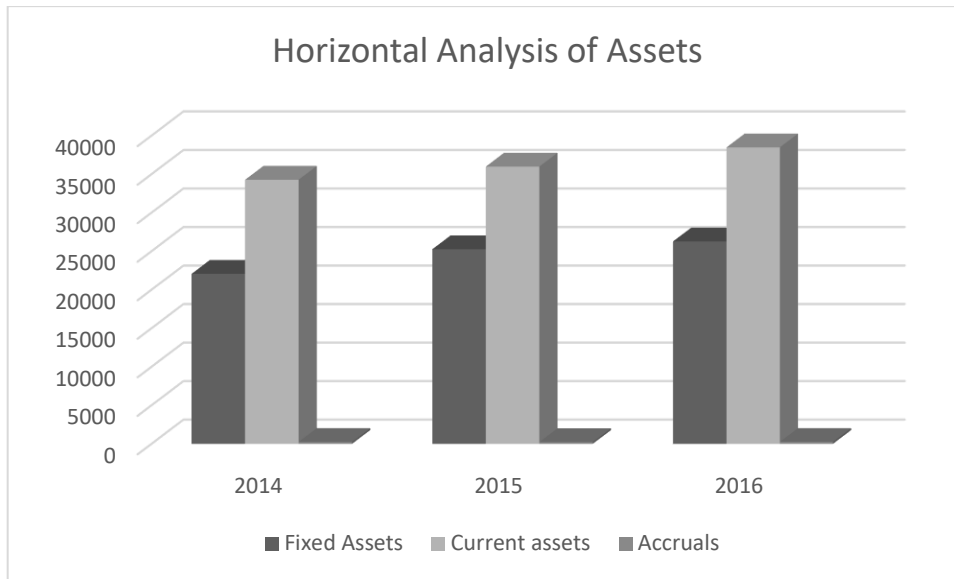
Table 3: Horizontal analysis of assets (thousands of CZK)

	2014	%	2015	%	2016	%
Total assets	56580	100	61464	108,63	64993	114,87
Fixed Assets	22068	100	25259	114,56	26273	119,05
Intangible fixed assets	90	100	93	103,33	58	64,44
Tangible fixed assets	20256	100	23337	115,21	21890	108,07
Long-term financial assets	1722	100	1829	106,21	4325	251,16
Current assets	34274	100	35983	104,99	38475	112,26
Inventory	6098	100	6080	99,7	7574	124,2
Long-term receivables	39	100	24	61,54	18	46,15
Short-term receivables	16339	100	14316	87,62	20545	125,74
Short-term financial assets	11798	100	15563	131,91	10338	87,63
Accruals	238	100	222	93,28	245	102,94

Source: own calculations

Total assets of the company increased in 2015 by 9% and in 2016 by another 5% in comparison with 2014. Fixed assets increased in 2015 by 15% and in 2016 by 19% in comparison with 2014. Intangible fixed assets decreased in 2016 by 42% in comparison with 2014. The reason was that the company did not have to extend licences of software or buy new ones. In 2015 tangible fixed assets increased by 15% in comparison with 2014. It was caused by completing and renovation of the new headquarters. Long-term financial assets increased in 2016 by 4 201 000 CZK in comparison with 2014 because the company bought new cars on credit contracts and renovated car fleet. Inventory increased in 2016 by 24% in comparison with 2014. The reason was that the company started to buy products after trade fair to get a bargain before the end of the year to have full storage for customers. Long-term receivables increased in 2015 by 38% and in 2016 by 54% in comparison with 2014. It happened because in 2015 and 2016 there were unpaid invoices by customers and Wemac company had to wait for payments.

Graph 1: Horizontal analysis of assets (thousands of CZK)



Source: own input

Table 4: Horizontal analysis of liabilities (thousands of CZK)

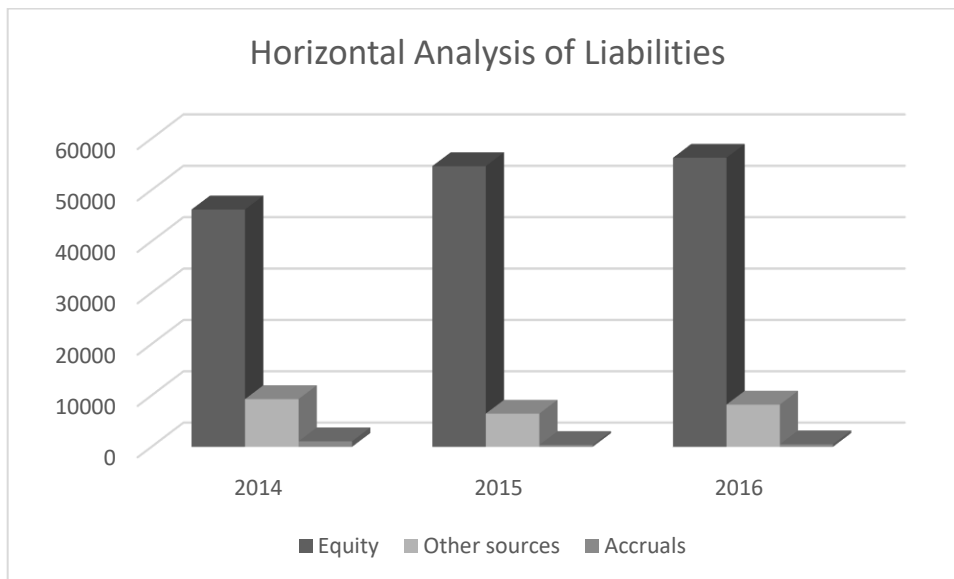
	2014	%	2015	%	2016	%
Total liabilities	56580	100	61464	108,63	64993	114,87
Equity	46208	100	54641	118,25	56282	121,8
Registered capital	100	100	100	100	100	100
Capital funds	217	100	323	148,85	367	169,12
Funds from earnings	10	100	10	100	10	100
Profit/loss previous year	31347	100	35382	112,87	40468	129,1
Profit/loss current years	14534	100	18826	129,53	15337	105,52
Other sources	9298	100	6463	69,51	8219	88,4
Reserves	0	100	0	x	0	x
Long-term payables	0	100	1360	x	827	x
Short-term payables	9298	100	5103	54,88	7392	79,5
Bank loans	0	100	0	x	0	x
Accruals	1074	100	360	33,52	492	45,81

Source: own calculations

The table above reflects the structure of liabilities. In 2016 total liabilities increased by 15% in comparison with 2015. Equity increased in 2015 by 18% and in 2016 by 22% in comparison with 2014. The reason is that the owners of the company did not divide retained earnings from previous years and leave the money on the company account. Profit of current year in 2015 increased by 30% in comparison with 2014 thanks to a higher turnover from selling

products. Other sources in 2015 decreased by 30% and in 2016 by 12% in comparison with 2014. It was caused by lesser number of short-term payables.

Graph 2: Horizontal analysis of liabilities (thousands of CZK)



Source: own input

Table 5: Vertical analysis of assets (thousands of CZK)

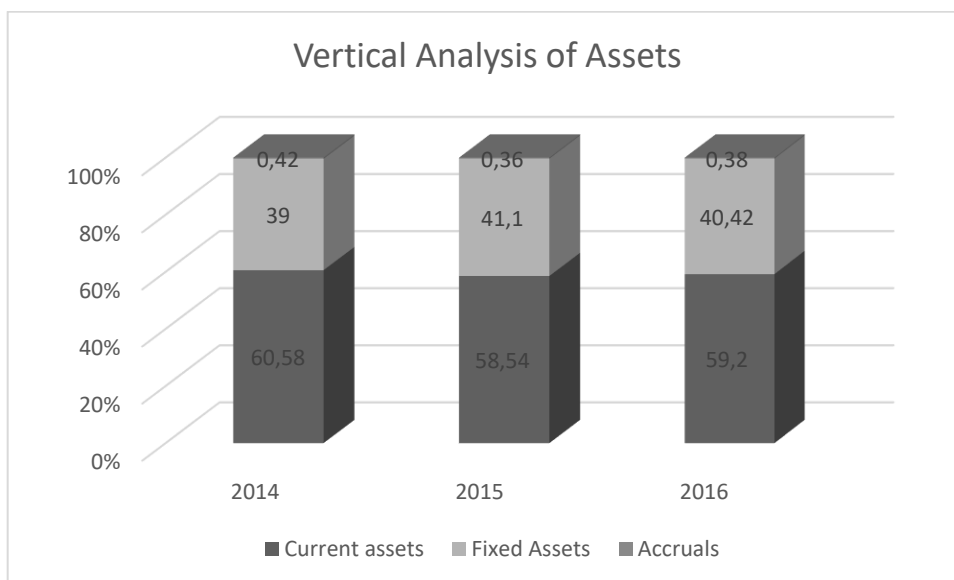
	2014	%	2015	%	2016	%
Total assets	56580	100	61464	100	64993	100
Fixed Assets	22068	39	25259	41,1	26273	40,42
Intangible fixed assets	90	0,16	93	0,15	58	0,09
Tangible fixed assets	20256	35,8	23337	37,97	21890	33,68
Long-term financial assets	1722	3,04	1829	2,98	4325	6,65
Current assets	34274	60,58	35983	58,54	38475	59,2
Inventory	6098	10,78	6080	9,89	7574	11,65
Long-term receivables	39	0,07	24	0,04	18	0,03
Short-term receivables	16339	28,88	14316	23,29	20545	31,61
Short-term financial assets	11798	20,85	15563	25,32	10338	15,91
Accruals	238	0,42	222	0,36	245	0,38

Source: own calculations

The table below represents vertical analysis of total assets. As it is seen in the table, amount of total assets increased in comparison with 2014. Three main proportions of total assets are fixed assets, current assets and accruals. The biggest percentage gained current assets. In

2014 the amount of current assets was almost 61% of total assets. The other bigger part of total assets are fixed assets. In 2014 it represented 39% of total assets and in 2015 it was 41,1%. Accruals are around 0,5%.

