MENDEL UNIVERSITY IN BRNO

Faculty of Regional Development and International Studies

Analysis of Financial Performance of the Selected Enterprise

Bachelor thesis

Author: Michal Kadidlo

Supervisor: Ing. Ivana Blažková, Ph.D.

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Abstract

This bachelor thesis is focused on the financial analysis of THT Polička, s.r.o. The aim is to evaluate results from 2009 to 2013 and suggest approaches to improve financial situation of the company.

Theoretical part includes explanation of financial analysis and its concrete methods used in evaluation of company situation.

Practical part includes the financial analysis of THT Polička, s.r.o, using horizontal analysis, vertical analysis, rentability ratios, profitability ratios, liquidity ratios, turnover ratios, pyramidal decomposition and financial distress analysis.

Keywords

Financial analysis, balance sheet, regional development

Abstrakt

Tato bakalářská práce se zaměřuje na finanční analýzu společnosti THT Polička, s.r.o. Cílem práce je posoudit výsledky mezi lety 2009 a 2013 a navrhnout kroky ke zlepšení finanční situace společnosti.

Teoretická část obsahuje vysvětlení finanční analýzy a konkrétní metody použité k hodnocení situace společnosti.

Praktická část obsahuje finanční analýzu THT Polička, s.r.o, za pomoci horizontální analýzy, vertikální analýzy, poměrů rentability, ziskovosti, likvidity, obratu, pyramidového rozkladu a analýzy finanční tísně.

Klíčová slova

Finanční analýza, rozvaha, regionální rozvoj

Table of Contents

1. Introduction

The business environment went through various amounts of very big changes throughout the years and the companies had to adapt to those changes if they wanted to remain competitive and profitable.

The most influential change in the 21st century was the omnipresent competition caused by the open markets. This situation forced the enterprises to search for more opportunities, quickly react to the changes in their industry and apply modern techniques of management. The companies were often forced to leave their comfort zone and adjust their conservative strategies of financing by including the financing from the external sources.

In the following years a lot of companies tend to extend their investment portfolio by investing in various spectrums of assets in different industries. This is mainly done to minimize the loss in case one of the industries goes through a significant downfall.

Each business strives to analyze and understand its position on the market. It is absolutely essential to know the strengths and weaknesses of your company and behave according to them. The companies also tend to search and collect the information about their competitors and then carry out competitor analysis which helps them understand what advantages and disadvantages their business have compared to the other rivals in the industry.

One of the most used and appropriate tools to understand the collected data is the financial analysis. It is often carried out by external experts hired by the company or by its own employees. It helps to identify the shortcomings which should be improved in the future and highlights the development of the company in several areas such as profitability, liquidity, company debt and turnover. It is one of the main tools for the evaluation of company's development.

2. Objective and Methodology

The objective of the bachelor thesis is to determine financial situation of THT Polička s.r.o. This will be achieved by working with statements of the company such as balance sheet, profit and loss statement and income statement.

Financial analysis is performed using data from 2009 – 2013. All these documents are available in appendix for further use.

The financial analysis of the company will be performed using horizontal and vertical analysis of assets and equity, assessing net working capital, financial distress and bankruptcy analysis and analyzing various ratios such as debt ratios, liquidity ratios, turnover ratios and profitability ratios. The financial distress and bankruptcy analysis includes Altman z-score and Reliability index IN05.

The outcome of the thesis is to interpret the results of the indicators used to evaluate the company and recommend possible measures to improve economic result and overall development in regards with the region.

3. Literature Review

3.1. Introduction to Financial Analysis

Růčková (2011) defines financial analysis as a systematic analysis of data found mainly in financial statements. Financial analysis includes the valuation of company's history, present situation and forecast of future financial conditions.

The main purpose of the financial analysis is to provide material for decision making regarding the functioning of the business. The origin of the financial analysis in the Czech Republic is connected with the beginning of 21st century.

Bragg (2007) states there are several types of financial analysis. One of them is the continuing review and reporting of a standard set of measures that give management a good view of the state of company operations. It involves a great deal of judgment regarding the applicability of certain measures, as well as a great deal of work in communicating the results to management for further action.

A second type of financial analysis is the analysis of investments. It includes three subcategories such as the analysis of securities, the analysis of financing options and the analysis of capital expenditures.

The last type of financial analysis according to Bragg (2007) is a special request from management to perform a financial analysis. Such request can cover any topic at all.

According to Strouhal et al. (2014) the major information source for financial analysis is data from financial statements. On the other hand we need not to forget other possible sources of data like capital market indicators, company's statistics or other economic indicators.

3.2. Types of Financial Statements

3.2.1. Balance Sheet

The balance sheet provides a snapshot of the firm's financial position at a specific point in time, presenting its asset holdings, liabilities and owner-supplied capital (stockholders's equity). Assets represent the resources owned by the firm whereas the liabilities and shareholder's equity indicate how those resources are financed. (Keown et al., 2006)

Megginson et al. (2008) mentions that a firm's assets must equal the combined value of its liabilities and shareholder's equity and that balance sheet shows assets on the left-hand side and the claims of creditors and shareholders on the right-hand side.

3.2.2. Income Statement

According to Keown et al. (2006) an income statement, also called profit and loss statement, indicates the amount of profits generated by a firm over a given time period, often a year.

In its basic form it can be represented as follows:

- Sales – Expense = Profits

The income statement begins with sales or revenue from which we subtract cost of goods sold to receive gross profit. In next step operating expenses are deducted to determine operating income also called EBIT. As a last step interest expense and taxes are deducted to receive net income also called EAT.

3.2.3. Cash flow Statement

The statement of cash flows provides a summary of a firm's cash flows over the year. This is accomplished by isolating the firm's operating investment and financing cash flows and reconciling them with changes in its cash and marketable securities during the year. (Megginson et al., 2008)

Over the past three decades the statement of cash flow has become a valuable complement to the other statements. It is invaluable in many situations where the balance sheet and income statement provide only limited insight.

The cash flow statement is the best tool for measuring flexibility which is essential to meeting the challenges a company faces. It also helps to identify the life-cycle categories into which companies fit. (Fridson, Alvarez, 2002)

3.3. Users of Financial Analysis

Financial statement analysis has two basic uses:

- Internal use;
- External use

3.3.1. Internal use

Financial statement information has a variety of uses within a firm. Among the most important of these is performance evaluation. Managers are frequently evaluated and compensated on the basis of accounting measures of performance such as profit margin and return on equity. Firms with multiple divisions frequently compare the performance of those divisions using financial statement information.

Another important internal use of financial statement information is planning for the future. Historical financial statement information is useful for generating projections about the future and for checking the realism of assumptions made in those projections. (Ross et al., 2013)

3.3.2. External use

According to Ross et al. (2013) financial statements are useful to parties outside the firm, including short-term and long-term creditors and potential investors. Credit-rating agencies rely on financial statements in assessing a firm's overall creditworthiness. The common theme here is that financial statements are a prime source of information about a firm's financial health.

Among users of financial analysis shall be mentioned (Strouhal et al, 2014):

- Shareholders;
- Management;
- Creditors;
- Customers;
- Potential investors;
- Others (analysts, tax authorities etc.)

3.4. Methods of Financial Analysis

As stated by Strouhal et al. (2014), there shall be differed between basic and advance methods of financial analysis. Financial Analysis conducted in the thesis is based on the basic methods of evaluation.

- **Basic methods:**
  - Horizontal and vertical analysis of financial statements;
  - Net working capital and cash flow analysis;
  - Ratio analysis;
  - Pyramidal decomposition

- **Advanced methods:**
  - Interval estimates;
  - Regression analysis;
  - Correlation;
  - Neural networks;
  - Fuzzy or fuzzy-stochastical approach;
  - Expert systems

3.4.1. Horizontal Analysis

According to Strouhal et al., (2014), horizontal analysis analyses absolute and relative changes of financial statements items. The biggest problem of absolute changes is that they don't reflect the real size of change. From this perspective there is better to analyse relative changes when computing the percentage of difference.

Živělová (2013) describes the formula for calculating horizontal analysis as follows:

- Absolute change = Indicator $_t$ – Indicator $_{t-1}$

The subscripted letter **t** represents the relevant year of the indicator.

3.4.2. Vertical Analysis

Strouhal et al., (2014) mention that vertical analysis analyses a share of balance sheet items on total of assets and shall be understood as a supplement to horizontal analysis.

- Percentage change = (absolute change/indicator $_{t-1}$) * 100 (Živělová, 2013)

3.4.3. Profitability ratios

Profitability ratios relate profits to some other piece of financial information such as sales, equity or assets. These ratios measure some aspects of management's operating efficiency; that is, management's ability to turn a profit given a level of resources.

Although the liquidity measures are most important indicators of short-term corporate health, profitability measures are most important in the long term. (Ittelson, 2009)

The profitability ratios evaluated in this thesis are based on Sarngadharan and Kumar (2011) and Chmelíková (2014) and are defined as follows:

- Return on assets (ROA);
- Return on equity (ROE);
- Net Profit margin

Return on assets (ROA) is one of the most widely used ratios to measure the profitability based on investment. It shows the relation of net earnings (profits) to total assets used in business and is used to evaluate whether the management has earned a reasonable return on the assets utilized.

- ROA before tax = (Profit before interest and tax/Total Assets) * 100
- ROA after tax = (Net profit after tax/Total Assets) * 100

Profit before interest and tax is a different name for EBIT while Net profit after tax is a different term for EAT. Both formulas are multiplied by 100 to express the result in percentages.

Ittelson (2009) mentions that **Return on equity (ROE)** measures management's success in maximizing return on the owner's investment. In fact, this ratio is often called "return on investment" or ROI.

- ROE = EAT/Equity

Pinson (2008) informs that **Net Profit margin** is clearly the measure of a business success with respect to earnings on sales. A higher margin means the firm is more profitable. The net profit margin will differ according to specific type of business. Naturally a high net profit margin is preferred.

- Net Profit margin = Net profit/Sales

3.4.4. Liquidity ratios

Liquidity is understood as the ability of assets to be converted to monetary form. When discussing the structuring of assets within balance sheet, they are structured by their liquidity from less liquid items (non-current assets) towards more liquid forms (inventories, receivables) heading to cash.

Among most renowned liquidity ratios shall be mentioned (Strouhal et al.,2014; Megginson et al., 2008):

- Current ratio;
- Quick ratio;
- Cash ratio

Quick ratio abstracts from the less liquid part of current assets, i.e. from inventories. It is vital to compare the results of quick ratio with current ration – in case that quick ratio is significantly lower, it provides evidence about excessive amount of inventories in company's assets.

- Quick ratio = (Current assets – Inventories)/Short-term liabilities

Current ratio is one of the most commonly cited financial ratios and it measures the firm's ability to meet its short-term obligations. It is defined as current assets divided by current liabilities.

- Current ratio = Current assets/Short-term liabilities

Cash ratio provides us with the information to what extent company can settle its short-term liabilities from cash sources.

- Cash ratio = Cash/Short-term liabilities

Net Working Capital is another measure often used to express the relationship between current assets and current liabilities. It shows whether the company is in a sound financial position or is heading for financial difficulties. The amount of working capital that a company needs to remain solvent varies with the size of the organization and the nature of the business activities. (Ostring, 2004)

- NWC = Current Assets – Short-term liabilities

3.4.5. Turnover ratios

Turnover ratios mainly reflect on how well the firm's assets are being managed. One of the main indicators is the Total Assets Turnover.

Inventory Turnover ratio shows how quickly the inventory is being turned over (or sold) to generate sales. A higher ratio implies the firm is more efficient in managing inventories by minimizing the investment in inventories. Thus a ratio of 12 would mean that the inventory turns over 12 times or the average inventory is sold in a month. (Marinič, 2006)

- Inventory Turnover Ratio = Receipts/Inventory (Živělová, 2013)

Total Assets Turnover indicates the efficiency with which a firm uses all its assets to generate sales. Like the fixed asset turnover ratio, total asset turnover indicates how many euros of sales a firm generates per euro of asset investment. All other factors being equal, analysts favor a high turnover ratio because it indicates that a firm generates more sales (and ideally more cash flow for investors) from a given investment in assets. (Megginson et al., 2008)

- Total Assets Turnover = Sales/Total Assets

Fixed Assets Turnover measures how efficiently the company generates revenues from its investments in fixed assets. Generally a higher fixed-asset turnover ratio indicates more efficient use of fixed assets in generating revenue. A low ratio can indicate inefficiency, a capital-intensive business environment or a new business not yet operating in full capacity. (Robinson et al., 2009)

Stickney et al., (2010) describes the formula for fixed assets turnover as follows:

- Fixed Assets Turnover = Sales/Average Fixed Assets

Marinič (2006) mentions that **Average Collection period** show the firm's efficiency in collecting cash from its credit sales. While a low ratio is good, it could also mean that the firm is being very strict in its credit policy which may not attract customers.

- Average Collection period = Average Accounts Receivable/(Total Sales/365)

Average Debt period informs about the payment discipline of the company towards its suppliers. The results show how long the firm prolongs the payment of invoices to its suppliers. (Sedláček, 2011)

Vochozka (2011) describes the formula of Average Debt period as follows:

- Average Debt period = Total Liabilities/(Total Revenues/360)

3.4.6. Debt ratios

According to Marinič (2006), these ratios show the extent to which a firm is relying on debt to finance its investments/operations and how well it can manage the debt obligation. Obviously if the company is unable to repay its debt or make timely payments of interest, it will be forced into bankruptcy. On the other side use of debt is beneficial as it provides valuable tax benefits to the firm. Note total debt should include both short-term debt and long-term debt.

