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Field of Study: Finance and Taxation

**THE ANALYSIS OF COSTS AND YIELDS
OF MILK PRODUCTION
IN THE PERIOD 2003 – 2009
AND THE PROPOSAL
OF THEIR OPTIMIZATION
IN THE COMPANY ZEAS BÁNOV, INC.**

(Bachelor thesis)

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Analýza nákladů a výnosů na mléko v letech 2003 - 2009 a návrh na jejich optimalizaci ve společnosti ZEAS Bánov, a.s.

Cíl bakalářské práce:

Cílem bakalářské práce je vypracovat analýzu nákladů a výnosů na mléko v letech 2003 - 2009 a předložit návrh na jejich optimalizaci ve společnosti ZEAS Bánov, a.s. V úvodu práce vypracujete teoretický základ. V dalších částech provedte charakteristiku firmy ZEAS Bánov, a.s. a provedte analýzu nákladů a výnosů při výrobě mléka v letech 2003 - 2009. Vyhodnoťte vliv změn tržní ceny mléka na ekonomiku podniku ZEAS Bánov, a.s. Vypracujte doporučení na opatření snížení nákladů a zvýšení výnosů mléka v následujícím období. Bakalářská práce bude obhájena před vedením firmy ZEAS Bánov, a.s. a hodnocení se stane součástí bakalářské práce.

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Úvod

1. Teoretický základ
 2. Charakteristika firmy ZEAS Bánov, a.s.
 3. Finanční analýza firmy ZEAS Bánov, a.s.
 4. Analýza nákladů a výnosů výroby mléka v letech 2003 - 2009
 5. Vyhodnocení vlivu změn tržní ceny mléka na ekonomiku podniku
 6. Doporučení na opatření pro snížení nákladů a zvýšení výnosů mléka v následujícím období
- Závěr

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Kunovice, June 2011

I would like to thank Ing. Ladislav Kozubík for the very useful methodological assistance that he provided me in the processing of my Bachelor thesis.

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INTRODUCTION

The main aim of the bachelor thesis is the analysis of costs and yields of milk production in the period 2003 – 2009 and the proposal of their optimization in the company ZEAS Bánov, Inc. The topic of my bachelor thesis was specified by company's management ZEAS Bánov, Inc. Results of financial analysis of company and analysis of costs and yields of the centre of milk production will use for company's management for next strategic decisions. The company is strongly focused on milk production therefore the choice of topic for my bachelor thesis was more than evident. In view of the fact I have been living in village since childhood and my grandparents used to work in agricultural I know this topic. I am interested in the topic not only because people are employed by agriculture in the countryside but food is produced by agriculture too. The agriculture has a great impact on the landscape sometimes negative.

The bachelor thesis is structured into chapters and subchapters as the contents and is divided into six parts. The first part is a theoretical base which includes definitions of basic concepts such as financial analysis and its types, analysis of financial ratios, Altman's model, balance sheet, profit and loss statement, cash flow statement, assets, liabilities, costs, yields, economic result etc. The second part describes the characterization of the company ZEAS Bánov, Inc., e.g. company's description, object of business, organizational structure, SWOT analysis. The third part focuses on the financial analysis of the company and it is the analysis of balance sheet, analysis of profit and loss statement, analysis of financial ratios and Altman's model. The fourth part deals with the analysis of costs and yields of milk production in the company ZEAS Bánov, Inc in the period 2003 – 2009. I consider the important fifth part, i.e. assess the impact of changes in market prices of milk on the corporate economy and the sixth part – recommendations on measures to reduce costs and increase yields of milk in the next period.

Just agriculture as an important sector of national economy is currently based on the subsidy of the state. The state subsidizes food prices through subsidies to farmers. The Czech agriculture has been at a loss for long time. The Czech Republic is not oriented agrarian country only because a large proportion of agricultural land is situated in the foothills and mountainous areas. A quarter of the land is in protected areas of land and water and agriculture are minimized by the state and maintenance of this landscape

supported by subsidies. If a farmer wants to be in your business profitable, has to focus on that area of agricultural production, for which has the ideal conditions. He controls agriculture and he is good in it. The negative impacts of agriculture are moderated tough regulations, decrees, laws. The farmer has to fit the bill to receive subsidies and they were not reduced.