Graph 3: Vertical analysis of assets



Source: own input

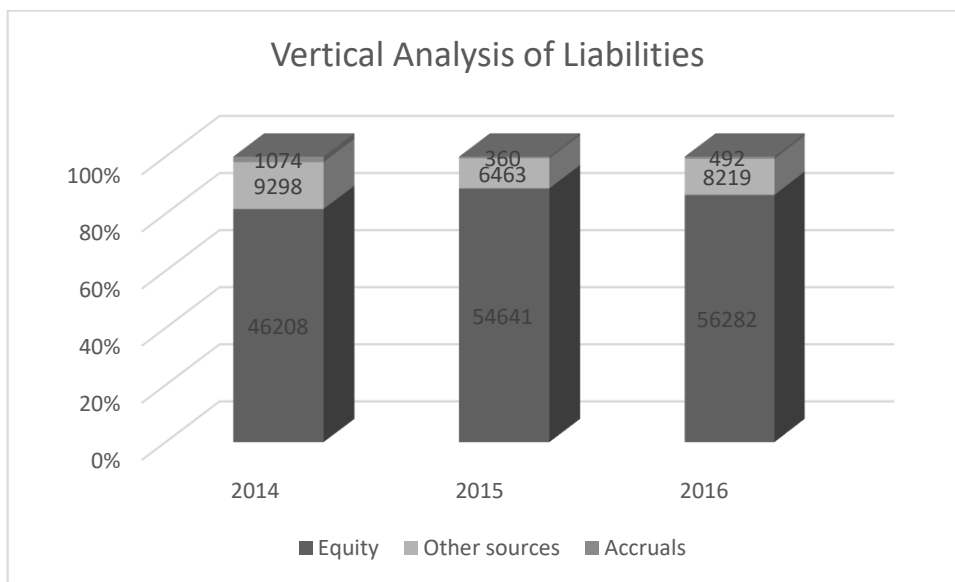
Table 6: Vertical analysis of liabilities (thousands of CZK)

	2014	%	2015	%	2016	%
Total liabilities	56580	100	61464	100	64993	100
Equity	46208	81,67	54641	88,9	56282	86,6
Registered capital	100	0,18	100	0,16	100	0,15
Capital funds	217	0,38	323	0,53	367	0,56
Funds from earnings	10	0,02	10	0,02	10	0,02
Profit/loss previous year	31347	55,4	35382	57,57	40468	62,27
Profit/loss current years	14534	25,69	18826	30,63	15337	23,6
Other sources	9298	16,43	6463	10,52	8219	12,65
Reserves	0	x	0	x	0	x
Long-term payables	0	x	1360	2,21	827	1,27
Short-term payables	9298	16,43	5103	8,3	7392	11,37
Bank loans	0	x	0	x	0	x
Accruals	1074	1,9	360	0,59	492	0,76

Source: own calculations

The table of liabilities mostly consists of equity. The share of equity in 2014 was 82%, in 2015 89% and in 2016 86,6 %. Profit and loss from previous years increased in comparison with 2014, in 2016 it represented 62% of equity. Other sources were the highest in 2014. It had amount of 16% because of higher trade payables. Accruals had the highest share in 2014 when represented almost 2% of total liabilities. The reason was that a company prepared money for wages on the grounds of new headquarters.

Graph 4: Vertical analysis of liabilities



Source: own input

5.2.2 Horizontal and Vertical Analysis of Profit and Loss Statement

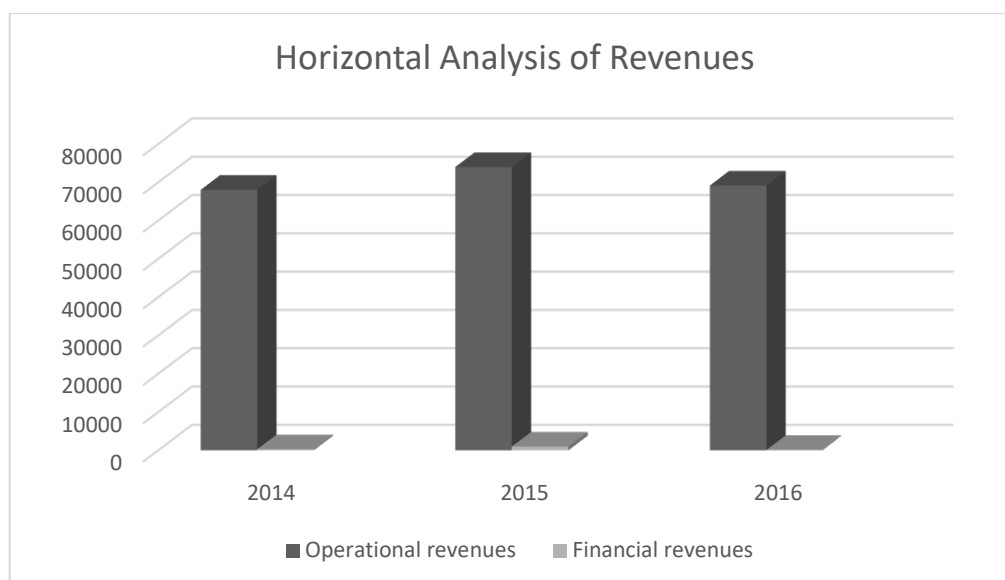
Table 7: Horizontal analysis of revenues (thousands of CZK)

	2014	%	2015	%	2016	%
Revenues	68314	100	74957	109,7	69248	101,4
Operational revenues	68033	100	73969	108,7	69152	101,6
Revenues from sold goods	65427	100	70858	108,3	67363	103
Production	2520	100	2808	111,4	1376	54,6
Revenues from disposals of fixed assets	0	100	225	x	311	x
Other operating revenues	60	100	78	130	102	170
Financial revenues	281	100	988	352	96	34
Revenues from long-term financial assets	3	100	3	100	7	233
Interest revenues	67	100	16	23,88	12	17,91
Other financial revenues	211	100	969	459,2	77	36,49

Source: own calculations

The table above reflects the structure of revenues. In 2015, there is almost 10% increase in revenues in comparison with 2014. It was caused by two companies which needed to equip their factories by filtering systems. In 2016 the revenues from the sale of own products and services decreased by 45% in comparison with 2014. Revenues from the sale of own products and services represent agreements with customers who have bought filtering machines from Wemac company and who need service of the machines. Wemac company provides these services at least twice a year to control filtering systems and to clean the interior of supplied machines. The decrease was caused by lesser amount of these services. Financial revenues increased in 2015 by 717 000 CZK in comparison with 2014 and decreased in 2016 by 66% in comparison with 2014. The change was caused by other financial revenues which are consisted of account 663 – exchange rate difference. Wemac company orders their products by fixed exchange rate and these amounts are in inventory check.

Graph 5: Horizontal analysis of revenues (thousands of CZK)



Source: own input

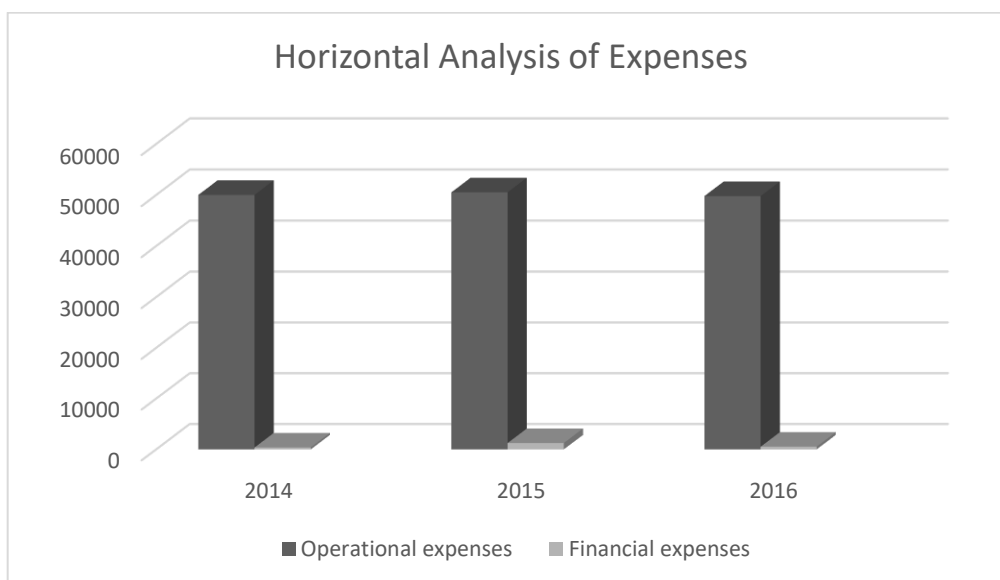
Table 8: Horizontal analysis of expenses (thousands of CZK)

	2014	%	2015	%	2016	%
Expenses	50402	100	51781	102,7	50318	99,83
Operational expenses	50022	100	50526	101	49785	99,53
Cost of goods sold	30527	100	32695	107,1	31629	103,6
Production consumption	8520	100	4595	53,93	4130	48,47
Personal expenses	9550	100	11071	115,9	11182	117,1
Taxes and fees	39	100	43	110,3	50	128,2
Depreciations of intangible and tangible assets	799	100	1314	164,5	1722	215,5
Net book value of sold fixed assets	0	100	60	x	9	x
Change in operating reserves and adjustments and complex deferred costs	-384	-100	-9	-2,34	0	x
Other operating revenues	971	100	757	77,96	1063	109,5
Financial expenses	380	100	1255	330,3	533	140,3
Interest expenses	0	100	33	x	58	x
Other financial expenses	380	100	1222	321,6	475	125

Source: own calculations

This table represents changes of expenses. Expenses in total do not differ as much as changes in individual items. There is a big change in production consumption which represented 8 520 000 CZK in 2014. In 2015 the production decreased by 46% and in 2016 by another 5,5% in comparison with 2014. The reason was that the company bought a new headquarters. Wemac company was a tenant and it was the reason why it paid higher energy consumption. Since 2015 the company has been in its own building and cost of energy consumption is lower. In 2015 and 2016 personal expenses increased in comparison with 2014 because the company hired more employees. Depreciations of intangible and tangible assets increased by 64% in 2015 and by another 50% in 2016 in comparison with 2014. It was caused by the damage of four cars during the year and Wemac company had to buy new cars to replace the old ones. Financial expenses increased in 2015 by 875 000 CZK in comparison with 2014 and in 2016 they decreased by 722 000 CZK in comparison with 2015. The reason was that the company had to conclude credit contracts for new cars and pay expenses for insurance.