Total Debt Ratio shows the company's reliance on external sources for financing its assets. In general, with either of the above ratios, the lower the ratio the more conservative (and probably safe) the company is. However if a company is not using debt, it may be foregoing investment and growth opportunities. (Marinič, 2006)

- Total Debt Ratio = Total Debt/Total Assets

Sedláček (2011) and Živělová (2013) inform that **Current debt ratio** compares short-term liabilities with total assets and expresses what part of assets of the company is financed by short-term debts.

- Current debt ratio = (short-term liabilities/total assets) * 100

According to Stickney et al. (2010) **Long-term debt ratio** measures the proportion of assets financed with long-term debt.

- Long-term debt ratio = (long-term liabilities/total assets) * 100

Times Interest Earned Ratio shows the firm's ability to cover fixed interest charges (on both short-term and long-term debt) with current earnings. The margin of safety that is acceptable varies within and across industries and also depends on the earnings history of a firm (especially the consistency of earnings from period to period and year to year). (Marinič, 2006)

- Interest Earned Ratio = EBIT/Annual Interest Expense

Equity multiplier is a measure of the proportion of total assets financed by a firm's equity. It is also called the assets-to-equity ratio. (Megginson et al., 2008)

- Equity multiplier = Total Assets/Equity

Debt-equity ratio shows the firm's degree of leverage or its reliance on external debt for financing. (Marinič, 2006)

- Debt-equity ratio = Total Debt/Total Equity

3.4.7. Financial distress and bankruptcy predicting

A common use of financial statement analysis is identifying areas needing further investigation and analysis. One of these applications is predicting financial distress.

Models of financial distress, commonly referred to as bankruptcy prediction models, examine the trend and behavior of selected ratios. Characteristics of these ratios are used in identifying the likelihood of future financial distress. (Subramanyam, 2014)

➢ **Altman Z-score**

According to Marinič (2006), widespread analysis providing framework for measurement bankruptcy or financial distress is Z-Score model by professor E I. Altman. Altman bankruptcy model based on principles of discriminational analysis was developed in 1960. The model incorporates five weighted financial ratios into calculations of Z-Scores as used e.g. by Šlégr (2013) and Marinič (2006).

- **X_1 = Working Capital/Total Assets**

Marinič (2006) continues to explain that the ratio of Working Capital to Total Assets is the Z-Score component which is considered to be a reasonable predictor of deepening trouble for a company. A company which experiences repeated operating losses generally will suffer a reduction in working capital relative to its total assets.

- **X_2 = Retained earnings/Total Assets**

The ratio provides information on the extent to which a company has been able to reinvest its earnings in itself. An older company will have had more time to accumulate earnings so this measurement tends to create a positive bias towards older companies.

- **X_3 = EBIT/Total Assets**

Marinič (2006) mentions that this ratio adjusts a company's earning for varying income tax factors and makes adjustments for leveraging due to borrowings. These adjustments allow more effective measurements of the company's utilization of its assets.

- **X_4 = Equity/Total Liabilities**

Marinič (2006) continues to explain that this ratio gives an indication of how much a company's assets can decline in value before debts may exceed assets.

- **X_5 = Total Sales/Assets**

This ratio measures the ability of the company's assets to generate sales. According to Šlégr (2013) the formula of a revised Z-score model is as follows:

- $Z = 0{,}717*X_1 + 0{,}847*X_2 + 3{,}107*X_3 + 0{,}420*X_4 + 0{,}998*X_5$

If the value of Z-score is below 1.23 the company is considered to be financially unstable and put in danger of bankruptcy. At values over 2.9 it can be stated that the company is financially healthy. Between these two values is the so-called "grey zone" where it is not clearly to say whether the company is financially healthy or not.

> **Reliability index IN05**

Šlégr (2013) mentions that in a similar way it is possible to calculate a value of index IN05.

- $IN05 = 0.13*X_1 + 0.04*X_2 + 3.97*X_3 + 0.21*X_4 + 0.09*X_5$

The following five variables are calculated as follows:

- $X_1 =$ Total assets/Total debt
- $X_2 =$ EBIT/Interest expense
- $X_3 =$ EBIT/Total assets
- $X_4 =$ Sales/Total assets
- $X_5 =$ Current assets/Short-term liabilities

Critical values that define the limits of "grey zone" are 0.9 and 1.6. Companies whose value of IN05 is below 0.9 are put in danger of bankruptcy with a probability of 86% while those whose value of IN05 is above 1.6 are financially stable with a probability of 67%.

In the case of low debt company (applies to THT Polička, s.r.o), the indicator X_2 reaches very high value that can distort the final index value. Therefore we limit the maximum of the indicator X_2 at the value of 9. (Šlégr, 2013)

4. Practical part

4.1. Information about the company

The company THT Polička, s.r.o. is located in Polička which is a part of Pardubice region. Polička serves as a gateway to the Žďár Hills, one of the most beautiful parts of the Czech-Moravian Highlands. The town used to be a dowry town of Czech queens in the past and was one of the richest cities in Eastern Bohemia during 18th century. Polička is typical with its very popular brewery of beer which is imported throughout whole country. A lot of new companies start to establish their branches here, fully using the support of EU Fund for Regional Development.

THT Polička, s.r.o. focuses on production of various modifications of firetrucks, containers and vehicles for technical interventions and liquidations of ecological disasters. The company mainly uses parts from Czech brand TATRA but also works with other international brands such as Mercedes-Benz, Iveco, Scania etc.

Production of fire equipment is the most important part of company total production and the firm is highly experienced in the evolving and constructing those special vehicles.

The company has around 300 employees and annual turnover from selling the firetrucks of 530 million CZK. Firetrucks manufactured in THT Polička, s.r.o. are used in 22 different countries. The goal of the enterprise is to expand the sales to further areas and prove that THT Polička, s.r.o. belongs to one of the global manufacturers of fire equipment.

The tradition of fire equipment production in Czech Republic dates back to 1899. In 1985 the production of mobile fire equipment was moved to Polička into a company which was a part of state enterprise KAROSA. After 1989 conditions for splitting off the firm in Polička were continuously created which led to the final split off in 1994 through privatization and since then the company's name is THT Polička, s.r.o.

4.2. Region

The Czech Republic consists of 8 NUTS II Cohesion regions and 14 NUTS III Regions with various populations, size, average salary, unemployment rate and many other indicators. Each NUTS III region includes different LAU I Districts.

THT Polička, s.r.o. is situated in the Czech Republic in Polička which is a part of the Pardubice region. In the table 1 below can be seen various statistical data about the region up to a different time periods.

Population of the Czech Republic up to 1.1.2015 was 10 538 275 inhabitants, from which 516 149 lived in the Pardubice region. It is the 11th most populated region in the Czech Republic.

Size of the Czech Republic is 78 868 km[2] and Pardubice region is the 10th largest region in terms of its size. The share on the total size of the country is 5.7%.

Table 1 Pardubice Region

NUTS III - Pardubice Region	Period	Data
Population (persons)	Up to 31.12.2015	516 149
Size (km2)	Up to 31.12.2014	4 519
GDP (mil. CZK)	Up to 31.12.2014	169 049
Average salary (CZK)	Up to 31.12.2015	23 673
Unemployment (%)	Up to 29.2.2016	5.40
Cohesion region	NUTS II - Severovýchod	

Source: Own interpretation of data available from public sources

Average salary in the Czech Republic in 2015 reached CZK 26 467 which is a lot higher compared to the average salary in the Pardubice region in the same period of time. According to the data from 29.2.2016, the unemployment rate in the Pardubice region is 5.4% which is lower than the average unemployment rate in the whole Czech Republic. The unemployment rate in the Czech Republic according to data from 2016 is 6.3%.

4.3. Competitor Analysis

The company THT Polička, s.r.o. has to deal with several enterprises which operate in the similar or same sector. It leads to competing for the business contracts in public tenders under strict rules.

One of the main competitors in the history of the company was SPS Slatiňany, s.r.o. which got into financial troubles and was purchased by KOBIT Holding, s.r.o. in 2013. This firm can be considered as the most important Czech competitor of THT Polička, s.r.o. because it affects the price levels and profit of the company.

Naturally there are other companies such as ZEKA Plus, s.r.o. but it focuses mainly on reconstructions and repairs of the machinery. Another company which should be mentioned is KARBOX, s.r.o which beat THT Polička, s.r.o. in a public tender for the production for the Military of Czech Republic.

In terms of foreign companies operating in the Czech Republic it is important to mention firm WAWRESZEK, s.r.o. which has its representative for Czech market named WISS CZECH, s.r.o. This enterprise fights the competition with reducing its price levels which leads to rivalry between the firms and necessity of reduction of prices of THT Polička, s.r.o. in certain business contracts. This fact negatively affects the profit of the company because often it is forced to sell for lower price than it would like to.

The public tenders are mainly based on the price levels for which the companies are willing to offer their products and services and it is extremely difficult to compete by quality as everything in the public tender must be quantified and expressed with numbers.

THT Polička, s.r.o. concludes a lot of contracts in foreign countries as well. The rival companies from the Czech Republic try to compete in Slovakia and Bulgaria too but not so much in other countries.

In terms of business in the countries of European Union, Czech Republic have far worse conditions to enter the markets of the respective countries than the conditions for the countries when they try to enter the Czech market. Therefore it is often very difficult to compete and try to establish temporary business partners in foreign countries of EU.

The present situation of the company is positive. There is a lot of contracts and demand for the products on the market. Most of the concluded businesses are with state and military organizations but there are also some private companies willing to offer some business.

THT Polička, s.r.o. expects huge boom in the industry also due to the fact that there will be very big subsidies to compete for in the future.

4.4. Horizontal Analysis

4.4.1. Horizontal Analysis of Assets

As can be seen in the Figure 1 below the amount of total assets between years 2009 and 2013 fluctuate between 400 000 thousands of CZK and 500 000 thousands of CZK but for the most of the time except year 2010 it is close to 400 000 thousands of CZK.

The company has really strong proportion of current assets in the overall total assets while maintaining similar amount of fixed assets throughout the measured period of time.

Figure 1 Proportion of Assets
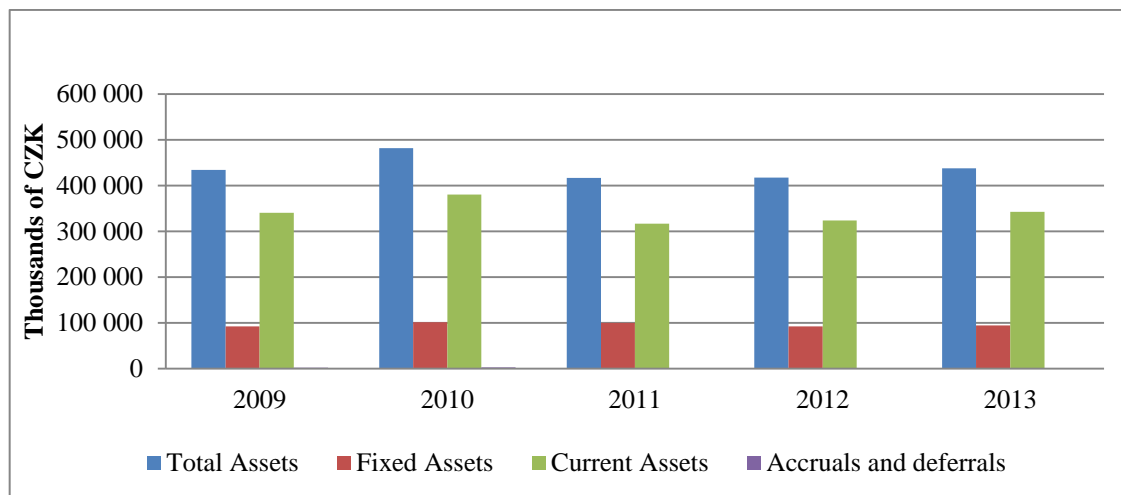
Source: Own calculations

Table 2 Horizontal Analysis of Assets (thousands of CZK)

Absolute change	2009/2010	2010/2011	2011/2012	2012/2013
Total Assets	47 772	-65 204	373	20 289
Fixed Assets	9 095	-1 467	-7 278	1 910
Current Assets	39 908	-63 875	7 585	18 659
Accruals and deferrals	-1 231	138	66	-280
Percentage change	2009/2010	2010/2011	2011/2012	2012/2013
Total Assets	11%	-14%	0%	5%
Fixed Assets	10%	-1%	-7%	2%
Current Assets	12%	-17%	2%	6%
Accruals and deferrals	-68%	24%	9%	-36%

Source: Own calculations

Total Assets went through 11% annual increase of 47 772 thousands of CZK in 2010. It was followed by very significant 14% annual decrease of 65 204 thousands of CZK in 2011 which was caused mainly by the drop of current assents in the same period.

Total Assets stabilized in the following years and started to grow slowly by 373 thousands of CZK in 2012 and by another 5% annual increase of 20 289 thousands of CZK in 2013.

Fixed Assets experienced a 10% annual growth of 9 095 thousands of CZK in 2010 but decreased slightly by 1 467 thousands of CZK in 2011.