Graph 6: Horizontal analysis of expenses (thousands of CZK)



Source: own input

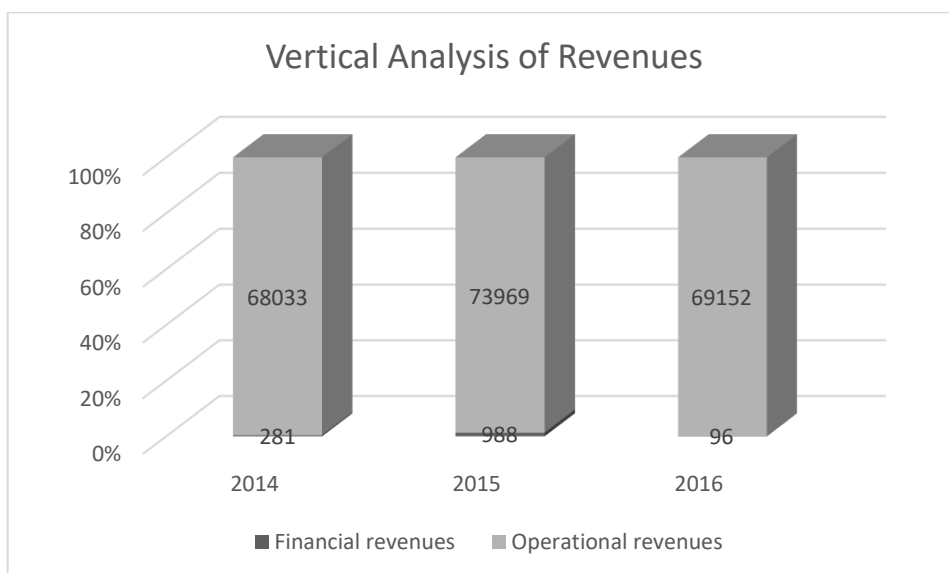
Table 9: Vertical analysis of revenues (thousands of CZK)

	2014	%	2015	%	2016	%
Revenues	68314	100	74957	100	69248	100
Operational revenues	68033	99,59	73969	98,68	69152	99,86
Revenues from sold goods	65427	95,77	70858	94,53	67363	97,28
Production	2520	3,69	2808	3,75	1376	1,99
Revenues from disposals of fixed assets	0	x	225	x	311	0,45
Other operating revenues	60	0,09	78	0,1	102	0,15
Financial revenues	281	0,41	988	1,32	96	0,14
Revenues from long-term financial assets	3	0,004	3	0,01	7	0,01
Interest revenues	67	0,1	16	0,02	12	0,02
Other financial revenues	211	0,31	969	1,29	77	0,11

Source: own calculations

The main parts of vertical analysis of revenues are operational revenues and financial revenues. Extraordinary revenue had zero value in the statement. Operational revenues represented the highest share in vertical analysis of revenues. In 2014 the revenues from sold goods consisted of 96%, in 2015 95% and in 2016 97%. Production represented 3,69% of revenues and in 2015 it was 4% of revenues. Financial revenues had the highest share in 2015 when it represented 1,32% of revenues.

Graph 7: Vertical analysis of revenues (thousands of CZK)



Source: own input

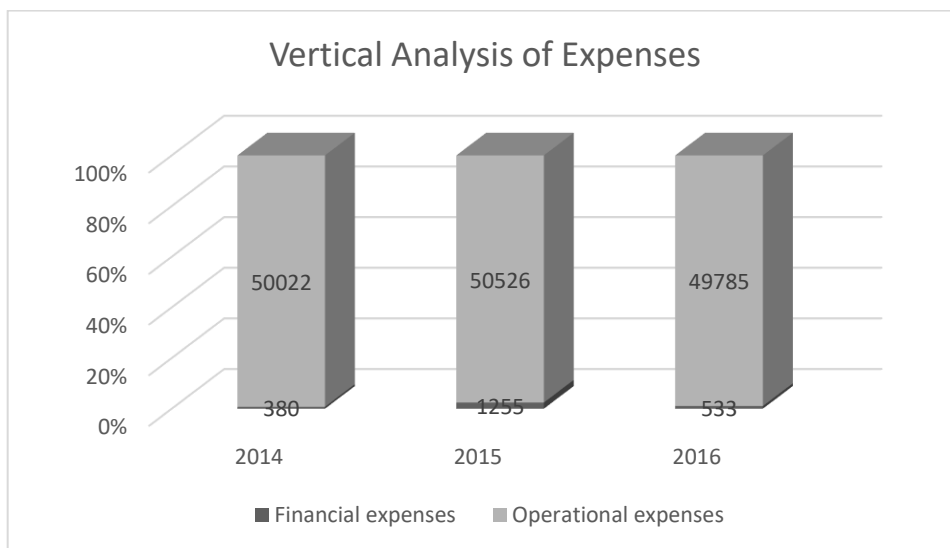
Table 10: Vertical analysis of expenses (thousands of CZK)

	2014	%	2015	%	2016	%
Expenses	50402	100	51781	100	50318	100
Operational expenses	50022	99,25	50526	97,58	49785	98,94
Cost of goods sold	30527	60,57	32695	63,14	31629	62,86
Production consumption	8520	16,9	4595	8,87	4130	8,21
Personal expenses	9550	18,95	11071	21,38	11182	22,22
Taxes and fees	39	0,08	43	0,08	50	0,1
Depreciations of intangible and tangible assets	799	1,59	1314	2,54	1722	3,42
Net book value of sold fixed assets	0	x	60	0,12	9	0,02
Change in operating reserves and adjustments and complex deferred costs	-384	-0,76	-9	-0,02	0	x
Other operating revenues	971	1,93	757	1,46	1063	2,11
Financial expenses	380	0,75	1255	2,42	533	1,06
Interest expenses	0	x	33	0,06	58	0,12
Other financial expenses	380	0,75	1222	2,36	475	0,94

Source: own calculations

As it is seen in the table, the portion of operational expenses dominated the share of equity. In 2014 the amount of operational expenses was 99%. The main part of operational expenses is Cost of goods sold. In 2014 it was 61%, in 2015 and 2016 it was 63% of expenses. Financial expenses approximately represented 1,5% of expenses.

Graph 8: Vertical analysis of expenses



Source: own input

5.2.3 Ratio Analysis

Liquidity ratios

If liquidity ratio – current ratio and quick ratio, is greater than 1, the company is in good financial health. Wemac company is less likely to fall because the smallest amount of current ratio is 3,69. The liquidity of the company is high because managers did not divide retained earnings and save money for equipment for new buildings. Cash position ratio was lowest in 2014 where the amount represented 19% which is an optimal value.

Table 11: Liquidity ratios (percentage)

Year	2014	2015	2016
Current ratio	3,69	7,05	5,2
Quick ratio	3,03	5,86	4,18
Cash position ratio	0,19	0,36	0,59

Source: own calculations

Profitability Ratios

Profitability ratios measures company's ability to make a profit from its assets. Wemac profitability is in a good condition because amounts are higher than recommended values. As it is seen in the table, Wemac company earned 55 halers on a crown. Return on assets in 2016 was 24% and recommended values should be at least 5%. Return on equity in 2016 was 27% and minimum value should be more than 12%. Return on sales in 2016 was 22% which means that 22% of the profit is created by revenues and recommended value is at least 10%.

Table 12: Profitability ratios (percentage)

Year	2014	2015	2014
Gross profit margin	0,55	0,56	0,54
ROA	0,26	0,31	0,26
ROE	0,31	0,34	0,31
ROS	0,21	0,26	0,22

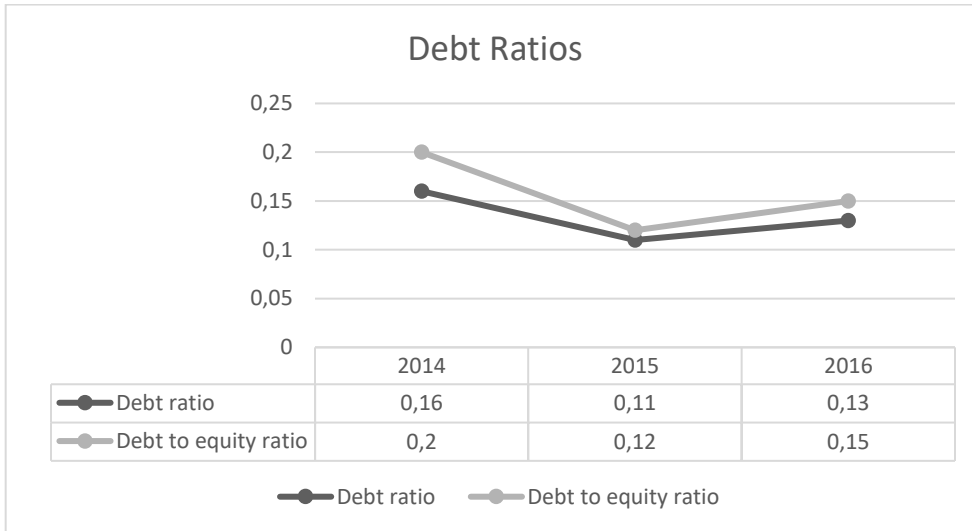
Source: own calculations

Debt Ratios

The higher value of debt ratio is riskier for companies. Values below 0,5 means that the company is in a good condition. As it is seen in the graph, debt ratios represent small amount because the company has only loans for cars and other property of the company is in a private

ownership. The company bought new headquarters and storage building which are owned by a company as well.

Graph 9: Debt ratios (percentage)

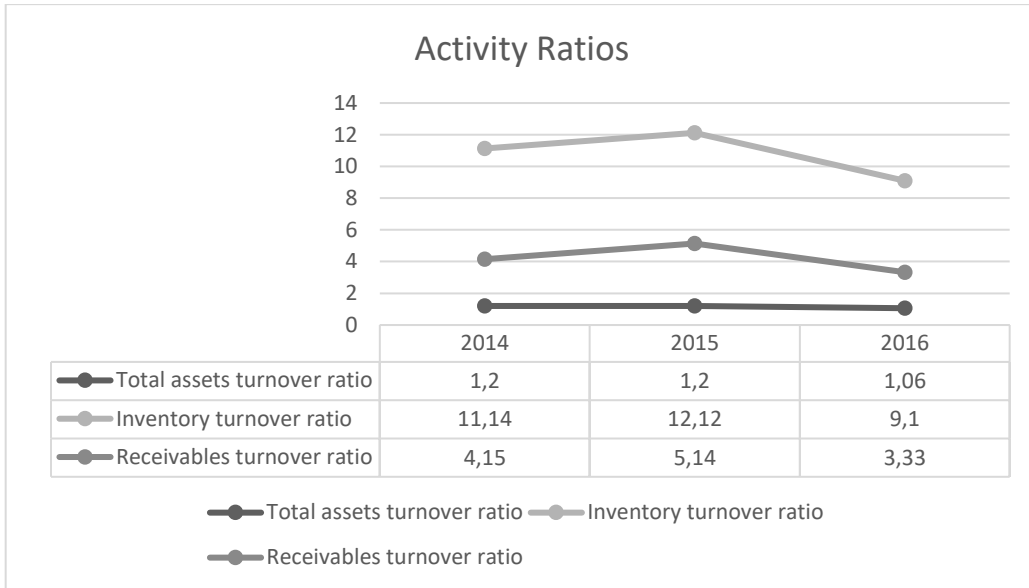


Source: own calculations

Activity Ratios

Activity ratios represents the ability to benefit from the use of specific assets. Recommended value of total assets turnover ratio is higher than 1. Wemac company did not go under this value and the highest value of this ratio was during years 2014 and 2015. Inventory turnover ratio was the highest in 2015 and it means that the company could turn over its inventory 12,12 times per year. Receivables turnover ratio in 2015 was 5,14 which means that the company collected its receivables 5,14 times per year.