Major 7% annual reduction of Fixed Assets took place in 2012 where they decreased by 7 278 thousands of CZK only to grow by 1 910 thousands of CZK in 2013.

Current Assets went through a high 12% annual increase of 39 908 thousands of CZK in 2010. The situation completely changed a year later where it dropped by 63 875 thousands of CZK. This can be also described as 17% annual decrease in 2011.

The trend changed in the following years where current assets underwent a 2% annual increase in 2012 and another 6% annual increase in 2013.

The notable decrease of Current Assets in 2011 was mainly caused by the reduction of short-term financial assets, concretely by the decrease of cash in bank accounts. Another contributor was the reduction of short-term receivables and delayed beginning of the financial crisis which influenced the company as well.

4.4.2. Horizontal Analysis of Liabilities and Equity

As it can be seen in the Figure 2 below, the amount of Total liabilities and equity increased in 2010 but decreased significantly a year later. We can observe a slight increase in 2012 and 2013.

Figure 2 Proportion of Liabilities
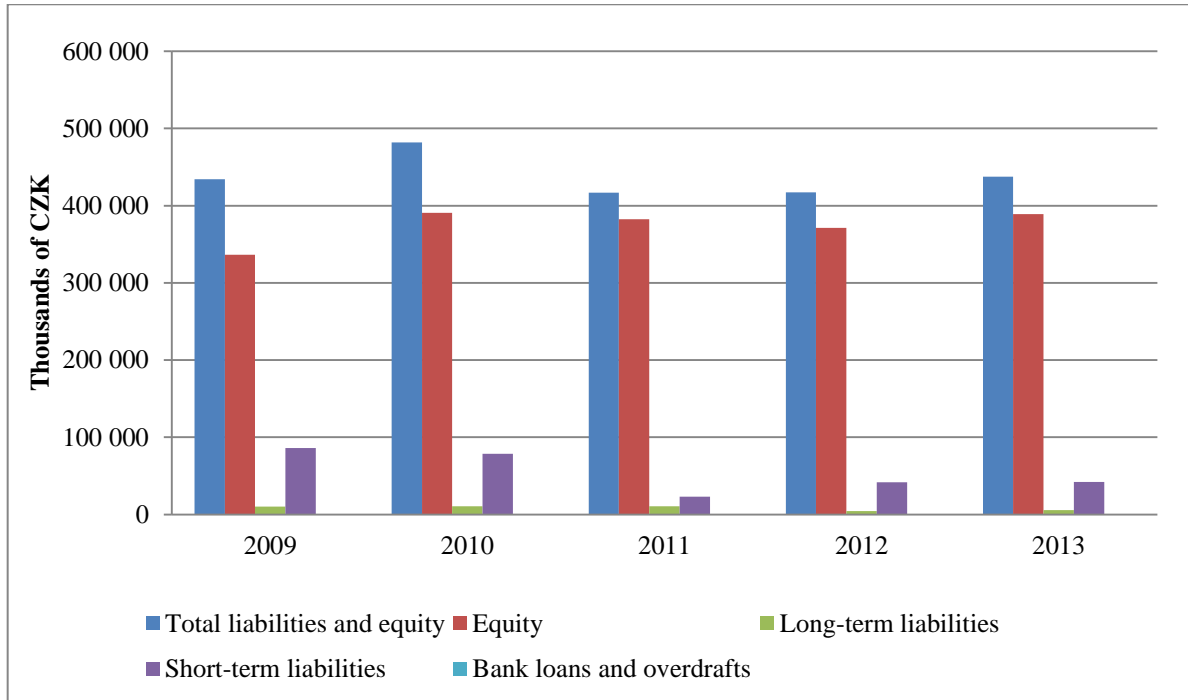
Source: Own calculations

THT Polička, s.r.o. has minimum share of long-term liabilities which tend to decrease in the following years. Short-term liabilities also create only a small proportion of the company´s liabilities and tend to decrease significantly between years 2009 and 2011 reaching its minimum in 2011. They slightly increased in the following years 2012 and 2013.

Table 3 Horizontal Analysis of Liabilities and Equity (thousands of CZK)

Absolute change	2009/2010	2010/2011	2011/2012	2012/2013
Total liabilities and equity	47 772	-65 204	373	20 289
Equity	54 220	-8 088	-11 547	18 158
Long-term liabilities	349	85	-6 259	1 344
Short-term liabilities	-7 558	-55 363	18 490	789
Bank loans and overdrafts	0	0	0	0
Percentage change	**2009/2010**	**2010/2011**	**2011/2012**	**2012/2013**
Total liabilities and equity	11%	-14%	0%	5%
Equity	16%	-2%	-3%	5%
Long-term liabilities	3.4%	0.8%	-58.9%	30.7%
Short-term liabilities	-8.8%	-70.6%	80.3%	1.9%
Bank loans and overdrafts	x	x	x	x

Source: Own calculations

The most significant increase of total liabilities and equity took place in 2010 by the absolute value of 47 772 thousands of CZK. It can also be expressed as 11% annual increase. The situation reversed a year later where we can witness a 14% annual decrease of 65 204 thousands of CZK.

Total liabilities and equity went through insignificant growth of 373 thousands of CZK in 2012. It grew by another 5% in 2013 meaning an increase by 20 289 thousands of CZK.

Equity went through 16% annual growth of 54 220 thousands of CZK in 2010 but decreased by 2% in 2011. It can be also described as 8 088 thousands of CZK drop compared to previous year. It continued to decrease even more by 11 547 thousands of CZK and 3% annual decrease in 2012. Finally in 2013 the trend changed and equity started to increase again by 18 158 thousands of CZK meaning 5% annual increase.

Long-term liabilities experienced 3.4% annual growth of 349 thousands of CZK in 2010. It was followed by even slighter increase of 85 thousands of CZK being expressed as 0.8% annual growth in 2011. The situation completely changed in 2012 where THT Polička, s.r.o. lowered its long-term liabilities by 58.9%. The percentage value can also be expressed as a 6 259 thousands of CZK decrease. Surprisingly the trend changed in 2013 where the long-term liabilities went through 30.7% annual increase of 1 344 thousands of CZK.

The company rapidly decreased its short-term liabilities by 7 558 thousands of CZK (8.8% annual decrease) in 2010 and by additional 55 363 thousands of CZK in 2011. The short-term liabilities experienced unbelievably high reduction of 70.6% in 2011. The trend has changed in the following year 2012 where short- term liabilities increased by 80.3% which equals to 18 490 thousands of CZK rise. Only small growth of 1.9% can be observed in 2013.

THT Polička, s.r.o. didn't have any bank loans and overdrafts throughout the period.

4.5. Vertical Analysis

4.5.1. Vertical Analysis of Assets

The share of fixed assets in the portion of total assets throughout the years 2009 – 2013 was stable ranging between the minimum of 21% in 2010 and the maximum of 23.9% in 2011.

Table 4 Vertical Analysis of Assets

Share in %	2009	2010	2011	2012	2013
Total Assets	100%	100%	100%	100%	100%
Fixed Assets	21.2%	21.0%	23.9%	22.2%	21.6%
Current Assets	78.4%	78.9%	75.9%	77.7%	78.3%
Accruals and deferrals	0.4%	0.1%	0.2%	0.2%	0.1%

Source: Own calculations

The contribution of current assets in total assets throughout the years 2009 – 2013 showed similar stability as fixed assets ranging between the minimum of 75.9% in 2011 and the maximum of 78.9% in 2010.

Figure 3 Vertical Analysis of Assets
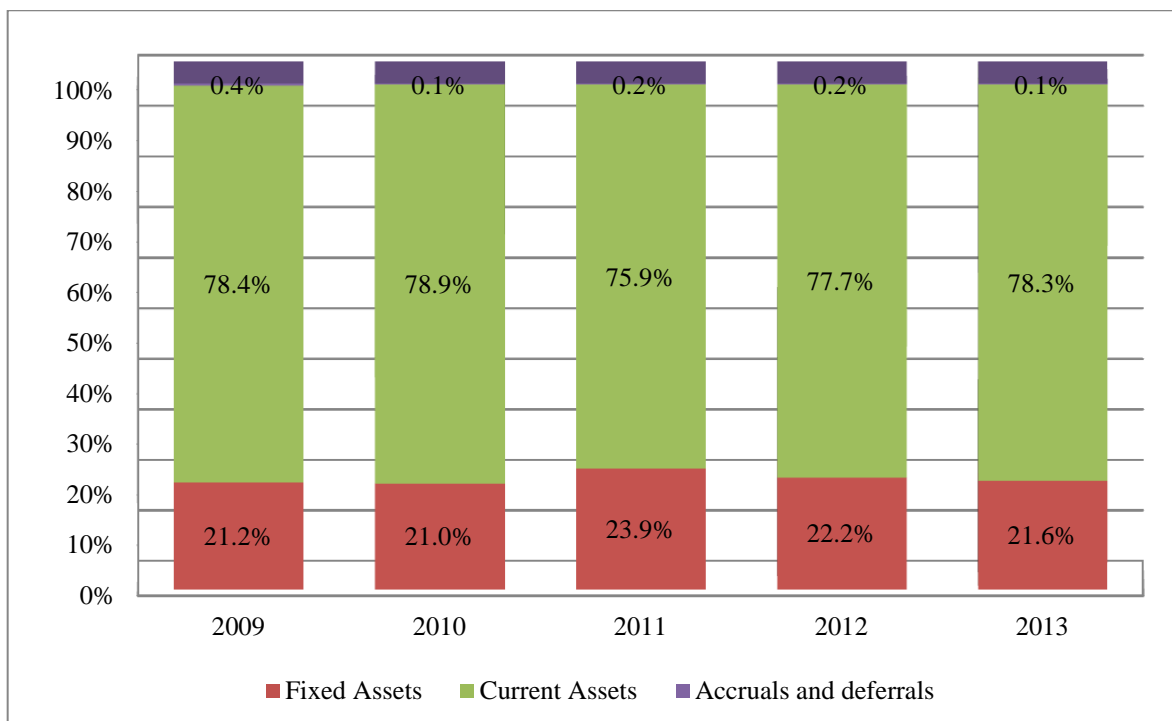
Source: Own calculations

THT Polička, s.r.o. uses very high proportion of Current Assets in the company for several reasons. First of all, the firetrucks which the company manufactures are very complicated machines which consist of large amount of components for which the company has to buy and store the material.

If the company wants to be able to react to new business opportunities it has to store a lot of unfinished vehicles and only then sign possible contracts to be able to guarantee the delivery time.

Easily said, the company holds a big amount of components such as undercarriages to be able to react in time to the necessary production and the demand of its clients.

4.5.2. Vertical Analysis of Liabilities and Equity

Stockholder's equity reached dominant share on the total liabilities and equity throughout the whole period. It increased from 77.5% to 81% in 2010, reaching its peak of 92% in 2011. It was followed by a decrease to 89% in 2012 and didn't change in 2013.

The reason for this proportion of financing is mainly based on the fact that own sources of stockholder's equity are risk free business with enterprises ran by the state. The business contracts of the company are with state enterprises in more than 90% of cases. The company has enough money for financing all aspects of the business and behaves according to the codex of using own sources of financing rather than bank loans.

On the other hand, long-term liabilities had really insignificant contribution on the total liabilities and equity ranging between 1% and 2.5% throughout the measured years. It reached its peak of 2.5% in 2011 and since then decreased to 1%.

Table 5 Vertical Analysis of Liabilities and Equity

Share in %	2009	2010	2011	2012	2013
Total liabilities and equity	100%	100%	100%	100%	100%
Stockholder's equity	77.5%	81%	92%	89%	89%
Long-term liabilities	2.3%	2.2%	2.5%	1%	1%
Short-term liabilities	20%	16.3%	5.5%	10%	10%
Bank loans and overdrafts	0%	0%	0%	0%	0%

Source: Own calculations

Short-term liabilities had a decent share of 20% on the total liabilities and equity in 2009. However their portion was decreased by the company since then, reaching its minimum of 5.5% in 2011 and stabilizing on 10% in the following years.

The company had no bank loans and overdrafts therefore their share on the total liabilities and equity was 0% every year throughout the whole measured period.