Graph 10: Activity ratios (percentage)



Source: own calculations

5.3 Marketing and Strategy of the Company

The main goal of the company is building the brand awareness. This company is highly dependent on suppliers because of cooperation and selling their products. The company wants to improve the position on the market through good quality products and satisfaction of its customers. In technical branch it is important to have positive references and experience with products.

The marketing strategy comprises a well-arranged web page where customers can find a lot of information about the company, for instance, a list of products and services, certificates, filtration principles and contacts. The company is active on social media – Facebook, Twitter, Google+ and LinkedIn. The company also has adverts on AdWords – a Google tool for creating online ads to reach people when they are interested in your products, and Sklik which is also an online advertising tool for ads via Seznam.cz.

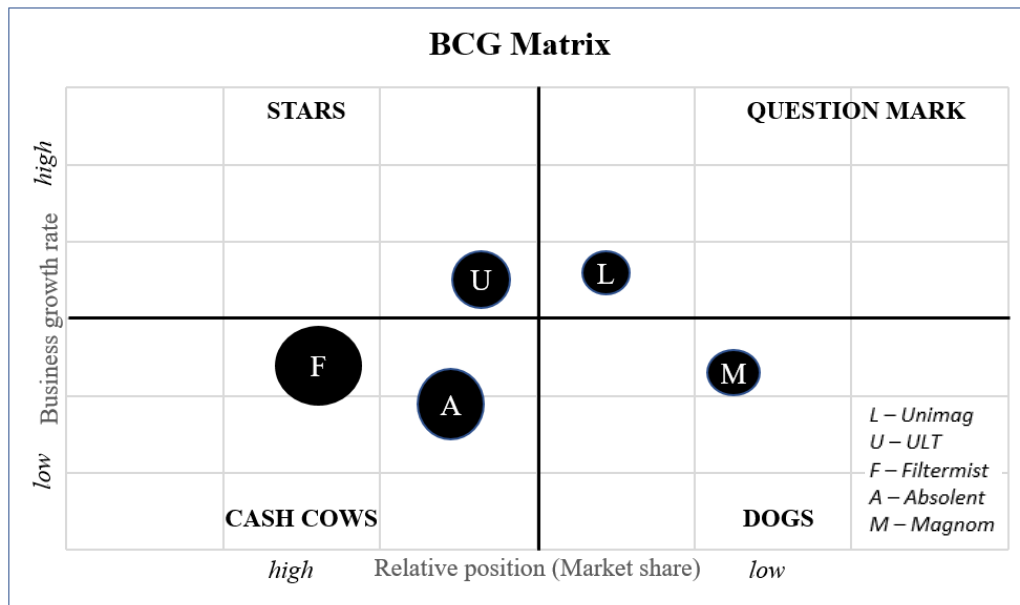
Twice a year employees of the company visit trade fairs in Prague (For Industry) and in Brno (International Engineering Fair) to think about new products and to be in a contact with possible suppliers and customers. Once in two years there is the EMO Hannover trade show

which is the most important trade fair in Europe for all engineering companies and WEMAC company joins this trade show regularly.

Once or twice a year this company also publishes an article about filtration in technical magazines.

5.3.1 Boston Matrix

Graph 11: Boston Matrix



Source: own input

Boston matrix represents a portfolio of the company. A question mark is a magnetic separator Unimag. This is a product which is new in stock and it has a possibility to become cash cow because customers want to try this product.

Star of this matrix is a filtration system from the company ULT. This filtration is specialized in dust and smoke filtration and soldering fumes. This product is profitable but with a better promotion it has a possibility to become more popular among customers.

Cash cows are products which are the base of a profitability. Wemac company cooperates with a company Filtermist for a long time. Because of a long tradition and good quality results has Filtermist the most sold products from Wemac company's portfolio. Products from Absolent company are the second most sold product. The specialisation of this company is smoke oil filtration or dust filtration. These products do not need higher costs on advertising.

Dogs are not the biggest problem in this company but we can find a product which can be characterized in this category. Magnum pre-filter units are products which has lower level of profit and in the Czech Republic is not popular. It can be caused by innovative technology of this filtering system which is represented in question mark.

5.3.2 PESTLE Analysis

Political factors

Political factors are mostly influenced by the government. Nowadays, some political parties and Czech president want to implement a referendum about serious topic such as leaving the European Union or NATO which are the most important partnership. Without European Union the country will not be able to get grants for enterprise, export and import products and services can be more difficult and students will not have a lot of opportunities and simplifications to study abroad. Server Aktuálně.cz published an article that the Czech Republic can be afraid of “Czexit.”

Stability of Czech government is not the greatest because there were some scandals among prime ministers. For instance, BBC news wrote about Prime Minister Petr Nečas. He was forced to resign in the year 2013 because of corruption and bribery scandal which lead to new elections. Now there is a problem with the prime minister in demission, Andrej Babiš, who is accused of corruption.

After presidential elections, where have won Milos Zeman, a lot of foreign countries were not satisfied. The Guardian wrote many reason such as that he is pro-Russia politician, support cooperation with China and he divide the Czech society. (The Guardian, 2018)

In the Czech Republic have been implemented a registration of sales – EET in the end of the year 2016. This system represents an online communication between entrepreneurs and Financial Authority. Registration of sales helps to ensure the tax revenue of the state. For wholesales and retails it has been established since 1st of March 2017. (etrzby.cz, EET)

Economic factors

Economic factors affect power of potential consumer and the firm’s cost of capital. Among important factors belong inflation, GDP, unemployment rate or amount of wages.

Table 13: Economic factors

Factor	2013	2014	2015	2016	2017
Inflation rate	1,4%	0,4%	0,3%	0,7%	2,5%
GDP	-0,9%	2%	4,3%	2,3%.	4,5%
Unemployment rate	7,1%	6,1%	5%	4%	4,1%
Average wage (CZK)	25128	25686	26467	27859	28617
Minimal wage (CZK)	8000/8500	8500	9200	9900	11000

Source: Czech statistical office, kurzy.cz

Inflation rate is an increase in average annual consumer price index and indicates the change of the price. Czech statistical office shows that the highest value was in 2016 were represented by 2,5%. During observed years inflation rate was under 1%.

Gross domestic product is a key indicator of economic development. It consists of the sum of values added by all branches and activities which are productive in the system. According to server kurzy.cz GDP had the highest value in the year 2017. The lowest value was in the year 2013 where represented negative value.

Unemployment rate is in our country in the low position. According to Czech statistical office was the highest in the year 2013 where represented 7,1%. Since the year 2014 the unemployment rate increased. Nowadays the unemployment rate is around 4,1%.

Average wage includes the information about income of workers in given period. Average wage has increased since 2013. Nowadays the amount tends to 30000 CZK

Minimal wages per month are very low but year to year it represents increasing trend. During the year 2014 wages represented increase from 8000 CZK into 8500 CZK. In the year 2017 the minimal wage represented 11000 CZK.

Social factors

Social factors are represented by mobility of inhabitants, According to Czech Statistical Office there was total increase 25856 people in 2014. In 2015 there was lesser amount of total increase which was 15568 people and in 2016 the increase was 24997 people. The higher number of emigrants was in the year 2014 where 19964 of people move out of the country. In the same year moved into the country 41625 people.

Level of education in the Czech Republic is in good condition. Approximately 295330 students study in the state university and at least 24% finish their studies with a degree. Private universities consist approximately of 35091 people where 33% finish their degree.

Czech society is influenced by media and advertisement. According to Mediaguru.cz around 55% of population do not trust commercials and they prefer to try a product before they buy it. The number of people who strongly believe in advertising is around 6%.

Technological factors

Technological factors are nowadays one of the most powerful influence for the company. Industrial revolution caused big innovations for companies and people worldwide. For Wemac company is important to use computers and internet to get more information about trends in engineering sector and to improve their strategy via marketing tools online. Communications by email and phone is essential for every business and thanks to IT technologies there are software suitable for the company such as graphical program CAD or accounting software for working with invoices.

Without technology the business of the company would be useless because development of filtration is strictly related into technological innovations. Employees of the company can say that in this branch has really slow development of filtering process and it takes longer time than in other sectors to improve new method of this sector.

Wemac company is also dependent on cars because employees travel all around the Czech Republic to make contract or provides service of their sold products. Innovation and repairing of highways can save their times.

Legal factors

Legal factors affect the business because companies must follow laws and regulation given by the Czech Republic or European Union.

For Wemac company is the most important government regulation number 361/2007 determining conditions of occupational health protection because the base of the company is thanks to this legislation. The company sells machines which protects an environment of a factory and improve health conditions of factory workers.

Law number 90/2012 is the commercial code. It represents roles of entrepreneurs, business relations or business index.

Law number 586/1992 is a legislation about income taxes. It prescribes how big is an amount of the profit which a company must give to the state.

Law number 563/1991 is an accounting act. It consists of accounting requirements and argumentativeness which companies must follow to have correct financial statements. (PSP, 2018)

Environmental Factors

Ecology is nowadays popular topic. The biggest problem is with plastic materials because from products of daily life plastic materials hurts the most the environment. Government can help it by some regulations and ecological taxes to protect the environment but it depends on each company how they want to support ecology.

Wemac company is interested in ecological problems. They recycle waste and tries to use more carton packages than plastics. Their products also help to reduce dust or oils which is important for the environment as well. However, as a wholesale company it is always important to satisfy customer's needs.

5.3.3 Porter's Five Forces

Threat of new entrants

The entry to the domestic market is more difficult for new companies in engineering sector because there is slow development of new solutions in filtration systems. Wemac company had the big advantage because they started their business with filtration sooner than other companies and in the past, it was something special for factories. Nowadays there is legislation which set rules for factory environment because of health of factory workers. The environment of the factories must be safe for workers. Wemac company was among the first companies which started to offer filtering systems in the Czech Republic and a lot of customers still order products from Wemac company. There is still a possibility of companies which offers cheaper product but it is more important to persuade current customers about quality and effectiveness.

The threat of substitutes

Every product can be substitutable. Technological aspect of products is different but products can be replaced by cheaper one or if customers have different requirements than which company can offer, the company will try to solve this problem by finding new suppliers or suggesting a different kind of filtering process. Price belongs among the most important factors for Czech customer and quality is on the second place.

The power of buyers

Wemac company can divide their consumers into two groups. The first group can be an end user, a company, which owns technical machine tools and needs to install filtering products or separators for machine tool operations. This company can have one or more machines and if customers are satisfied with products and services, they will cooperate with Wemac company again for another service or more filtering products.