Figure 4 Vertical Analysis of Liabilities and Equity
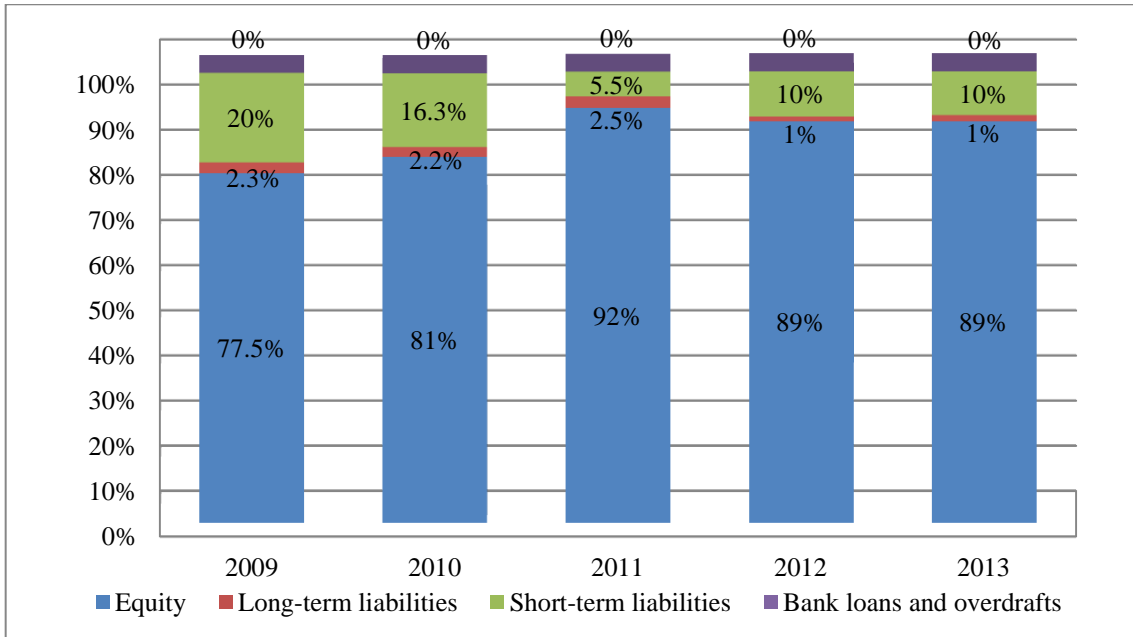
Source: Own calculations

Stockholder's equity creates a large portion of the structure of total liabilities. This is caused mainly due to the fact that the company has no bank loans and overdrafts and gradually keeps the long-term liabilities as minimal as possible. The only other source worth mentioning are short-term liabilities which reached 20% share in 2009 but have been reduced since then to 10%.

4.6. Net Working Capital

Net Working Capital measures whether a company is able to pay its short-term liabilities with current assets. It shows short-term liquidity of the firm.

It can be stated that the company reached positive results in terms of the Net working capital based on the values available in the Table 6 below. Company's net working capital between years 2009 and 2013 fluctuated between the minimum of 254 472 thousands of CZK and maximum of 301 938 thousands of CZK.

Table 6 Net Working Capital (thousands of CZK)

Net Working Capital	2009	2010	2011	2012	2013
	254 472	301 938	293 426	282 521	300 391

Source: Own calculations

Net Working Capital of THT Polička, s.r.o. reached very optimistic results in every measured year. It indicates that the company should be able to cover the payments for its short-term liabilities with current assets therefore we can label the business as short-term liquid.

However it is important to mention that those large values are mainly due to the high share of current assets in overall total assets of the company reaching more than 75% portion every measured year. Another influencing factor is the minimal amount of short-term liabilities which are necessary to cover throughout the period.

Figure 5 Net Working Capital
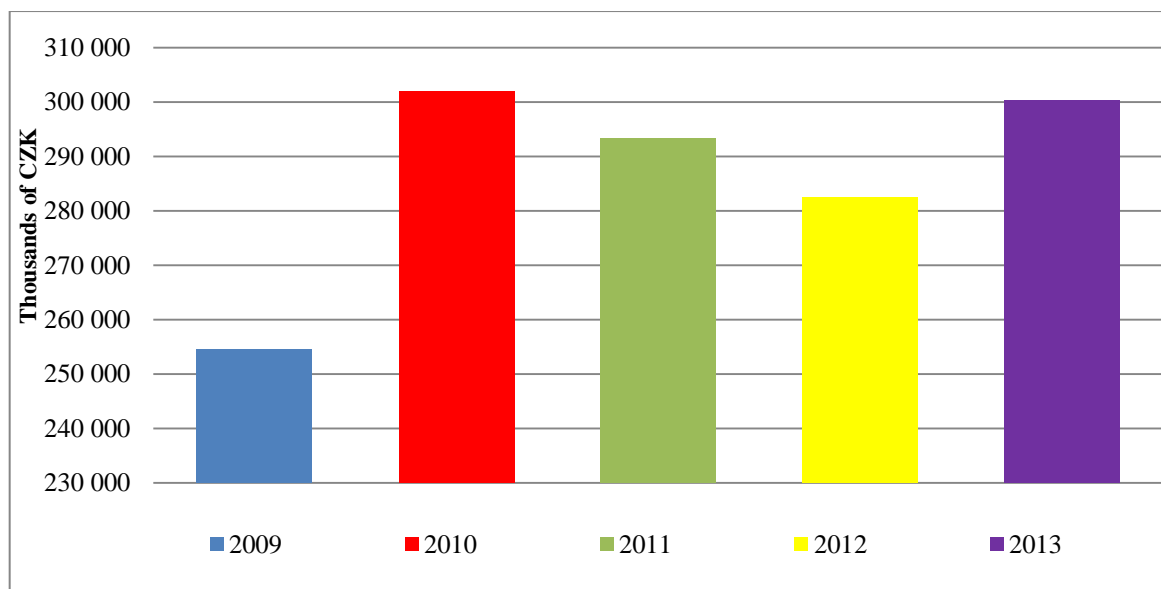
Source: Own calculations

4.7. Economic results

In the Table 7 below, it can be seen data about the Operating profit (loss), Profit (loss) from financial operations and Extraordinary profit (loss).

Table 7 Economic result (thousands of CZK)

	2009	2010	2011	2012	2013
Operating profit (loss)	117 134	116 116	5 633	-18 201	27 297
Profit (loss) from financial operations	6 213	-2 324	-3 426	-435	-16
Extraordinary profit (loss)	1 644	61	-31	-262	-91

Source: Own calculations

Operating profit (loss) was stable between years 2009 and 2010 reaching 117 134 thousands of CZK and 116 116 thousands of CZK a year later. However significant change took place in 2011 as it decreased to 5 633 thousands of CZK followed by another drop to negative value of –18 201 thousands of CZK. The decreasing trend changed in 2013 where it increased to 27 297 thousands of CZK.

The significant drop of operating profit is caused by huge decrease in total sales which lowered from 950 814 thousands of CZK in 2009 to 381 917 thousands of CZK in 2011. Total sales started to increase later on in 2013 causing the operating profit to grow as well.

One of the main reasons why THT Polička, s.r.o. showed such high total sales in 2009 and 2010 was very important business contract in the amount of 120 firetrucks for Slovakia. That's why the company wasn't affected by international economic crisis in those years.

However the crisis influenced the company later on in the years 2011 and 2012. The state budget was decreased rapidly which meant fewer contracts with the state organizations. In 2013 the situation improved also because of subsidies from EU. Thanks to the very good financial situation in 2009 and 2010 the company was able to survive the crisis in the following two years.

Profit (loss) from financial operations had a similar trend, first of all reaching 6 213 thousands of CZK in 2009 and falling down to –2 324 thousands of CZK in 2010. The decrease continued in 2011 where it stopped at –3 426 thousands of CZK.

The trend changed in 2012 where it started to increase again but still reaching negative value of –435 thousands of CZK. The growth of the profit (loss) from financial operations continued in 2013 reaching –16 thousands of CZK.

Extraordinary profit (loss) started the measured period with 1 644 thousands of CZK in 2009 and decreased to 61 thousands of CZK in 2010. It continued to fall to –31 thousands of CZK in 2011 and to –262 thousands of CZK in 2012. It increased to –91 thousands of CZK in 2013 but unfortunately still didn't surpass the negative values.

In the figure 6 below can be seen depicted development of the economic results of the company in the measured period between years 2009 and 2013.

Figure 6 Economic result
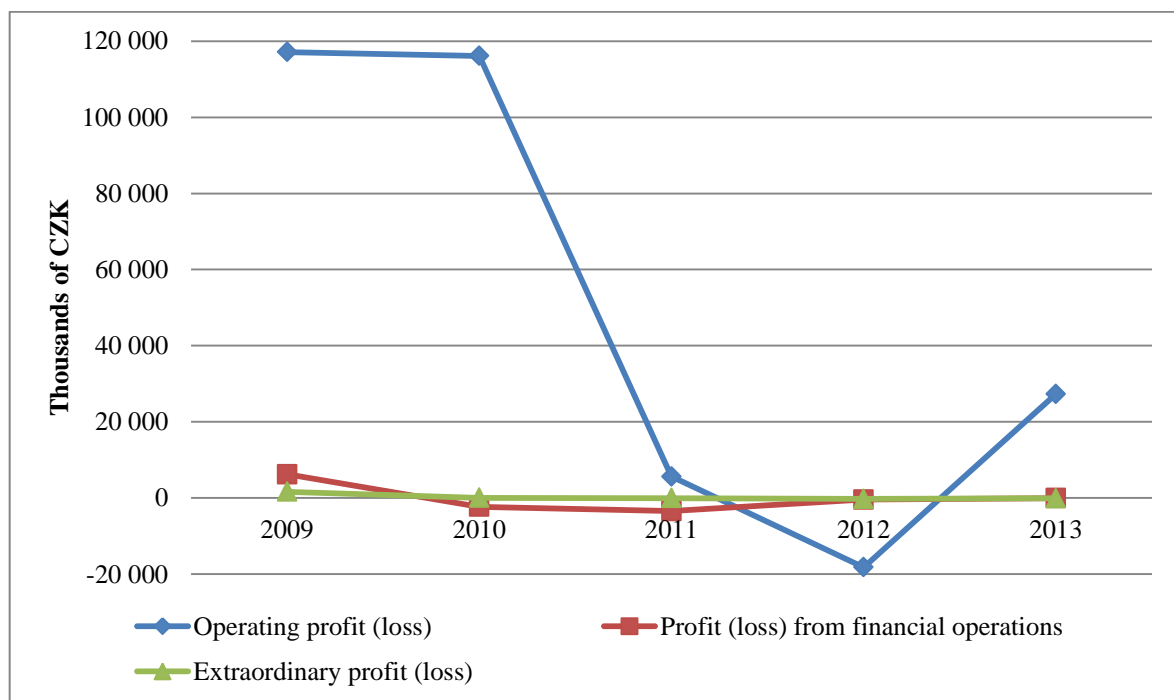
Source: Own calculations

4.8. Debt ratios

In the Table 8 below can be seen respective debt ratios in the 2009-2013 period.

Table 8 Debt ratios

Debt ratios	2009	2010	2011	2012	2013
Total Debt ratio	22%	18%	8%	11%	11%
Current Debt ratio	20%	16%	6%	10%	10%
Long-term Debt ratio	2%	2%	3%	1%	1%
Equity multiplier	1.29	1.23	1.09	1.12	1.12
Debt-equity ratio	0.286	0.228	0.088	0.124	0.123
Times interest earned	42	71	6	x	x

Source: Own calculations

Total Debt Ratio shows the company's reliance on external sources for financing its assets and informs about how much percentage of total assets is financed by debt. In terms of THT Polička, s.r.o., it reached relatively low values throughout the years. Total debt ratio reached its peak of 22% in 2009 and till 2013 it decreased to 11 %. The low values of this ratio indicate that the company prefers rather conservative strategy of financing its operations. It puts the company in a safe position, creates a trustworthy image and enables the opportunity to easily get a loan from creditors.

As Table 8 shows, the proportion of total debt is mainly in the current debts and only minimal share is in long-term debts (only 1-3% during the observed period). Current debt ratio also reached its peak of 20% in 2009 and decreased during the analyzed period to 10 % in 2013.

As mentioned in the theoretical part of the thesis, current debt ratio expresses the portion of company's assets financed by short-term debt.

In our case the analyzed company mainly uses internal sources of equity for financing its assets and operations. Therefore similarly to total debt ratio it can be stated that the results prove the rather conservative financing strategy. This statement might not be entirely true for year 2009 where the company used short-term liabilities to finance 20% of its assets but it is right for the following years where it decreased to 6% and later on stagnated at 10%.

The results of long-term debt ratio only confirm the statements mentioned above. The share of assets financed by long-term liabilities in the company is extremely low not surpassing 3% during the whole measured period.

Equity multiplier decreased from 1.29 to 1.23 in 2010 and continued to do so in 2011 where it reached 1.09. It was marked by an increase to 1.12 in 2012 and didn't change in 2013.

The results of equity multiplier can be interpreted as follows:

The company financed 29% of its assets by liabilities in 2009 and 71% of its assets by shareholder's equity. In the following years the proportion changed to 23% of assets financed by debt and 77% by equity. The biggest change took place in 2011 where only 9% of assets were financed by debt and 91% of them were financed by shareholder's equity. The importance of liabilities in financing of company's assets slightly increased in 2012 as they were used to finance 12% of company's assets. The situation remained the same in 2013.

Debt-equity ratio informs about the proportion of firm's total liabilities to its shareholder's equity. It reports on similar issue of the company's reliance on the external sources of financing and the results of this indicator confirm very low indebtedness of the company.

The results in our case only support the statements of total debt ratio as debt-equity ratio for THT Polička, s.r.o. also reached relatively low values meaning the company undertakes only minimal risk and is quite conservative in its financing. Even though this is a positive finding it can be at the expense of possibly higher earnings thanks to the additional outside financing.

Times interest earned ratio shows how many times the company can pay its interests by its income therefore the larger the ratio the better. Differently said, it measures how many times the company's income is bigger than its interest expense. Due to the low indebtedness of the company the results are satisfactory. Unfortunately in 2012 and 2013 the ratio could not be calculated due to the absence of any interest expense at this period.

In case of THT Polička, s.r.o., can be observed extremely high results in the first two years thanks to the low amount of interest expense and relatively high income. The decrease in 2011 was caused by a huge decrease in firm's EBIT and has nothing to do with increase in interest expense.

In the Figure 7 below it can be seen graphically depicted development of total, current and long-term debt ratio throughout the measured period.