The other group is a company, which produces technical machine tools on domestic market or imports them from other countries and then sells them. This kind of company is also important because Wemac company can cooperate with them and offer them filtration systems before they sell these machines. This kind of companies represents a permanent purchase of products. One of the disadvantages of these companies is that they control terms of purchasing – sales, delivery time or terms of payment.

The power of suppliers

Suppliers are the most important for Wemac company because without them the company cannot exist. Ninety-five percent of the company is about selling products from suppliers from other countries. Wemac company has more suppliers to satisfy its customers because they are looking for different filtration options – some of them need oil separator, some of them smoke separator etc. Companies, which Wemac cooperates with, offer a lot of kinds of filtration and that is the reason why Wemac company has more suppliers all over Europe. Nowadays, there are four main suppliers, several more for supplements and others for service and basic materials such as tubes or screws. Other suppliers provide Wemac company with electronic devices, office's equipment and so forth.

The extent of rivalry

Rivalry in engineering sector is obvious. There is no monopoly or rivalry between two companies. There are more companies in engineering sector which offer similar products and because of legislation it is important to provide filtrations for factories. For Wemac company it is a big advantage that its employees can offer the products not only around the headquarters, but also all over the Czech Republic and they are able to suggest a plan with more filtration systems.

5.3.4 SWOT Analysis

Strengths

The WEMAC company offers high-quality products with a long lifetime period and effectiveness. It offers a wide range of filtrating principles which mean that the company does not have to adapt to a single solution but it can design a principle, which is the most suitable for its customer. It is a part of OEM (Original Equipment Manufacturers), which means that the company cooperates with different companies and sells their products. Moreover, the company provides repair and service for customers with company's products. Another big advantage is fast and serious acts and products in store.

Weaknesses

The biggest weakness can be the price of the products. Wemac company cooperates with foreign factories and they can have higher costs on production because of the high-quality products. It can be the disadvantage for the Czech market because prices abroad are higher. The main weakness is that the company is dependent on suppliers because it only sells products and do not produce them by itself.

Opportunities

Among opportunities belongs new technological factors which can improve the filtration systems. There is an opportunity to get grants for more educational programs for company's employees. Company can also fulfil the brand loyalty to get more customers and keep regular customers.

Threats

Suppliers could terminate the relationship. They can end the contract or some bigger company could buy them or some suppliers could start to produce something else. Since Wemac company is strongly dependent on their suppliers as a selling company, suppliers are the most important part of their business and the company is not able to make their decisions.

6 Discussion

To compare results of a company it is necessary to evaluate a given year in a whole sector. In this branch are competitors, which offer wholesale supply of machines for engineering sector in the Czech Republic as well. Wemac company was compared with the results of Ministry of industry and trade analysis.

Liquidity ratios showed that Wemac company has high amount of current ratio and quick ratio. The whole sector does not have big differences between the years 2014-2016. Růčková (2015) shows, that recommended value of current ratio should be in between 1,5-2, quick ratio between 1-1,5 and cash position ratio between 0,2-05, where total maximum can be 1.

Current ratio in wholesale sector do not differ in the years 2014-2016 where the value is around 1,5. On the other hand, amounts of current ratio is much higher than in a whole sector. In the year 2014 the amount was 3,69, in the year 2015 it increased to 7,05 and in the year 2016 it represented 5,2. These amounts represents how many times can company cover current assets.

Quick ratio in a whole sector represented 1,07. However, Wemac company had higher amounts as well. In the year 2014 it was 3,03, in the year 2015 it increased to 5,86 and in the year 2016 it was 4,18. This value shows how many current assets are covered in a crown of current liabilities.

Cash position ratio is the most important value because it shows how many current liabilities is a firm able to pay immediately – by cash or bank accounts. Cash position ratio in the whole sector is around 0,19 which is almost the lowest recommended value. Wemac company fulfils recommended values as well. In the year 2014 it was 0,19 which is the same amount as the amount of a whole sector. In the year 2015 it increased to 0,36 and in the year 2016 the amount represented 0,59. Cash position ratio has the best results of the whole liquidity. (MPO – Analytical materials, 2018)

Profitability ratios showed that Wemac company is not in low values and the rentability of the company is in a good condition without decrease. Return on assets for the whole sector was 4% in the year 2014 and between the years 2015-2016 represented 7%. Wemac company had higher values, in the year 2014 represented 26%, in the year 2015 increased to 31% and in the year 2016 decreased to 24%. These amounts tend to stagnate in a good position.

Return on equity in the whole sector was 9% in the year 2014, in the year 2015 was the amount 10% and in the year 2016 it increased to 11%. Values of Wemac company were 31% in the year 2014, 34% in the year 2015 and in the year 2016 decreased to 24%. These amounts are also better than in a whole sector which is good for the company's results.

Activity ratios, especially total assets turnover, is lower than in a whole sector. The minimal value should be 1. However, Wemac company reached the minimal value. The whole sector reached 2,17 which means that the total assets turned more than twice during a year. Values of Wemac company were approximately 1,15 which means that the company turned the total assets more than once. (MPO, 2018)

7 Conclusion

The main goal of the bachelor thesis was to analyse the position of the company on the market via SWOT analysis, Porter's five forces and financial analysis during years 2014-2016 through financial statements, especially balance sheet, profit and loss statements provided by the company. The important part was to interpret the results from my own calculations.

According to the results of the financial analysis the company do not have problems to continue with their business. The biggest advantage is that the company has started the business earlier than competitors and provides good quality products. The other advantage is that the company owns its headquarters, which means that they do not have to pay for a rent. Because the company has high amount of financial resources, it is not in debt. Cars are the only part of their property which is not in a private ownership.

Market analysis found out that the company tends to perfect competition, there are more rivals on the market. However, the biggest weakness is that the company is dependent on suppliers, they are making their business profitable.

Unemployment affects the business because there are not a lot of qualified workers in engineering sector and unemployment rate is low. Companies do not have a lot of people which means that they have to increase wages.

My recommendation is to improve their marketing strategy. As is it written in the practical part, the company is on the social networks and has its own webpage. However, the company can be more active on their online profiles or offer more contracts, which will include services and maintenance of machines. That is a good way how to ensure longer cooperation with customers.

Other thing which I would recommend is that the company can translate their web pages into English. It would be easier for making contracts with customers abroad or they will have an opportunity to find more suppliers.

Finally, because of higher amount of liquidity, I would recommend investing money to increase a profit and decrease the liquidity.

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9 List of Formulas

$$\text{Base period change} = \frac{\text{Current Year Amount} - \text{Base Year Amount}}{\text{Base year amount}} \quad (1)$$

$$\text{Current Results in Relation to Base Period} = \frac{\text{Current Year Amount}}{\text{Base Year Amount}} \quad (2)$$

$$\text{Vertical analysis} = \frac{\text{Value of Item}}{\text{Sum of Items}} \quad (3)$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad (4)$$

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \quad (5)$$

$$\text{Cash Position Ratio} = \frac{\text{Financial Assets}}{\text{Current Liabilities}} \quad (6)$$

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \quad (7)$$

$$\text{Debt to Equity ratio} = \frac{\text{Other sources}}{\text{Equity}} \quad (8)$$

$$\text{Gross Profit Margin} = \frac{\text{Sales} - \text{Cost of Goods Sold}}{\text{Sales}} \quad (9)$$

$$\text{ROA} = \frac{\text{Earnings Available for Common Stockholders}}{\text{Total Assets}} \quad (10)$$

$$\text{ROE} = \frac{\text{Earnings Available for Common Stockholders}}{\text{Common Stock Equity}} \quad (11)$$

$$\text{Return on Sales} = \frac{\text{Earnings After Taxes}}{\text{Sales}} \quad (12)$$

$$\text{Total Assets Turnover Ratio} = \frac{\text{Revenue}}{\text{Total Assets}} \quad (13)$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Inventory}} \quad (14)$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Short} + \text{Long Term Receivables}} \quad (15)$$

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Appendix 1: Balance sheet 2014-2015 (thousands of CZK)

ROZVAHA



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Od: 1.1.2015 Do: 31.12.2015

v tisících Kč

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Obchodní firma nebo jiný název účetní jednotky

WEMAC

s.r.o.

Sídlo nebo bydliště účetní jednotky
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Bezinková 174/8

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182 00

Označ.	AKTIVA	číslo řádku	Běžné účetní období			Minulé období
			Brutto	Korekce	Netto	Netto (Rok 2014)
	AKTIVA CELKEM A.+B.+C.+D.I.	001	+64 381	-2 917	+61 464	+56 580
B.	Dlouhodobý majetek B.I.+...+B.III	003	+28 176	-2 917	+25 269	+22 068
B.I.	Dlouhodobý nehmotný majetek B.I.1+B.I.2+B.I.3+B.I.4	004	+104	-11	+93	+90
B.I.3.	Software účty 013, (-)073, (-)091AÚ	007	+104	-11	+93	
B.I.7.	Nedokončený dlouhodobý nehmotný majetek účty 041, (-)093	011				+90
B.II.	Dlouhodobý hmotný majetek B.II.1+...+B.II.x	013	+26 243	-2 906	+23 337	+20 266
B.II.1.	Podzemky účty 031, (-)092AÚ	014	+4 681		+4 681	+4 306
B.II.2.	Stavby účty 021, (-)081, (-)092AÚ	015	+15 432	-488	+14 944	+2 371
B.II.3.	Samostatná hmotná movitá věc a soubory hmotných movitých věcí účty 022, (-)082, (-)082AÚ	016	+6 130	-2 418	+3 712	+1 898
B.II.7.	Nedokončený dlouhodobý hmotný majetek účty 042, (-)084	020				+11 681
B.III.	Dlouhodobý finanční majetek B.III.1+...+B.III.x	023	+1 829		+1 829	+1 722
B.III.3.	Ostatní dlouhodobá cenné papíry a podíly účty 083, 085, (-)096AÚ	026	+500		+500	+500
B.III.5.	Jiný dlouhodobý finanční majetek účty 087, 089, (-)098AÚ	028	+1 329		+1 329	+1 222
C.	Oběžná aktiva C.I.+C.II.+C.III.+C.IV.	031	+35 983		+35 983	+34 274
C.I.	Zásoby C.I.1+...+C.I.x	032	+6 080		+6 080	+6 098
C.I.1.	Materiál účty 111, 112, 119, (-)101	033	+3		+3	+1
C.I.5.	Zboží účty 131, 132, 139, (-)106	037	+6 077		+6 077	+6 097
C.II.	Dlouhodobé pohledávky C.II.1+...+C.II.x	039	+24		+24	+39
C.II.7.	Jiné pohledávky účty 335AÚ, 371AÚ, 373AÚ, 374AÚ, 375AÚ, 376AÚ, 378AÚ, (-)391AÚ	046	+24		+24	+39
C.III.	Krátkodobé pohledávky C.III.1+...+C.III.x	048	+14 316		+14 316	+16 339
C.III.1.	Pohledávky z obchodních vztahů účty 311AÚ, 312AÚ, 313AÚ, 315AÚ, (-)391AÚ	049	+14 194		+14 194	+15 645
C.III.7.	Krátkodobé poskytnuté zálohy účty 314AÚ, (-)391	055	+59		+59	+675
C.III.9.	Jiné pohledávky účty 335AÚ, 371AÚ, 373AÚ, 374AÚ, 375AÚ, 376AÚ, 378AÚ, (-)391AÚ	057	+63		+63	+19
C.IV.	Krátkodobý finanční majetek C.IV.1+...+C.IV.x	058	+15 563		+15 563	+11 798
C.IV.1.	Peníze účty 211, 213, 261	059	+189		+189	+50
C.IV.2.	Účty v bankách účty 221AÚ, 261	060	+15 374		+15 374	+11 748
D.I.	Časové rozlišení D.I.1+...+D.I.x	063	+222		+222	+238
D.I.1.	Náklady příštích období účty 381	064	+222		+222	+226
D.I.3.	Příjmy příštích období účty 385	066				+12

Označ.	P A S I V A	číslo řádku	Běžné účetní období	Minulé období	
			Netto	Netto (Rok 2014)	
	PASIVA CELKEM	A.+B.+C.	001	+61 464	+56 580
A.	Vlastní kapitál	A.I.+A.II.+A.III.+A.IV.+A.V.1+A.V.2	002	+54 641	+46 208
A.I.	Základní kapitál	A.I.1+...+A.I.x	003	+100	+100
A.I.1.	Základní kapitál	účty 411 nebo 491	004	+100	+100
A.II.	Kapitálové fondy	A.II.1+...+A.II.x	007	+323	+217
A.II.3.	Oceňovací rozdíly z přecenění majetku a závazků	účty (+/-)414	010	+323	+217
A.III.	Fondy ze zisku	A.III.1+...+A.III.x	014	+10	+10
A.III.1.	Rezervní fond	účty 421, 422	015	+10	+10
A.IV.	Výsledek hospodaření minulých let	A.IV.1+...+A.IV.x	017	+35 382	+31 347
A.IV.1.	Nerozdělený zisk minulých let	účty 426	019	+35 382	+31 347
A.V.1	Výsledek hospodaření běžného účetního období (+/-)	Aktiva - A.I.-A.II.-A.III.-A.IV.-B.-C.-A.V.2	021	+18 826	+14 534
B.	Cizí zdroje	B.I.+B.II.+B.III.+B.IV.	022	+6 463	+9 298
B.II.	Dlouhodobé závazky	B.II.1+...+B.II.x	029	+1 360	
B.II.9.	Jiné závazky	účty 372AÚ, 373AÚ, 377AÚ, 379AÚ, 474AÚ, 478AÚ,	037	+1 360	
B.III.	Krátkodobé závazky	B.III.1+...+B.III.x	039	+5 103	+9 298
B.III.1.	Závazky z obchodních vztahů	účty 321AÚ, 322, 325, 478AÚ, 479AÚ	040	+1 931	+6 401
B.III.5.	Závazky k zaměstnancům	účty 331, 333, 479AÚ	044	+2	
B.III.6.	Závazky ze sociálního zabezpečení a zdravotního pojištění	účty 339AÚ, 478AÚ	045	+238	+215
B.III.7.	Stát - daňové závazky a dotace	účty 341, 342, 343, 345, 346, 347	046	+2 535	+2 329
B.III.10.	Dohadné účty pasivní	účty 389AÚ	049	+1	+1
B.III.11.	Jiné závazky	účty 372AÚ, 373AÚ, 377AÚ, 379AÚ, 474AÚ, 478AÚ	050	+396	+352
C.I.	Časové rozlišení	C.I.1+...+C.I.x	055	+360	+1 074
C.I.1.	Výdaje příštích období	účty 383	056	+360	+1 074

Sestaveno dne: 29.6.2016	Podpisový záznam fyzické osoby, která je účetní jednotkou nebo statutárním orgánem účetní jednotky, poznámka
Právní forma účetní jednotky: společnost s ručením omezeným	Ing. Kočová Iva
Předmět podnikání: Velkoobchod s ostatními stroji, strojním zařízením a příslušenstvím Zprostředkování velkoobchodu a velkoobchod v zastoupení	
Pozn.:	

Appendix 2: Balance sheet 2016 (thousands of CZK)

ROZVAHA



K 31.12.2016

Od: 1.1.2016 Do: 31.12.2016

v tisících Kč

IČ 6 0 7 4 5 1 6 9

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182 00

Označ.	AKTIVA	číslo řádku	Běžné účetní období			Minulé období
			Brutto	Korekce	Netto	Netto (Rok 2015)
	AKTIVA CELKEM	A.+B.+C.+D. 001	+69 115	-4 122	+64 993	+61 464
A.	Pohledávky za upsaný základní kapitál	účty 353 002				
B.	Dlouhodobý majetek	B.I.+...+B.III. 003	+30 395	-4 122	+26 273	+25 259
B.I.	Dlouhodobý nehmotný majetek	B.I.1.+...+B.I.x. 004	+104	-46	+58	+93
B.I.1.	Nehmotné výsledky výzkumu a vývoje	účty 012, (-)072, (-)091AÚ 005				
B.I.2.	Ocenitelná práva	B.I.2.1.+B.I.2.2. 006	+104	-46	+58	+93
B.I.2.1.	Software	účty 013, (-)073, (-)091AÚ 007	+104	-46	+58	+93
B.I.2.2.	Ostatní ocenitelná práva	účty 014, (-)074, (-)091AÚ 008				
B.I.3.	Goodwill	účty 015, (-)075, (-)091AÚ 009				
B.I.4.	Ostatní dlouhodobý nehmotný majetek	účty 016, (-)076, (-)091AÚ 010				
B.I.5.	Poskytnuté zálohy na dlouhodobý nehmotný majetek a nedokončený dlouhodobý nehmotný majetek	B.I.5.1.+B.I.5.2. 011				
B.I.5.1.	Poskytnuté zálohy na dlouhodobý nehmotný majetek	účty 051, (-)095AÚ 012				
B.I.5.2.	Nedokončený dlouhodobý nehmotný majetek	účty 041, (-)093 013				
B.II.	Dlouhodobý hmotný majetek	B.II.1.+...+B.II.x. 014	+25 966	-4 076	+21 890	+23 337
B.II.1.	Pozemky a stavby	B.II.1.1.+B.II.1.2. 015	+20 113	-1 003	+19 110	+19 625
B.II.1.1.	Pozemky	účty 031, (-)092AÚ 016	+4 681		+4 681	+4 681
B.II.1.2.	Stavby	účty 021, (-)091, (-)092AÚ 017	+15 432	-1 003	+14 429	+14 944
B.II.2.	Hmotné movité věci a jejich soubory	účty 022, (-)092, (-)092AÚ 018	+5 853	-3 073	+2 780	+3 712
B.II.3.	Oceňovací rozdíl k nabytému majetku	účty 097, (-)098 019				
B.II.4.	Ostatní dlouhodobý hmotný majetek	B.II.4.1.+...+B.II.1.3. 020				
B.II.4.1.	Pěstitelské celky trvalých porostů	účty 025, (-)095, (-)092AÚ 021				
B.II.4.2.	Dospělá zvířata a jejich skupiny	účty 026, (-)096, (-)092AÚ 022				
B.II.4.3.	Jiný dlouhodobý hmotný majetek	účty 029, 032, (-)099, (-)092AÚ 023				
B.II.5.	Poskytnuté zálohy na dlouhodobý hmotný majetek a nedokončený dlouhodobý hmotný majetek	B.II.5.1.+B.II.5.2. 024				
B.II.5.1.	Poskytnuté zálohy na dlouhodobý hmotný majetek	účty 052, (-)095AÚ 025				
B.II.5.2.	Nedokončený dlouhodobý hmotný majetek	účty 042, (-)094 026				
B.III.	Dlouhodobý finanční majetek	B.III.1.+...+B.III.x. 027	+4 325		+4 325	+1 829
B.III.1.	Podíly - ovládaná nebo ovládající osoba	účty 043, 061, (-)096AÚ 028				
B.III.2.	Zápůjčky a úvěry - ovládaná nebo ovládající osoba	účty 066, (-)096AÚ 029				
B.III.3.	Podíly - podstatný vliv	účty 043, 052, (-)096AÚ 030				
B.III.4.	Zápůjčky a úvěry - podstatný vliv	účty 067, (-)096AÚ 031				
B.III.5.	Ostatní dlouhodobé cenné papíry a podíly	účty 043, 063, 065, (-)096AÚ 032	+500		+500	+500
B.III.6.	Zápůjčky a úvěry - ostatní	účty 068, (-)096AÚ 033				
B.III.7.	Ostatní dlouhodobý finanční majetek	B.III.7.1.+B.III.7.2. 034	+3 825		+3 825	+1 329
B.III.7.1.	Jiný dlouhodobý finanční majetek	účty 043, 069, (-)096AÚ 035	+3 825		+3 825	+1 329
B.III.7.2.	Poskytnuté zálohy na dlouhodobý finanční majetek	účty 053, (-)095AÚ 036				