The total debt ratio and current debt ratio share a similar curve both decreasing in first three years and reaching minimal values in 2011 while growing in the following year.

Figure 7 Debt ratios
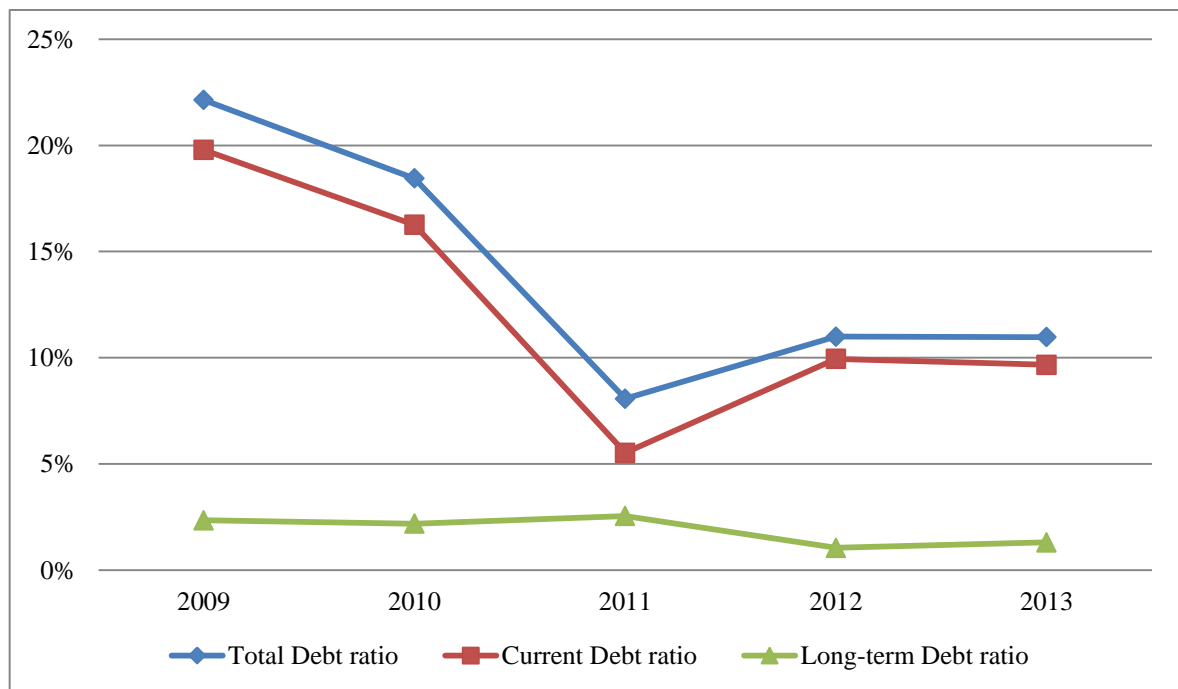
Source: Own calculations

4.9. Liquidity ratios

As mentioned in the theoretical part of the thesis, the liquidity ratios inform about the ability of a firm to pay short-term liabilities.

Current ratio indicates how many times short-term liabilities are covered by current assets. It reached the value of 4 in 2009 meaning that current assets are 4 times bigger than short-term liabilities and therefore cover them 4 times. It gradually increased until 2011, firstly to 4.9 in 2010 and later on to 13.7 in 2011. The trend changed in 2012 where the current ratio decreased to 7.8. It managed to slightly grow to 8.1 in 2013.

The optimal level of current ratio is 2. There can be observed very high values throughout all years in case of THT Polička, s.r.o. This doesn't automatically mean that the company is financially healthy as it depends on the distribution of assets in the company. The high values are mainly caused by high proportion of current assets in total assets and relatively low short-term liabilities.

Table 9 Liquidity ratios

Liquidity ratios	2009	2010	2011	2012	2013
Current ratio	4.0	4.9	13.7	7.8	8.1
Quick ratio	2.1	3.5	7.4	4.3	4.1
Cash ratio	1.42	2.16	3.81	3.42	2.89

Source: Own calculations

Similar trend can be observed in the quick ratio which continuously increased between the years 2009 and 2011. Then it started to decrease to 4.3 in 2012 and to 4.1 in 2013.

Optimal values for the quick ratio should be within the limits of 1 – 1.5. It measures the company's short-term liquidity and reflects on its capability of paying its current liabilities without inventories. THT Polička, s.r.o. also displayed relatively high values of quick ratio. Therefore we can assume that the company is able to fairly quickly convert its receivables into cash. The results are also influenced by relatively low levels of short-term liabilities.

Cash ratio informs about the firm's ability to pay its current liabilities with cash. The optimal level is between 0.2 – 0.5. Cash ratio of the company varied from 1.42 to 3.81 during the observed period therefore it can be said that the results in case of analyzed company are quite high. It means that the company holds large amount of cash which might be utilized better through various types of investments.

Figure 8 Liquidity ratios
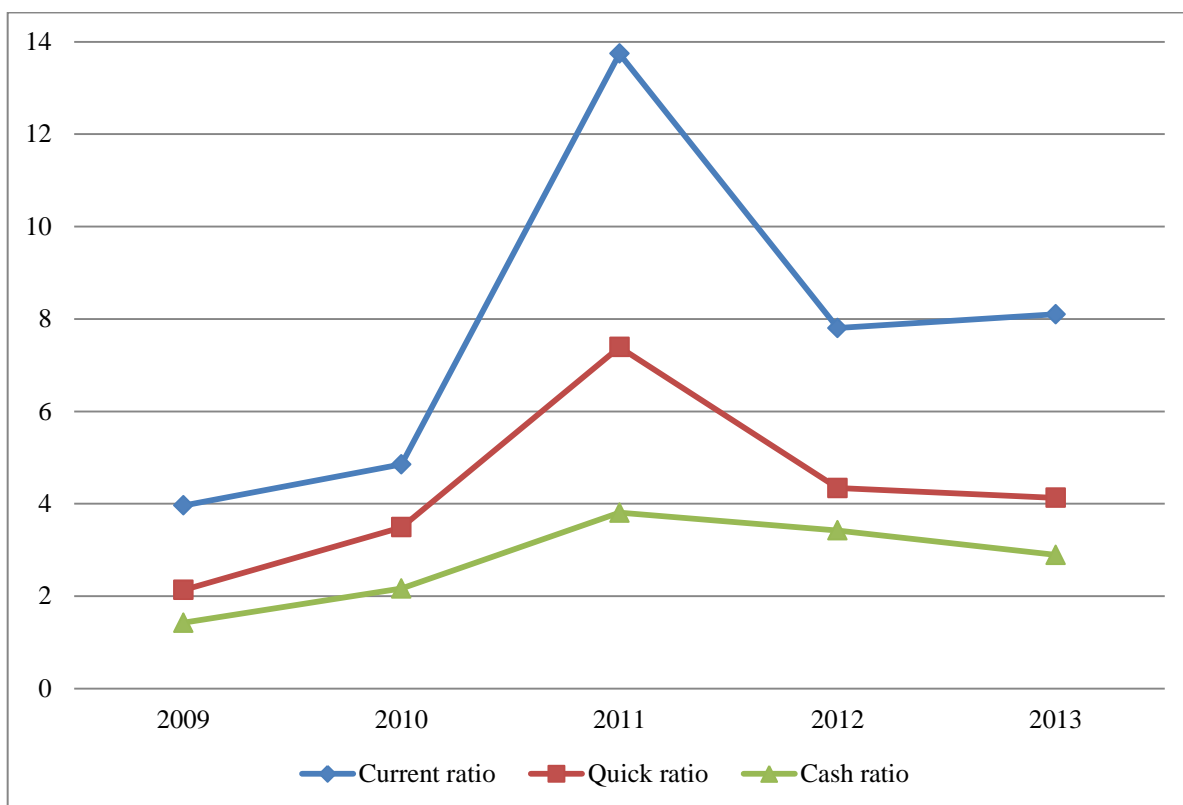
Source: Own calculations

4.10. Turnover ratios

Total assets turnover ratio measures how effectively the firm uses its assets to generate sales, i.e. it means how many CZK of sales are generated per CZK of asset investment. In case of THT Polička, s.r.o., it continuously decreased throughout the measured period of time except a slight increase in 2013 - from 2.322 in 2009 to 0.81 in 2012 with a slight increase to 0.897 in 2013.

It is favorable for the business to reach as high total asset turnover as possible because the higher it is the more effective are the asset investments, creating more sales per each CZK of asset value. In case of THT Polička, s.r.o. we can observe relatively high values of total asset turnover ratio. The company generated 2.322 CZK of sales per CZK of asset investment. However the ratio decreased throughout the years down to 0.897 dollars of sales per dollar of asset investment in 2013. The negative development is caused by massive sales reduction in 2011 which had a direct impact on the evaluation of this ratio.

Table 10 Turnover ratios

Turnover ratios	2009	2010	2011	2012	2013
Total asset turnover ratio	2.322	1.941	0.957	0.810	0.897
Fixed asset turnover ratio	10.319	8.908	3.828	3.437	3.770
Inventory turnover ratio	6.05	8.45	2.61	2.21	2.12
Time period of inventory turnover [days]	60	43	140	165	172
Average collection period [days]	23	42	79	44	54
Average debt period [days]	34	34	30	49	44

Source: Own calculations

Fixed asset turnover ratio measures how effectively the company invests in fixed assets to generate sales. Naturally businesses seek the highest results of fixed asset turnover ratio as possible.

The analysis of fixed asset turnover ratio shows completely same trend as total asset turnover ratio. It constantly decreased throughout the period except an increase in 2013.

THT Polička, s.r.o. shows extremely positive results in terms of fixed asset turnover ratio even though it had a decreasing tendency throughout the years.

It generated 10.319 CZK of sales per CZK of fixed asset investments in 2009. The results decreased down to 3.770 CZK of sales per CZK of fixed asset investment in 2013. However this value can still be considered as a high and positive result.

The decreasing trend of the ratio is also caused by rapid drops in the level of company sales mainly in 2011. THT Polička, s.r.o. maintained stable level of fixed assets throughout all years without any malfunctions.

Figure 9 Turnover ratios
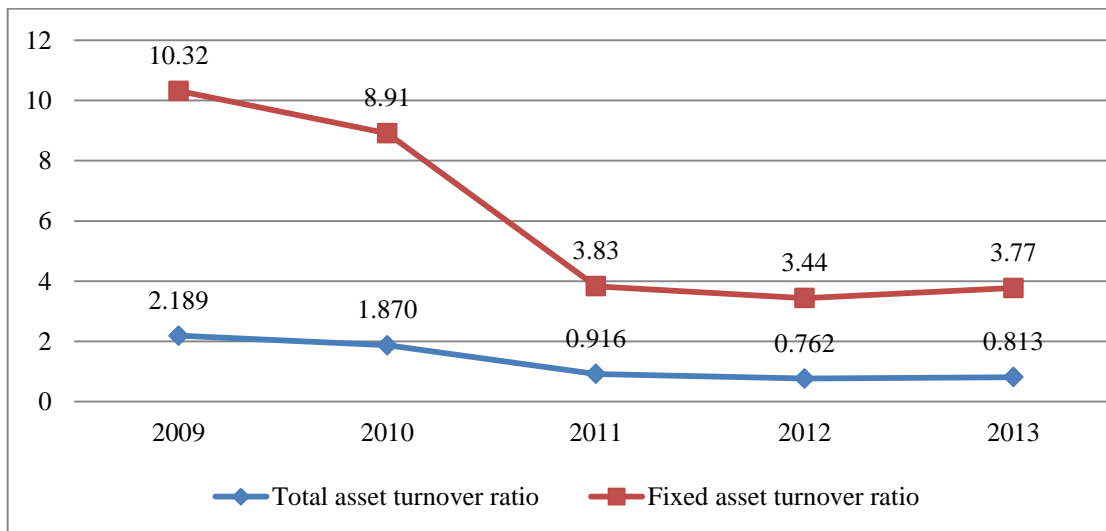
Source: Own calculations

The level of inventory turnover ratio fluctuated throughout the years as at first it increased from 6.05 in 2009 to 8.45 in 2010 but faced a significant decrease to 2.61 in 2011. It continued to decrease in the following years and stopped at 2.12 in 2013.

It is also desirable to analyze the results of the time period of inventory turnover. It indicates for how many days are the current assets held in form of inventories inside the company.

The time period of inventory turnover reached 60 days in 2009 and decreased to 43 days in 2011. It started to increase rapidly in 2011 where it reached the value of 140 days. The negative development continued in the following years stopping at 172 days in 2013.

Average Collection period measures how many days it takes before the company receives money from its sales to customers. Low values of the ratio are preferred, however too low ratio could mean that the firm is being very strict in its credit policy which may not attract customers.

Average collection period increased from 23 days to 79 days between the years 2009 and 2011 but improved significantly as it decreased to 44 days in 2012. It finally stopped at 54 days in 2013.

The negative development of average collection period in 2011 was caused mainly by significant decrease of total sales in 2010 and 2011 which prolonged the period of receiving cash for its contracts. The company concludes business mainly with state enterprises such as ČEZ where the terms of the contracts are better, however sometimes some of the contracts have different exceptional conditions with longer collection period which might influence the outcome of the analysis.