Označ.	A K T I V A	číslo řádku	Běžné účetní období			Minulé období	
			Brutto	Korakce	Netto	Netto (Rok 2015)	
C.	Oběžná aktiva	C.I.+C.II.+C.III.+C.IV.	037	+38 475		+38 475	+35 983
C.I.	Zásoby	C.I.1+...+C.I.x	038	+7 574		+7 574	+6 080
C.I.1.	Materiál	účty 111, 112, 119, (-)191	038	+1		+1	+3
C.I.2.	Nedokončená výroba a polotovary	účty 121, 122, (-)192, (-)193	040				
C.I.3.	Výrobky a zboží	C.I.3.1.+C.I.3.2.	041	+7 573		+7 573	+6 077
C.I.3.1.	Výrobky	účty 123, (-)194	042				
C.I.3.2.	Zboží	účty 131, 132, 139, (-)198	043	+7 573		+7 573	+6 077
C.I.4.	Mladé a ostatní zvířata a jejich skupiny	účty 124, (-)195	044				
C.I.5.	Poskytnuté zálohy na zásoby	účty 151, 152, 153, (-)197, (-)199, (-)199	045				
C.II.	Pohledávky	C.II.1.+C.II.2.	046	+20 563		+20 563	+14 340
C.II.1.	Dlouhodobé pohledávky	C.II.1.1.+...+C.II.1.x.	047	+18		+18	+24
C.II.1.1.	Pohledávky z obchodních vztahů	účty 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	048				
C.II.1.2.	Pohledávky - ovládaná nebo ovládající osoba	účty 351AÚ, (-)391AÚ	049				
C.II.1.3.	Pohledávky - podstatný vliv	účty 352AÚ, (-)391AÚ	050				
C.II.1.4.	Odloužená daňová pohledávka	účty 481	051				
C.II.1.5.	Pohledávky - ostatní	C.II.1.5.1.+...+C.II.1.5.4.	052	+18		+18	+24
C.II.1.5.1.	Pohledávky za společníky	účty 354AÚ, 355AÚ, 356AÚ, (-)391AÚ	053				
C.II.1.5.2.	Dlouhodobé poskytnuté zálohy	účty 314AÚ, (-)391AÚ	054				
C.II.1.5.3.	Dohadné účty aktivní	účty 388	055				
C.II.1.5.4.	Jiné pohledávky	účty 335, 371, 373, 374, 375, 376, 378, (-)391AÚ	056	+18		+18	+24
C.II.2.	Krátkodobé pohledávky	C.II.2.1.+...+C.II.2.x.	057	+20 545		+20 545	+14 316
C.II.2.1.	Pohledávky z obchodních vztahů	účty 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	058	+20 112		+20 112	+14 194
C.II.2.2.	Pohledávky - ovládaná nebo ovládající osoba	účty 351AÚ, (-)391AÚ	059				
C.II.2.3.	Pohledávky - podstatný vliv	účty 352AÚ, (-)391AÚ	060				
C.II.2.4.	Pohledávky - ostatní	C.II.2.4.1.+...+C.II.2.4.8.	061	+433		+433	+122
C.II.2.4.1.	Pohledávky za společníky	účty 354AÚ, 355AÚ, 356AÚ, (-)391AÚ	062				
C.II.2.4.2.	Sociální zabezpečení a zdravotní pojištění	účty 339, (-)391AÚ	063				
C.II.2.4.3.	Stát - daňové pohledávky	účty 341, 342, 343, 345, (-)391AÚ	064	+271		+271	
C.II.2.4.4.	Krátkodobé poskytnuté zálohy	účty 314AÚ, (-)391AÚ	065	+94		+94	+59
C.II.2.4.5.	Dohadné účty aktivní	účty 388	066				
C.II.2.4.6.	Jiné pohledávky	účty 335, 371, 373, 374, 375, 376, 378, (-)391AÚ	067	+68		+68	+63
C.III.	Krátkodobý finanční majetek	C.III.1.+...+C.III.x.	068				+0
C.III.1.	Podíly - ovládaná nebo ovládající osoba	účty 254, 259, (-)291AÚ	069				
C.III.2.	Ostatní krátkodobý finanční majetek	účty 251, 253, 258, 259, (-)291AÚ	070				+0
C.IV.	Peněžní prostředky	C.IV.1.+...+C.IV.x.	071	+10 338		+10 338	+15 563
C.IV.1.	Peněžní prostředky v pokladně	účty 211, 213, 261	072	+50		+50	+189
C.IV.2.	Peněžní prostředky na účtech	účty 221, 261	073	+10 288		+10 288	+15 374
D.	Časové rozlišení aktiv	D.1.+...+D.x.	074	+245		+245	+222
D.1.	Náklady příštích období	účty 381	075	+245		+245	+222
D.2.	Komplexní náklady příštích období	účty 382	076				
D.3.	Příjmy příštích období	účty 385	077				

Označ.	P A S I V A	Číslo řádku	Běžné účetní období	Minulé období
			Netto	Netto (Rok 2015)
	PASIVA CELKEM	A.+B.+C.+D.	+64 993	+61 464
A.	Vlastní kapitál	A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.	+56 282	+54 641
A.I.	Základní kapitál	A.I.1.+...+A.I.x.	+100	+100
A.I.1.	Základní kapitál	účty 411 nebo 481	+100	+100
A.I.2.	Vlastní podíly (-)	účty (2)52		
A.I.3.	Změny základního kapitálu	účty (+/-)418		
A.II.	Ážio a kapitálové fondy	A.II.1.+...+A.II.x.	+367	+323
A.II.1.	Ážio	účty 412		
A.II.2.	Kapitálové fondy	A.II.2.1.+...+A.II.2.5.	+367	+323
A.II.2.1.	Ostatní kapitálové fondy	účty 413		
A.II.2.2.	Oceňovací rozdíly z přecenění majetku a závazků (+/-)	účty (+/-)414	+367	+323
A.II.2.3.	Oceňovací rozdíly z přecenění při přeměnách obchodních korporací (+/-)	účty (+/-)418		
A.II.2.4.	Rozdíly z přeměn obchodních korporací (+/-)	účty 417		
A.II.2.5.	Rozdíly z ocenění při přeměnách obchodních korporací (+/-)	účty 416		
A.III.	Fondy ze zisku	A.III.1.+...+A.III.x.	+10	+10
A.III.1.	Ostatní rezervní fond	účty 421, 422	+10	+10
A.III.2.	Statutární a ostatní fondy	účty 423, 427		
A.IV.	Výsledek hospodaření minulých let (+/-)	A.IV.1.+...+A.IV.x.	+40 468	+35 382
A.IV.1.	Narozdělený zisk minulých let	účty 428	+40 468	+35 382
A.IV.2.	Neuhrazená ztráta minulých let (-)	účty (-)429		
A.IV.3.	Jiný výsledek hospodaření minulých let (+/-)	účty 428		
A.V.	Výsledek hospodaření běžného účetního období (+/-)	Aktiva - A.1.-A.II.-A.III.-A.IV.-B.-C.-D.-A.VI.	+15 337	+18 826
A.VI.	Rozhodnuto o zálohové výplátě podílu na zisku (-)	účty 432		
B.+C.	Cizí zdroje	B.+C.	+8 219	+6 463
B.	Rezervy	B.1.+...+B.x.		
B.1.	Rezerva na důchody a podobné závazky	účty 452		
B.2.	Rezerva na daň z příjmů	účty 453		
B.3.	Rezervy podle zvláštních právních předpisů	účty 451		
B.4.	Ostatní rezervy	účty 458		
C.	Závazky	C.I.+C.II.	+8 219	+6 463
C.I.	Dlouhodobé závazky	C.I.1.+...+C.I.x.	+827	+1 360
C.I.1.	Vydané dluhopisy	C.I.1.1.+C.I.1.2.		
C.I.1.1.	Vyměnitelné dluhopisy	účty 473		
C.I.1.2.	Ostatní dluhopisy	účty 473		
C.I.2.	Závazky k úvěrovým institucím	účty 481		
C.I.3.	Dlouhodobé přijaté zálohy	účty 475		
C.I.4.	Závazky z obchodních vztahů	účty 478		
C.I.5.	Dlouhodobé směnky k úhradě	účty 478		
C.I.6.	Závazky - ovládaná nebo ovládající osoba	účty 471		
C.I.7.	Závazky - podstatný vliv	účty 472		
C.I.8.	Odložený daňový závazek	účty 481		
C.I.9.	Závazky - ostatní	C.I.9.1.+...+C.I.9.3.	+827	+1 360
C.I.9.1.	Závazky ke společníkům	účty 384, 385, 386, 387, 388		
C.I.9.2.	Dohadné účty pasivní	účty 389		
C.I.9.3.	Jiné závazky	účty 372, 373, 377, 379, 474, 476	+827	+1 360

Označ.	P A S I V A	číslo řádku	Běžné účetní období	Minulé období	
			Netto	Netto (Rok 2015)	
C.II.	Krátkodobé závazky	C.II.1.+...+C.II.8.	046	+7 392	+5 103
C.II.1.	Vydané dluhopisy	C.II.1.1.+C.II.1.2.	047		
C.II.1.1.	Vyměnitelné dluhopisy	účty 241	048		
C.II.1.2.	Ostatní dluhopisy	účty 241	049		
C.II.2.	Závazky k úvěrovým institucím	účty 221, 231, 232	050		
C.II.3.	Krátkodobé přijaté zálohy	účty 324	051		
C.II.4.	Závazky z obchodních vztahů	účty 321, 325	052	+5 067	+1 931
C.II.5.	Krátkodobé směnky k úhradě	účty 322	053		
C.II.6.	Závazky - ovládaná nebo ovládající osoba	účty 361	054		
C.II.7.	Závazky - podstatný vliv	účty 362	055		
C.II.8.	Závazky ostatní	C.II.8.1.+...+C.II.8.7.	056	+2 325	+3 172
C.II.8.1.	Závazky ke společníkům	účty 364, 365, 368, 367, 368	057	+70	
C.II.8.2.	Krátkodobé finanční výpomoci	účty 249	058		
C.II.8.3.	Závazky k zaměstnancům	účty 331, 333	059		+2
C.II.8.4.	Závazky ze sociálního zabezpečení a zdravotního pojištění	účty 336	060	+217	+238
C.II.8.5.	Stát - daňové závazky a dotace	účty 341, 342, 343, 345, 346, 347	061	+1 645	+2 535
C.II.8.6.	Dohadné účty pasivní	účty 388	062	+4	+1
C.II.8.7.	Jiné závazky	účty 372, 373, 377, 378	063	+389	+396
D.	Časové rozlišení	D.1.+...+D.2.	064	+492	+360
D.1.	Výdaje příštích období	účty 383	065	+399	+360
D.2.	Výnosy příštích období	účty 384	066	+93	

Sestaveno dne: 27.6.2017	Podpisový záznam fyzické osoby, která je účetní jednotkou nebo statutárního orgánu účetní jednotky, poznámka
Právní forma účetní jednotky: společnost s ručením omezeným	Ing. Kratochvíl David
Předmět podnikání: Velkoobchod s ostatními stroji, strojním zařízením a příslušenstvím Zprostředkování velkoobchodu a velkoobchod v zastoupení	
Pozn.:	

Appendix 3: Profit and loss statement 2014-2015 (thousands of CZK)

VÝKAZ ZISKU A ZTRÁTY



K 3 1 . 1 2 . 2 0 1 5
 Od: 1.1.2015 Do: 31.12.2015
 v tisících Kč
 IČ 6 0 7 4 5 1 6 9

Obchodní firma nebo jiný název účetní jednotky

WEMAC

s.r.o.