Figure 10 Collection and Debt periods
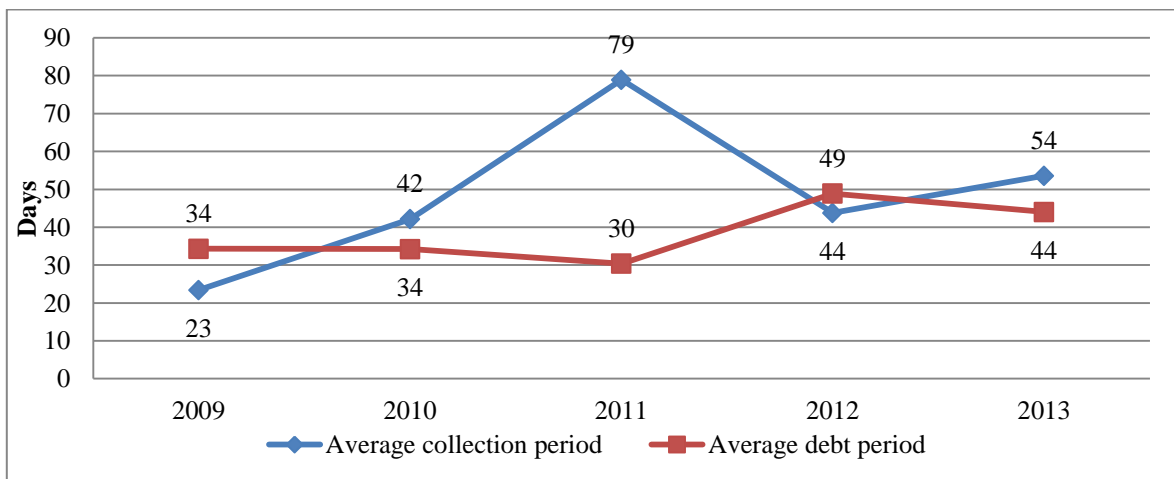
Source: Own calculations

In case of THT Polička, s.r.o. the time until the company paid to its suppliers didn't change in first two years and even slightly decreased to 30 days in 2011. It increased significantly in 2012 as the total revenues of the company decreased which might have an impact on its ability to pay its invoices to suppliers as fast as possible.

4.11.   Profitability ratios

The analysis of profitability ratios is focused on return on assets before and after taxation, return on equity and profit margin. The tax rate for every year is also mentioned in the Table 11 below.

Table 11 Profitability ratios

Profitability ratios	2009	2010	2011	2012	2013
ROA (before tax)	28.78%	23.61%	0.52%	-4.53%	6.21%
ROA (after tax)	23.06%	19.33%	0.48%	-3.86%	5.26%
ROE	29.76%	23.85%	0.53%	-4.34%	5.92%
Profit margin	10.53%	10.33%	0.53%	-5.07%	6.47%
Tax rate	20%	19%	19%	19%	19%

Source: Own calculations

Return on assets before tax (ROA before tax) is very popular indicator in financial analysis of a company because it measures the effectiveness of total assets in creating earnings before interests and taxation (EBIT). Businesses prefer to reach as high ROA as possible because it means more earnings with less investment in assets.

We can observe continuous annual decrease of ROA (before tax) from 28.78% to −4.53% between years 2009 and 2012. However the trend changed in 2013 where it increased rapidly to 6.21%. In case of THT Polička, s.r.o. the values in the first two years 2009 and 2010 reached very positive results both being above 20%. The huge decrease in 2011 and 2012 was caused by a negative trend in EBIT which decreased rapidly in this period. The ratio significantly improved in 2013 because EBIT increased.

Return on assets after tax (ROA after tax) measures exactly the same thing as ROA before tax. The only difference is that it measures the effectiveness of total assets in creating earnings after taxation (EAT).

Unsurprisingly similar trend of development of the ratio as ROA (before tax) can be observed. It also reached very positive results in the first two measured years but went through a negative period of very significant decreases in 2011 and 2012.

Those drops in values were caused by the lower levels of EAT in the respective period compared to previous years. The increase in 2013 was caused by an improvement in the situation of EAT.

Return on equity (ROE) measures the effectiveness of investments made by shareholders and stockholders in terms of creating earnings after taxation (EAT).

There is no surprise while describing ROE that it showed the same trend as previously described ratios. It reached very positive results in the first two measured years but similarly to previous ratios it dropped significantly between 2011 and 2012. We can assume that the negative turnaround was caused by bad development of earnings after taxation (EAT) which was reduced drastically and therefore negatively influenced the result of ROE. The rise of the ratio in 2013 was caused by the improvement in the situation of earnings after taxation.

Net Profit margin measures the effectiveness of sales on creating earnings after taxation (EAT). Businesses seek as high profit margin as possible because it means the firm is more effective in being profitable from its sales.

The company achieved a healthy net profit margin in the years 2009 and 2010 (10.53 %, resp. 10.33 %). Unfortunately we cannot say the same for the following years. The dramatic decrease in 2011 was caused by a significant drop in earnings after taxation (EAT) and total sales as well. The situation got even worse in 2012 where we can observe a negative value of net profit margin due to further decrease of earnings after taxation (EAT) which for the first time in the history of the company reached negative numbers. The rise in 2013 was affected by improvement in earnings after taxation (EAT) and only slight raise of total sales.

Figure 11 Profitability ratios
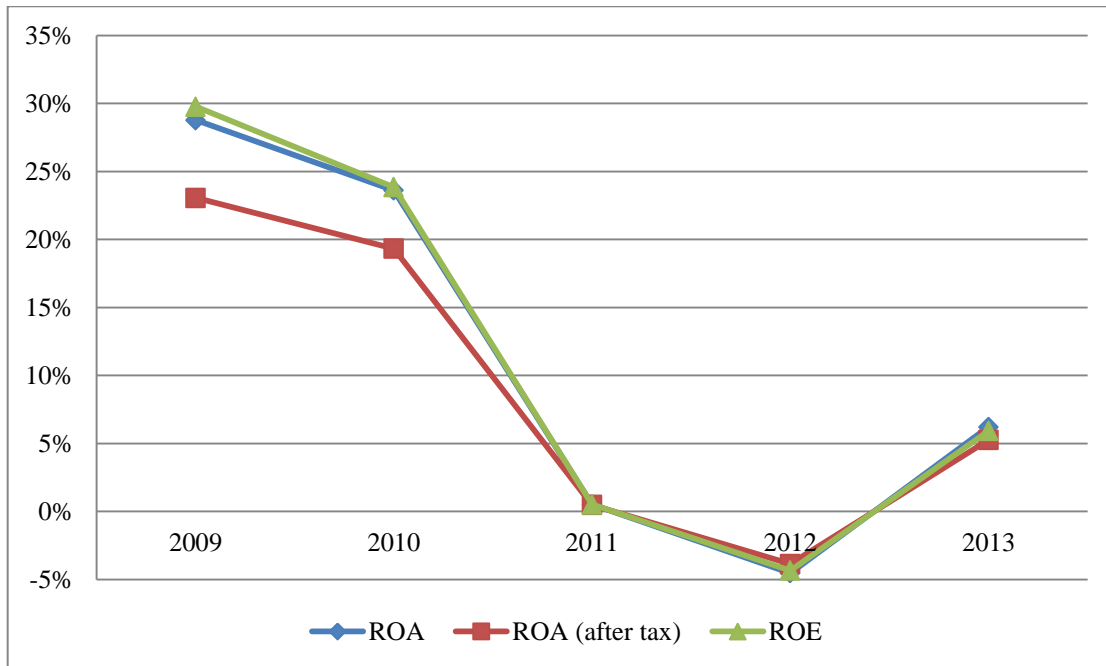
Source: Own calculations

4.12. Financial Distress and Bankruptcy Analysis

4.12.1. Altman Z-score

Altman Z-score analysis is widely used to evaluate financial health of the company through the calculation of 5 different variables which are used for the final enumeration of Z-score. The results are then compared with two predefined zones. Bankruptcy zone includes all values below 1.2, while prosperity zone involves all values above 2.9.

High values of X_4 are caused by relatively low total liabilities of the company. Mainly the significant increase in 2011 is a result of the reduction of liabilities to almost 1/3 compared to previous year.

Table 12 Altman Z-score

	2009	2010	2011	2012	2013
x1	0.5858	0.6262	0.7038	0.6770	0.6865
x2	0.5249	0.6001	0.8941	0.9064	0.8098
x3	0.2948	0.2395	0.0064	-0.0453	0.0621
x4	3.5001	4.3935	11.3650	8.0868	8.1058
x5	2.1890	1.8705	0.9160	0.7617	0.8134
Z-score	5.44	5.41	6.97	5.27	5.59

Source: Own calculations

In the figure 12 below can be seen the development of Altman Z-score throughout the measured period. The company surpassed the prosperity zone each year by a huge difference which meant it was financially healthy and has a good chance of remaining so if it manages to keep the similar level of Altman Z-score in the future.

Figure 12 Altman Z-score
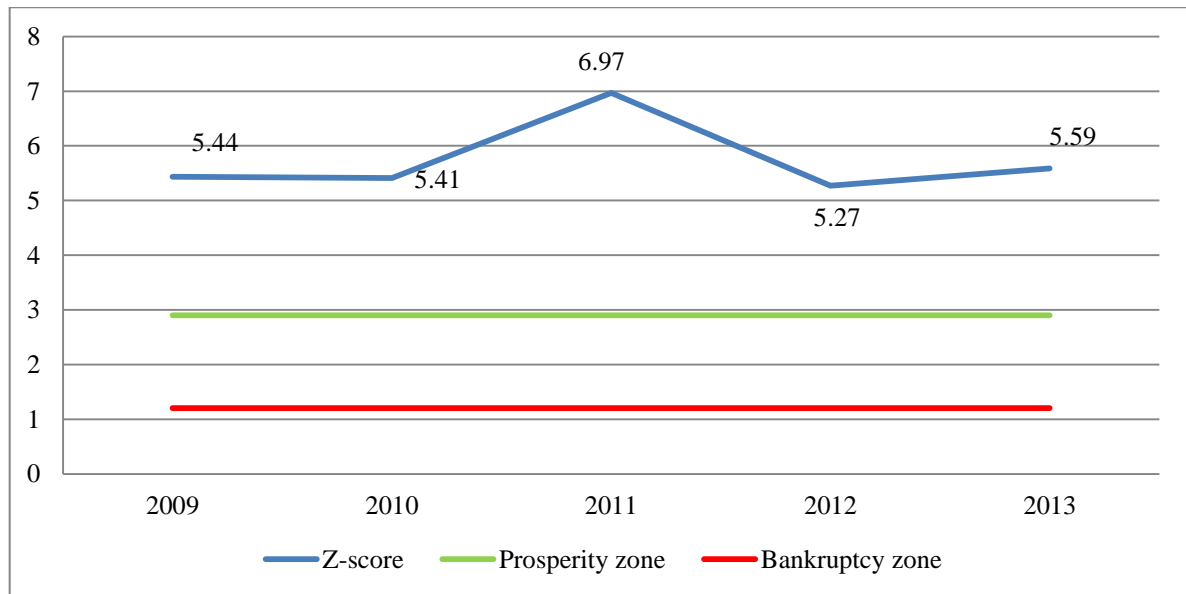
Source: Own calculations

4.12.2. Reliability Index IN05

The second method used for evaluating financial health of the company through calculating another 5 variables is the reliability index IN05 created by Neumaier and Neumaierová (2005). It is considered as the most suitable for evaluating companies established in the Czech Republic.

In the Table 13 below can be observed the set of calculated data from five variables used to calculate the reliability index. Unfortunately the second variable X_2 cannot be calculated for the years 2012 and 2013 due to the fact that the company had no interest expense in those years.

The second variable X_2 reached extremely high numbers in 2009 and 2010 therefore previously defined maximum limit of 9 was applied to reduce its influence on the result of reliability index IN05.

Table 13 Reliability Index IN05

	2009	2010	2011	2012	2013
x_1	4.4397	5.2757	12.1651	9.0340	9.0554
x_2	9.0000	9.0000	5.5523	x	x
x_3	0.2948	0.2395	0.0064	-0.0453	0.0621
x_4	2.1890	1.8705	0.9160	0.7617	0.8134
x_5	3.9607	4.8516	13.7416	7.8046	8.1001
IN 05	2.92	36.16	49.46	x	x

Source: Own calculations

The score of reliability index in 2009 reached the level of 2.92 and was followed by extremely high increase to 36.16 in 2010. The increasing tendency continued in 2011 where it reached 49.46. This was mainly due to the increase of total assets and decrease of interest expense. An increase of current assets and decrease of short-term liabilities also played a role in this overall growth of reliability index.

The reliability index was not calculated for years 2012 and 2013 because of the impossibility of calculating the second variable for those years leading to missing relevant important data necessary for the calculation.

The results of reliability index IN05 are compared within the predefined limits of two zones. Bankruptcy zone includes all values below 0.9 and prosperity zone includes all numbers above 1.6.

Figure 13 Reliability Index IN05
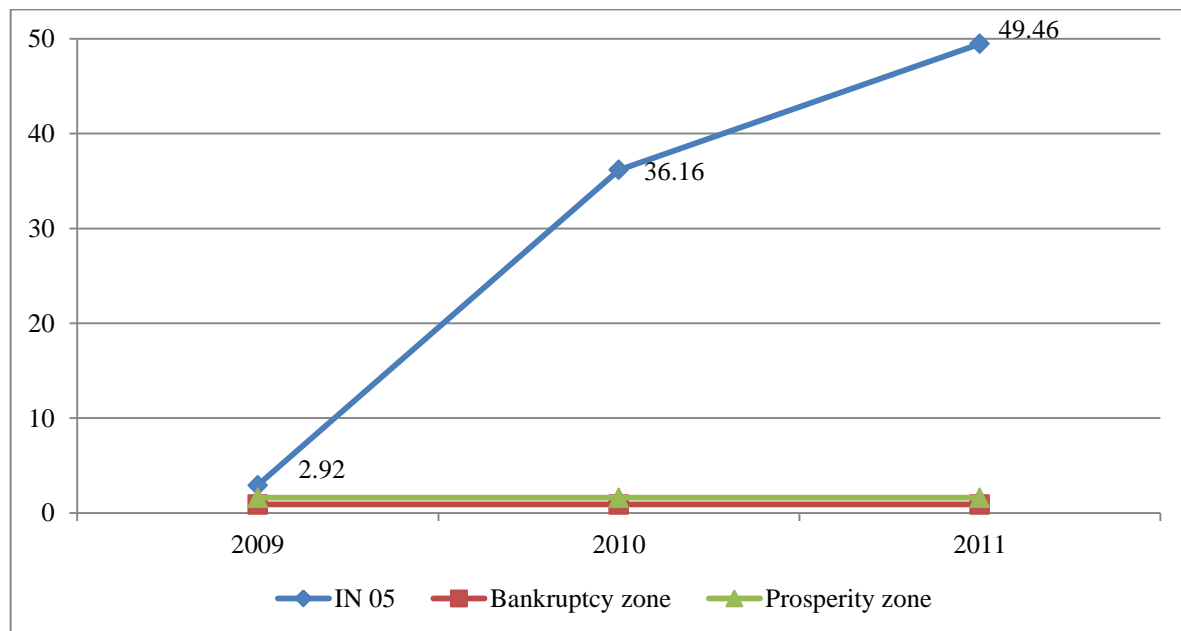
Source: Own calculations

Unfortunately it is impossible to get a clear image of graphically depicted zones within the values of reliability index due to extremely high values of the index.

THT Polička, s.r.o. showed very positive results throughout the measured period being above the prosperity zone by a big margin. The results are however influenced by very high values of the second variable X_2 due to extremely low interest expense which reached the value of 0 in 2012 and therefore prevented me from being able to calculate it for the following years.

5. Conclusion and recommendations

The financial analysis of THT Polička, s.r.o. showed some very interesting development of different indicators. Some of them provided really good and positive results throughout the period while others weren't so bright in certain years.

The company faces a competition from several companies in the country and also some foreign enterprises however it is fair to say that THT Polička, s.r.o. can be considered as the most important and dominant business in its industry inside the Czech Republic. The future of the company is most probably bright, because there are big expectations about the financial boom in the industry. A lot of interesting contracts should arise in the future and also many subsidies from European Union, as well as from the government will be up for grab.

In terms of the horizontal analysis the company displays very huge proportion of current assets compared to fixed assets. This fact is quite logical due to the necessity of presence of large amounts of components and materials as well as unfinished trucks in the stock if the company wants to be able to compete on the market and react in time for possible business contracts.

The financing of the company is mainly done by own sources of equity and only rarely with a very low limited amount of liabilities. This conservative approach definitely puts the company in a safer position in terms of its financial health however it is at the expense of potential investments in different areas financed from liabilities. It is also important to mention that it is favorable for the company to implement a certain portion of a debt and use the effect of the tax shield. Therefore my recommendation for the company is to increase the level of financing from other sources and smartly assess those resources to create even higher revenues.

Thanks to the high proportion of current assets the company is able to use them for covering its short-term liabilities when necessary. This is proved by very positive results of Net Working Capital.

The overall situation of the company was really good in the first two years 2009 and 2010. Unfortunately we can observe a very significant decline in the following years 2011 and 2012. This situation is mainly observed in terms of company's total sales.

Obviously this was negatively projected in the values of operating profit and in the overall earnings before and after taxation. Thanks to the very prosperous previous years which were caused by a large contract of 120 firetrucks in Slovakia the company was able to survive this crisis until the situation improved in 2013.

The analysis of debt ratios only confirms the fact that the company undertakes only minimal risk in terms of its financing and mainly uses own sources of equity for the financial operations. It supports the statement of conservative financial management of the company and convinces me to recommend the company to also implement other sources of financing its actions.

The company shows very positive results in terms of liquidity ratios and can be judged as very liquid in its financial operations. It can fairly quickly convert its receivables into cash. However the high values of cash ratio might as well mean that the company holds decent amounts of cash which might be used more effectively through various types of investments.

The analysis of turnover ratios shows a decreasing trend throughout the measured period mainly observed in terms of total asset turnover and fixed asset turnover. Total asset turnover reached decent values in first two measured years 2009 and 2010 but decreased gradually down to less favorable values. This was mainly caused by the drop of total sales since 2011.

The fixed asset turnover also decreased throughout whole measured period, most rapidly in 2011. The main cause of this situation was also the negative development of total sales of the company. Anyway the values of fixed asset turnover reached extremely positive levels even after the huge fall.

The number of days until receiving money from customers was overall satisfactory except 2011 where it got worse. It is important to mention that every business contract has different terms and deadlines for payments therefore this fact can influence the values of this ratio.

In terms of profitability the company showed very decent results in the first two measured years but unfortunately the situation changed completely for the following period since 2011. Probably the worst year in terms of the financial results of the company was 2012 where it reached negative values of earnings before and after taxation which of course negatively influenced the results of profitability ratios in the period. However the company survived this two-year crisis and started to improve in all aspects in 2013.

It is important to mention that the company to a certain extent expected this crisis to happen and thanks to the great financial results from the previous years and readiness to face this period surpassed it without having to fire any of its employees.

The financial distress analysis done by firstly evaluating Altman Z-score and later on using the Reliability index IN05 was applied to analyze the financial health of the company. It showed very positive results and exceeded the limits of prosperity zone in all measured years even during the crisis. This fact confirms how well the company was prepared to face the decline in 2011 and 2012.

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Appendix 1: Balance Sheet – Assets

BALANCE SHEET (kCZK)		Rozvaha – aktiva k 31.12. v tis. Kč netto*	2009	2010	2011	2012	2013
	ASSETS	Aktiva celkem	434 365	482 137	416 933	417 306	437 595
A.	Receivables for subscribed registered capital	A. Pohledávky za upsaný vlatní kapitál	0	0	0	0	0
B.	Fixed Assets	B. Dlouhodobý majetek	92 144	101 239	99 772	92 494	94 404
B.I.	Intangible fixed assets	B.I. Dlouhodobý nehmotný majetek	168	312	166	66	0
1.	Incorporation expenses	B.I.1. Zřizovací výdaje	0	0	0	0	0
2.	Research and development	B.I.2. Nehmotný výsledek výzkumu a vývoje	0	0	0	0	0
3.	Software	B.1.3. Software	168	312	166	66	0
4.	Royalties	B.1.4 .Ocenitelná práva	0	0	0	0	0
5.	Goodwill	B.I.5. Goodwill	0	0	0	0	0
6.	Other intangible assets	B.I.6. Jiný dlouhodobý nehmotný majetek	0	0	0	0	0
7.	Intangible fixed assets under construction	B.I.7. Nedokončený dlouhodobý majetek	0	0	0	0	0
8.	Advance payments for intangible fixed assets	B.I.8. Poskytnuté zálohy na dlouhodobý nehmotný majetek	0	0	0	0	0
B.II.	Tangible fixed assets	B.II. Dlouhodobý hmotný majetek	85 350	94 443	93 487	85 216	84 297
1.	Land	B.II.1. Pozemky	2 884	2 884	2 884	2 884	2 884
2.	Buildings, halls and structures	B.II.2. Stavby	64 624	81 784	81 041	78 587	76 133
3.	Property, plant and equipment	B.II.3. Samostatné movité věci a soubory	10 886	9 708	9 495	3 668	5 126
4.	Cultivated areas	B.II.4. Pěstitelské celky trvalých porostů	0	0	0	0	0
6.	Other tangible fixed assets	B.II.6. Jiný dlouhodobý hmotný majetek	0	0	0	0	0
7.	Tangible fixed assets under construction	B.II.7. Nedokončený dlouhodobý hmotný majetek	6 956	67	67	77	154
8.	Advanced payments for tan. fixed assets	B.II.8. Poskytnuté zálohy na dlouhodobý hmotný majetek	0	0	0	0	0
B.III.	Long-term investments	B.III. Dlouhodobý finanční majetek	6 626	6 484	6 119	7 212	10 107

1.	Investments in group undertakings	B.III.1. Podíly - ovládaná osoba	0	0	0	0	0
2.	Investments in associated companies	B.III.2. Podíly v účetních jednotkách pod podstatným vlivem	6 366	6 224	5 989	7 082	9 977
3.	Other long-term securities and ownership interests	B.III.3. Ostatní dlouhodobé cenné papíry a podíly	260	260	130	130	130
4.	Intercompany loans	B.III.4. Půjčky a úvěry - ovládaná nebo ovládající osoba	0	0	0	0	0
5.	Other long-term investments	B.III.5. Jiný dlouhodobý finanční majetek	0	0	0	0	0
6.	Long-term investments (provisional value)	B.III.6. Pořizovaný dlouhodbý fianční majetek	0	0	0	0	0
7.	Advanced payments for long-term investments	B.III.7. Poskytnuté zálohy na dlouhodobý finanční majetek	0	0	0	0	0
C.	**Current assets**	**C. Oběžná aktiva**	340 422	380 330	316 455	324 040	342 699
C.I.	**Inventories**	C.I. Zásoby	157 039	106 711	146 213	143 916	168 077
1.	Raw materials	C.I.1. Materiál	89 801	65 262	67 905	63 184	91 511
2.	Work in progress and semi-finished products	C.I.2. Nedokončená výroba a polotovary	57 284	33 004	54 780	69 580	65 192
3.	Finished goods	C.I.3. Výrobky	7 211	5 731	20 387	8 175	8 645
4.	Livestock	C.I.4. Zvířata	0	0	0	0	0
5.	Goods for resale	C.I.5. Zboží	2 743	2 714	3 141	2 977	2 729
6.	Advance payments for inventory	C.I.6. Poskytnuté zálohy na zásoby	0	0	0	0	0
C.II.	**Long-term receivables**	C.II. Dlouhodobé pohledávky	0	0	0	0	0
1.	Trade receivables	C.II.1. Pohledávky z obchodních vztahů	0	0	0	0	0
2.	Receivables from group undertakings	C.II.2. Pohledávky - ovládaná nebo ovládajíácí osoba	0	0	0	0	0
3.	Receivables from associated companies	C.II.3. Pohledávky - podstatný vliv	0	0	0	0	0
4.	Receivables from shareholders and alliance partners	C.II.4. Pohledávky za společníky	0	0	0	0	0
5.	Estimated receivables	C.II.5. Dlouhodobé poskytnuté zálohy	0	0	0	0	0
6.	Other receivables	C.II.6. Dohadné účty atkivní	0	0	0	0	0
7.	Accruals	C.II.7. Jiné pohledávky	0	0	0	0	0

8.	Deferred tax assets	C.II.8. Odložená daňová pohledávka	0	0	0	0	0
C.III.	**Short-term receivables**	C.III. Krátkodobé pohledávky	60 992	104 078	82 573	38 114	52 258
1	Trade receivables	C.III.1. Pohledávky z obchodních vztahů	55 630	93 243	66 479	33 117	51 121
2	Receivables from group undertakings	C.III.2. Pohledávky - ovládaná nebo ovládající osoba	0	0	0	0	0
3	Receivables from associated companies	C.III.3. Pohledávky - podstatný vliv	0	0	0	0	0
4	Receivables from shareholders and alliance partners	C.III.4. Pohledávky za společníky	0	0	0	0	0
5	Social security and health insurance	C.III.5. Sociální zabezpečení a zdravotní pojištění	0	0	0	0	0
6	Tax receivables and state subsidies receivable	C.III.6. Stát – daňové pohledávky	0	4	13 819	1 798	0
7	Other advances paid	C.III.7. Krátkodobé poskytnuté zálohy	4 030	5 977	2 269	3 199	1 137
8	Estimated receivables	C.III.8. Dohadné účty aktivní	0	0	0	0	0
9	Other receivables	C.III.9. Jiné pohledávky	1 332	4 854	6	0	0
C.IV.	**Short-term financial assets**	C.IV. Krátkodobý finanční majetek	122 391	169 541	87 669	142 010	122 364
1.	Cash	C.IV.1.Peníze	293	324	349	437	332
2.	Bank accounts	C.IV.2.Účty v bankách	122 098	169 217	87 320	141 573	122 032
3.	Short-term securities and ownership interests	C.IV.3.Krátkodobé cenné papíry a podíly	0	0	0	0	0
4.	Short-term investments	C.IV4.Pořizovaný krátkodobý finanční majetek	0	0	0	0	0
D.I.	**Accruals and deferrals**	**D.I. Časové rozlišení**	1 799	568	706	772	492
1.	Prepaid expenses	D.I.1. Náklady příštích období	690	252	540	677	415
2.	Complex prepaid expenses	D.I.2. Komplexní náklady příštích období	359	234	166	95	77
3.	Accrued revenue	D.I.3. Příjmy příštích období	750	82	0	0	0