Sídlo nebo bydliště účetní jednotky
 a místo podnikání, liší-li se od bydliště

Bezinková 174/8

Praha-Březiněves

182 00

Označ.	VÝKAZ ZISKU A ZTRÁTY	číslo řádku	Skutečnost v účetním období		
			sledovaném	(Rok 2014)	
I.	Tržby za prodej zboží	účty 804	001	+70 858	+65 427
A.	Náklady vynaložené na prodané zboží	účty 504	002	+32 695	+30 527
+	Obchodní marže	I.-A.	003	+38 163	+34 900
II.	Výkony	II.1+II.2.+II.3.+II.x.	004	+2 808	+2 520
II.1.	Tržby za prodej vlastních výrobků a služeb	účty 601, 602	005	+2 808	+2 520
B.	Výkonová spotřeba	B.1.+...+B.x.	006	+4 595	+8 620
B.1.	Spotřeba materiálu a energie	účty 501, 502, 503	009	+1 613	+1 417
B.2.	Služby	účty 511, 512, 513, 518	010	+2 982	+7 103
+	Přidaná hodnota	I.-A.+II.-B.	011	+38 376	+28 900
C.	Osobní náklady součet	C.1.+...+C.x.	012	+11 071	+9 550
C.1.	Mzdové náklady	účty 521, 522	013	+8 163	+7 067
C.3.	Náklady na sociální zabezpečení a zdravotní pojištění	účty 524, 525, 526	015	+2 769	+2 343
C.4.	Sociální náklady	účty 527, 528	016	+139	+140
D.	Daně a poplatky	účty 531, 532, 538	017	+43	+39
E.	Odpisy dlouhodobého nehmotného a hmotného majetku	účty 551, 557	018	+1 314	+799
III.	Tržby z prodeje dlouhodobého majetku a materiálu	III.1.+...+III.x.	019	+225	+26
III.1.	Tržby z prodeje dlouhodobého majetku	účty 641	020	+225	
III.2.	Tržby z prodeje materiálu	účty 642	021		+26
F.	Zůstatková cena prod. dlouhodobého majetku a materiálu	F.1.+...+F.x.	022	+60	
F.1.	Zůstatková cena prodaného dlouhodobého majetku	účty 541	023	+60	
G.	Změna stavu rezerv a opravných položek v provozní oblasti a komplexních nákladů příl. období	účty 713, 552, 713, 553, 713, 554, 713, 555, 713, 556, 713, 557, 713, 558, 713, 559	025	-9	-384
IV.	Ostatní provozní výnosy	účty 644, 646, 648	026	+78	+60
H.	Ostatní provozní náklady	účty 543, 544, 545, 546, 548, 549	027	+757	+971
*	* Provozní výsledek hospodaření	Přidaná hodnota+III.+IV.+V.-C.-D.-E.-F.-G.-H.-I	030	+23 443	+18 011
VII.	Výnosy z dlouhodobého finančního majetku	VII.1.+...+VII.x.	033	+3	+3
VII.2.	Výnosy z ostatních dlouhodobých cenných papírů a podílů	účty 655AÚ	035	+3	+3
X.	Výnosové úroky	účty 682	042	+16	+67
N.	Nákladové úroky	účty 582	043	+33	
XI.	Ostatní finanční výnosy	účty 683, 687AÚ, 688	044	+969	+211
O.	Ostatní finanční náklady	účty 563, 567AÚ, 588, 589	045	+1 222	+380
*	Finanční výsledek hospodaření	VI.+VII.+VIII.+IX.+X.+XI.+XII.-J.-K.-L.-M.-N.-O.-P.	048	-267	-99
Q.	Daň z příjmů za běžnou činnost	Q.1.+...+Q.x.	049	+4 350	+3 378
Q.1.	splatná	účty 591, 595	050	+4 350	+3 378
**	Výsledek hospodaření za běžnou činnost	* + * - Q.	052	+18 826	+14 534
***	Výsledek hospodaření za účetní období (+/-)	** + * - T	060	+18 826	+14 534

Označ.	VÝKAZ ZISKU A ZTRÁTY	číslo řádku	Skutečnost v účetním období		
			sledovaném	(Rok 2014)	
****	Výsledek hospodaření před zdaněním	* + * + XIII. - R.	061	+23 178	+17 912

Appendix 4: Profit and loss statement 2016 (thousands of CZK)

VÝKAZ ZISKU A ZTRÁTY



k. 3 1 . 1 2 . 2 0 1 6

Od: 1.1.2016 Do: 31.12.2016

v tisících Kč

IČ 6 0 7 4 5 1 6 9

Obchodní firma nebo jiný název účetní jednotky

WEMAC

s.r.o.

Sídlo nebo bydliště účetní jednotky
a místo podnikání, liší-li se od bydliště


Bezinková 174/8

Praha-Březiněves

182 00

Označ.	VÝKAZ ZISKU A ZTRÁTY	číslo řádku	Skutečnost v účetním období		
			sledovaném	(Rok 2015)	
I.	Tržby z prodeje výrobků a služeb	účty 601, 602	001	+1 376	+2 808
II.	Tržby za prodej zboží	účty 604	002	+67 363	+70 858
A.	Výkonová spotřeba	A.1.+...+A.x.	003	+35 759	+37 290
A.1.	Náklady vynaložené na prodané zboží	účty 504	004	+31 629	+32 695
A.2.	Spotřeba materiálu a energie	účty 501, 502, 503	005	+957	+1 613
A.3.	Služby	účty 511, 512, 513, 518	006	+3 173	+2 982
B.	Změna stavu zásob vlastní činnosti (+/-)	účty 581, 582, 583, 584	007		
C.	Aktivace (-)	účty 585, 586, 587, 588	008		
D.	Osobní náklady	D.1.+...+D.x.	009	+11 182	+11 071
D.1.	Mzdové náklady	účty 521, 522, 523	010	+8 286	+8 163
D.2.	Náklady na sociální zabezpečení, zdravotní pojištění a ostatní náklady	D.2.1.+D.2.2.	011	+2 896	+2 908
D.2.1.	Náklady na sociální zabezpečení a zdravotní pojištění	účty 524, 525, 526	012	+2 736	+2 769
D.2.2.	Ostatní náklady	účty 527, 528	013	+160	+139
E.	Úprava hodnot v provozní oblasti	E.1.+...+E.x.	014	+1 722	+1 314
E.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku	E.1.1.+E.1.2.	015	+1 722	+1 314
E.1.1.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - trvalé	účty 551, 557	016	+1 722	+1 314
E.1.2.	Úpravy hodnot dlouhodobého nehmotného a hmotného majetku - dočasné	účty 559	017		
E.2.	Úpravy hodnot zásob	účty 559	018		
E.3.	Úpravy hodnot pohledávek	účty 558, 559	019		
III.	Ostatní provozní výnosy	III.1.+...+III.x.	020	+414	+303
III.1.	Tržby z prodaného dlouhodobého majetku	účty 641	021	+311	+225
III.2.	Tržby z prodaného materiálu	účty 642	022	+1	
III.3.	Jiné provozní výnosy	účty 644, 646, 647, 648, 697	023	+102	+78
F.	Ostatní provozní náklady	F.1.+...+F.x.	024	+1 122	+851
F.1.	Zůstatková cena prodaného dlouhodobého majetku	účty 541	025	+9	+60
F.2.	Zůstatková cena prodaného materiálu	účty 542	026		
F.3.	Daně a poplatky v provozní oblasti	účty 531, 532, 538	027	+50	+43
F.4.	Rezervy v provozní oblasti a komplexní náklady příštích období	účty 552, 554, 555	028		-9
F.5.	Jiné provozní náklady	účty 543, 544, 545, 546, 547, 548, 549, 597	029	+1 063	+757
*	* Provozní výsledek hospodaření (+/-)	I.+1.x.+II.+III.+...+III.x.-A.-B.-C.-D.-E.-F.	030	+19 368	+23 443
IV.	Výnosy z dlouhodobého finančního majetku - podíly	IV.1.+...+IV.x.	031	+7	+3
IV.1.	Výnosy z podílů - ovládaná nebo ovládající osoba	účty 661, 665	032		
IV.2.	Ostatní výnosy z podílů	účty 661, 665	033	+7	+3
G.	Náklady vynaložené na prodané podíly	účty 561	034		
V.	Výnosy z ostatního dlouhodobého finančního majetku	V.1.+...+V.x.	035		
V.1.	Výnosy z ostatního dlouhodobého finančního majetku - ovládaná nebo ovládající osoba	účty 661, 665	036		
V.2.	Ostatní výnosy z ostatního dlouhodobého finančního majetku	účty 661, 665	037		

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H.	Náklady související s ostatním dlouhodobým finančním majetkem	účty 561, 566	038	
VI.	Výnosové úroky a podobné výnosy	VI.1.+...+VI.x.	039	+12
VI.1.	Výnosové úroky a podobné výnosy - ovládaná nebo ovládající osoba	účty 662, 665	040	
VI.2.	Ostatní výnosové úroky a podobné výnosy	účty 662, 665	041	+12
I.	Úpravy hodnot a rezervy ve finanční oblasti	účty 574, 579	042	
J.	Nákladové úroky a podobné náklady	J.1.+...+J.x.	043	+58
J.1.	Nákladové úroky a podobné náklady - ovládaná nebo ovládající osoba	účty 562	044	
J.2.	Ostatní nákladové úroky a podobné náklady	účty 562	045	+58
VII.	Ostatní finanční výnosy	účty 661, 663, 664, 666, 667, 668, 669, 669	046	+77
K.	Ostatní finanční náklady	účty 561, 563, 564, 565, 566, 567, 568, 569, 569	047	+475
*	Finanční výsledek hospodaření (+/-)	IV.+V.+VI.+VII.-G.-H.-I.-J.-K.	048	-437
**	Výsledek hospodaření před zdaněním (+/-)		049	+18 931
L.	Daň z příjmů	L.1.+...+L.x.	050	+3 594
L.1.	Daň z příjmů splatná	účty 591, 593, 595, 599	051	+3 594
L.2.	Daň z příjmů odložená (+/-)	účty 592	052	
**	Výsledek hospodaření po zdanění (+/-)	** - L.	053	+15 337
M.	Převod podílu na výsledku hospodaření společníkům (+/-)	účty 598	054	
***	Výsledek hospodaření za účetní období (+/-)	** - M.	055	+15 337
*	Čistý obrát za účetní období = I. + II. + III. + IV. + V. + VI. + VII.	I.+II.+III.+IV.+V.+VI.+VII.	056	+69 249

Sestaveno dne: 27.6.2017	Podpisový záznam fyzické osoby, která je účetní jednotkou nebo statutárního orgánu účetní jednotky, poznámka
Právní forma: společnost s ručením omezeným účetní jednotky:	Ing. Kratochvíl David
Předmět podnikání: Velkoobchod s ostatními stroji, strojním zařízením a příslušenstvím Zprostředkování velkoobchodu a velkoobchod v zastoupení	
Pozn.:	