Appendix 2: Balance Sheet – Equity

BALANCE SHEET (kCZK)		Rozvaha – pasiva k 31.12. v tis. Kč	2009	2010	2011	2012	2013
		Pasiva celkem	434 365	482 137	416 933	417 306	437 595
A.	**Stockholder's Equity**	**A. Vlastní kapitál**	336 528	390 748	382 660	371 113	389 271
A.I.	**Registered capital**	A.I. Základní kapitál	1 980	1 980	1 980	1 980	1 980
1.	Registered capital	A.I.1. Základní kapitál	1 980	1 980	1 980	1 980	1 980
2.	Own shares held	A.I.2. Vlastní akcie a vlastní obchodní podíly	0	0	0	0	0
3.	Changes in registered capital	A.I.3. Změny základního kapitálu	0	0	0	0	0
A.II.	**Capital contributions**	A.II. Kapitálové fondy	6 207	6 065	5 700	6 793	9 688
1.	Share premium	A.II.1. Emisní ážio	0	0	0	0	0
2.	Other capital contributions	A.II.2. Ostatní kapitálové fondy	0	0	0	0	0
3.	Revaluation of assets and liabilities	A.II.3. Oceňovací rozdíly z přecenění majetku a závazků	6 207	6 065	5 700	6 793	9 688
4.	Revaluation reserve on transformations	A.II.4. Oceňovací rozdíly z přecenění při přeměnách	0	0	0	0	0

		společností				
5.	Differences on transformation	A.II.5. Rozdíly z přeměn společností	0	0	0	0	0
A.III.	**Reserve funds**	A.III. Rezervní fondy	198	198	198	198	198
1.	Statutory reserve	A.III.1. Zákonný rezervní fond	198	198	198	198	198
2.	Statutory and other reserves	A.III.2. Statutární a ostatní fondy	0	0	0	0	0
A.IV.	**Retained earnings**	A.IV. Výsledek hospodaření minulých let	227 987	289 320	372 770	378 243	354 376
1.	Retained profits	A.IV.1. Nerozdělený zisk minulých let	227 987	289 320	372 770	378 243	354 376
2.	Accumulated losses	A.IV.2. Neuhrazená ztráta minulých let	0	0	0	0	0
A.V.	**Profit (loss) for current period**	A.V. Výsledek hospodaření běžného úč.období (+-)	100 156	93 185	2 012	-16 101	23 029
B.	**Liabilities**	**B. Cizí zdroje**	96 147	88 938	33 670	45 891	48 024
B.I.	**Provisions**	B.I. Rezervy	0	0	0	0	0
1.	Tax-deductible provisions	B.I.1. Rezervy podle zvláštních právních předpisů	0	0	0	0	0
2.	Provision for pensions and other similar payables	B.I.2. Rezerva na důchodu a podobné závazky	0	0	0	0	0
3.	Income tax provision	B.I.3.	0	0	0	0	0

		Rezerva na daň z příjmu					
4.	Non-deductible provisions	B.I.4. Ostatní rezervy	0	0	0	0	0
B.II.	**Long-term liabilities**	B.II. Dlouhodobé závazky	10 197	10 546	10 631	4 372	5 716
1.	Trade payables	B.II.1. Závazky z obchodních vztahů	0	0	0	0	0
2.	Liabilities to group undertakings	B.II.2. Závazky - ovládaná nebo ovládající osoba	0	0	0	0	0
3.	Liabilities to associated companies	B.II.3. Závazky - podstatný vliv	0	0	0	0	0
4.	Liabilities to shareholders and alliance partner	B.II.4. Závazky ke společníků m	0	0	0	0	0
5.	Long-term advances received	B.II.5. Dlouhodobé přijaté zálohy	0	0	0	0	0
6.	Debentures and bonds issued	B.II.6. Vydané dluhopisy	0	0	0	0	0
7.	Long-term bills of exchange payable	B.II.7. Dlouhodobé směnky k úhradě	0	0	0	0	0
8.	Estimated payable	B.II.8. Dohadné účty pasivní	0	0	0	0	0
9.	Other long-term payable	B.II.9. Jiné závazky	0	0	0	0	0
10.	Deferred tax liability	B.II.10.Odl ožený daňový závazek	10 197	10 546	10 631	4 372	5 716
B.III.	**Short-term liabilities**	B.III. Krátkodobé závazky	85 950	78 392	23 029	41 519	42 308

1.	Trade payables	B.III.1. Závazky z obchodních vztahů	22 568	56 250	9 235	29 507	30 343
2.	Liabilities to group undertakings	2. Závazky - ovládaná nebo ovládající osoba	0	0	0	0	0
3.	Liabilities to associated companies	3. Závazky - podstatný vliv	0	0	0	0	0
4.	Liabilities to shareholders and alliance partner	4. Závazky ke společníkům	0	0	0	0	0
5.	Payables to employees	5. Závazky k zaměstnancům	42 689	4 908	3 894	3 386	4 320
6.	Payables to social security and health insurance	6. Závazky ze sociál.zabezpeč. a zdrav.pojišť.	2 752	2 536	2 122	1 863	2 437
7.	Tax liabilities	7. Stát –daňové závazky a dotace	15 067	14 276	6 660	3 746	5 200
8.	Short-term advances received	8. Krátkodobé přijaté zálohy	2 518	13	708	3 017	8
9.	Debentures and bonds issued	9. Vydané dluhopisy	0	0	0	0	0
10.	Estimated payables	10. Dohadné účty pasivní	356	409	420	0	0
11.	Other payables	11. Jiné závazky	0	0	0	0	0
B.IV.	**Bank loans and overdrafts**	B.IV. Bankovní úvěry a výpomoci	0	0	0	0	0
1.	Long-term bank loans	B.IV.1. Bankovní úvěry	0	0	0	0	0

		dlouhodobé					
2.	Short-term bank loans	B.IV.2. Krátkodobé bankovní úvěry	0	0	0	0	0
3.	Short-term financial liability	B.IV.3. Krátkodobé finanční výpomoci	0	0	0	0	0
C.	**Accrual and deferrals**	**C.I. Časové rozlišení**	1 690	2 451	603	302	300
1.	Accrued expenses	C.I.1. Výdaje příštích období	1 096	1 094	603	302	300
2.	Deferred revenues	C.I.2. Výnosy příštích období	594	1 357	0	0	0

Appendix 3: Profit and Loss Account

Profit and loss Account		VZZ - Položka k 31.12. v tis. Kč	2009	2010	2011	2012	2013
	Revenue from goods	I. Tržby za prodej zboží	51 074	60 053	67 773	69 646	63 585
	Cost of goods sold	A. Náklady vynaložené na prodané zboží	46 728	55 633	64 388	65 938	60 039
	Gross profit	**+ Obchodní marže**	4 346	4 420	3 385	3 708	3 546
	Revenue from production	II. **Výkony**	899 740	841 777	314 144	248 226	292 346
	Revenue from own products and services	II.1. Tržby za prodej vlastních výrobků a služeb	853 804	846 492	264 852	242 009	291 402
	Change in inventory of own production	2. Změna stavu zásob vlastní činnosti	23 250	-24 466	36 436	2 610	-2 844
	Own work capitalized	3. Aktivace	22 686	19 751	12 856	3 607	3 788
	Cost of sales	B. Výkonová spotřeba	694 935	635 604	235 145	197 405	199 229
	Materials and consumables	B.1. Spotřeba materiálu a energie	559 009	527 820	206 475	168 363	176 540
	Services	2. Služby	135 926	107 784	28 670	29 042	22 689
	Added value	**+ Přidaná hodnota**	209 151	210 593	82 384	54 529	96 663
	Personnel expenses	C. Osobní náklady	99 607	95 055	76 286	69 746	70 295
	Wages and salaries	C.1. Mzdové náklady	73 558	69 496	55 756	50 947	51 418
	Remuneration of board members	2. Odměna členům orgánů společnosti	0	0	0	0	0
	Social security and health insurance expenses	3. Náklady na sociální zabezpečení a zdrav. pojištění	23 935	23 475	18 760	17 189	17 242
	Social expenses	4. Sociální náklady	2 114	2 084	1 770	1 610	1 635
	Taxes and charges	D. Daně a poplatky	818	728	395	483	469
	Depreciation of intangible and tangible fixed assets	E. Odpisy dlouhodobého majetku	6 119	6 233	6 790	5 792	4 777
	Proceeds from disposals of fixed assets and raw material	III. Tržby z prodeje dlouhodobého majetku a materiálu	29 348	16 280	11 578	14 212	24 035
	Proceeds from disposals of fixed assets	III.1.Tržby z prodeje dlouhodobého majetku	188	17	35	3 340	78
	Proceeds from disposals of	2.Tržby z prodeje	29 160	16 263	11 543	10 872	23 957

raw material	materiálu					
Net book value of fixed assets and raw material sold	F. Zůstatková cena prodaného dl.majetku a materiálu	22 067	11 322	6 699	10 225	16 828
Net book value of fixed assets sold	F.1. Zůstatková cena prodaného dlouhodobého majetku	0	0	0	2 918	0
Raw material sold	2. Prodaný materiál	22 067	11 322	6 699	7 307	16 828
Change in provisions and adjustments relating to operating activity and change complex prepaid expenses	G. Změna stavu rezerv a op.položek v provozní oblasti	-2 924	-44	-34	1 287	1 671
Other operating revenues	IV. Ostatní provozní výnosy	8 933	4 549	2 265	2 476	11 108
Other operating expenses	H. Ostatní provozní náklady	4 611	2 012	458	1 885	10 469
Adjustments to operating revenues	V. Převod provozních výnosů	0	0	0	0	0
Adjustments to operating expenses	I. Převod provozních nákladů	0	0	0	0	0
Operating profit (loss)	*** Provozní výsledek hospodaření**	117 134	116 116	5 633	-18 201	27 297
Proceeds from sale of securities and ownership interests	VI. Tržby z prodeje cenných papírů a podílů	0	0	0	0	0
Securities and ownership interests sold	J. Prodané cenné papíry a podíly	0	0	0	0	0
Revenue from long-term investments	VII. Výnosy z dlouhodobého finančního majetku	0	0	0	0	0
Revenue from intercompany securities and ownership interests	VII. 1. Výnosy z podílů v ovládaných osobách a v účetních jednotkách pod podstatným vlivem	0	0	0	0	0
Revenue from other long-term securities and ownership interests	VII. 2. Výnosy z ostatních dlouhodobých cenných papírů a podílů	0	0	0	0	0
Revenue from other long-term investments	VII. 3. Výnosy z ostatního dlouhodobého finančního majetku	0	0	0	0	0
Revenue form short-term financial investments	VIII. Výnosy z krátkodobého finančního majetku	0	0	0	0	0

Financial assets expenses	K. Náklady z finančního majetku	0	0	0	0	0
Revenue from revaluation of securities and derivates	IX. Výnosy z přecenění cenných papírů a derivátů	0	0	0	0	0
Expenses for revaluation of securities and derivates	L. Náklady z přecenění cenných papírů a derivátů	0	0	0	0	0
Change in provisions and adjustments relating to financial activity	M. Změna stavu rezerv a opravných položek ve finanční oblasti	0	0	0	0	0
Interest revenue	X. Výnosové úroky	90	497	479	795	538
Interest expense	N. Nákladové úroky	3 062	1 619	478	0	0
Other financial revenue	XI. Ostatní finanční výnosy	17 976	11 907	2 022	2 262	946
Other financial expenses	O. Ostatní finanční náklady	8 791	13 109	5 449	3 492	1 500
Adjustments to financial revenue	XII. Převod finančních výnosů	0	0	0	0	0
Adjustments to financial expenses	P. Převod finančních nákladů	0	0	0	0	0
Profit (loss) from financial operations	* **Finanční výsledek hospodaření**	6 213	-2 324	-3 426	-435	-16
Income tax on ordinary profit (loss)	Q. Daň z příjmů za běžnou činnost	24 835	20 668	164	-2 797	4 161
- current	Q.1. - splatná	24 481	20 319	80	0	2 817
- deferred	- odložená	354	349	84	-2 797	1 344
Profit (loss) on ordinary activities after taxation	** **Výsledek hospodaření za běžnou činnost**	98 512	93 124	2 043	-15 839	23 120
Extraordinary revenue	XIII. Mimořádné výnosy	1 644	742	664	211	26
Extraordinary expenses	R. Mimořádné náklady	0	681	695	473	117
Income tax on extraordinary profit (loss)	S. Daň z příjmů z mimořádné činnosti	0	0	0	0	0
- current	S.1. - splatná	0	0	0	0	0
- deferred	S.2. - odložená	0	0	0	0	0
Transfer of profit or loss to partners	T. Převod podílu na výsledku hospodaření	0	0	0	0	0
Extraordinary profit (loss)	* **Mimořádný výsledek hospodaření**	1 644	61	-31	-262	-91
Profit (loss) for accounting period	*** **Výsledek hospodaření za**	100 156	93 185	2 012	-16 101	23 029

	účetní období (+,-)				
Profit (loss) for accounting period before tax	******Výsledek hospodaření před zdaněním**	124 991	113 853	2 176	-18 898	27 190
Total Revenues	Výnosy celkem	1 008 805	935 805	398 925	337 828	392 584
Total Cost	Náklady celkem	883 814	821 952	396 749	356 726	365 394
Total Sales	Tržby celkem	950 814	901 830	381 917	317 872	355 931