There are situations in recent years that farms do not sell the part of their production, because if you are encumbered with sales of cereals or oilseed rape, it is not interest of pork or beef. And just as farmers will not affected plant due to bad weather, there is the European overproduction and low prices of plant and animal commodities. The conclusion is simple. Nobody cares the Czech agricultural products today and if the Czech farmers would stop to supply their products to stores and supermarkets that the country which has a surplus always supplies to the receipts.

The Agricultural Association of the Czech Republic said in the economic result of farmers in 2009: *"Last economic result of farmers under the Agricultural Association of the Czech Republic fell into the loss from two to three milliard crowns."* Chairman of the Agricultural Association of the Czech Republic Miroslav Jirovský recalled: *"Decrease of sales in agriculture was fell from this reason, decrease accounted for 20 milliard crowns. The most, about half, it contributed to lower price of corn, followed by decrease in milk sales of six milliard crowns. As a result of development for the last year is a further reduction of dairy cows for seven percent and the number of sows for another quarter. About eight thousand employees less worked in agriculture than the year before last. Their number fell to about 120 thousand. Agriculture employed more than half a million people 20 years ago. It continues increasing in the difference between the average wage and wage in agriculture, which is more than five thousand crowns less."* [5]

1 THEORETICAL BASIS

This chapter includes definitions of basic concepts such as financial analysis and its types, analysis of financial ratios, Altman's model, balance sheet, profit and loss statement, cash flow statement, assets, liabilities, costs, yields, economic result etc.

1.1 Financial analysis

Economic theory offers a different assessment of business models based on verbal evaluation (comparative analytical methods), e.g. SWOT analysis or the financial terms (statistical methods), e.g. pyramid decomposition characteristics. [19, p. 1]

Classical financial analysis includes two interconnected parts:

- a) **Qualitative, so-called fundamental analysis** – based on knowledge of the interrelationship between economic and non-economic phenomena, the experiences of experts and their subjective estimates.

It is the analysis of the impact:

- Internal and external economic environment of firm
- The current phase of the life of firm
- The nature of corporate objectives

- b) **Quantitatively, so-called technical analysis** – using mathematical and statistical and other methods for the quantitative treatment of economic data with the subsequent economic assessment results.

It includes the following phases:

- Identify features and data sources
- Selection methods and basic data processing
- Advanced data processing
- Proposals to achieve the target state

According to the purpose and according to the data, a distinction is technical analysis:

- Absolute data (horizontal, vertical)
- Differential indicators (fund of funds)

- Ratios indicators (profitability, activity, debt and financial structure, liquidity, capital market operations, operating activities, cash flow)
- System indicators (ratios analysis, comparative analysis methods, mathematical and statistical methods, a combination of methods) [19, p. 7 – 10]

The starting point for financial analysis are always financial data, which are further processed and supplemented by financial and non-financial indicators to the final assessment of their financial situation. [19, p. 1]

1.2 The subject, the role and objective of financial analysis

The subject of financial analysis is the firm's financial situation. The financial situation has a major influence on the corporate image with significant external and internal relationships. External connection can be expressed by means of an enterprise presents its financial situation around. It is that the financial situation is the result which the business reached in the individual areas of activity. The financial situation is reflected in the quality of production, the level of commercial activity and market knowledge, innovative activity. [1, p. 10]

The role of financial analysis is to determine who and how many actors involved in shaping the financial situation. The financial analysis focused on understanding the factors involved in the company's financial situation, to detect strengths and weaknesses. It becomes a useful and effective means that allows to assess the financial health of the company. [1, p. 10]

The objective of financial analysis:

- Assessment of the impact of internal and external business environment
- Analysis of current business development
- Comparison of analysis results in space
- Analysis of the relationships between indicators (pyramidal decomposition)
- Providing information for decision-making into the future
- Analysis of future development options and choosing the best option

- Interpretation of results, including the proposals in the financial planning and management [19, p. 4]

1.3 Sources of information for financial analysis

Basic data are mostly drawn from financial statements, which can be divided into two parts:

a) Financial accounts statements

- They are external reports – provide information, particularly external users
- They give an overview of the status and structure of assets, resources, coverage, production and use of economic result and cash flow
- They are the basis of information for corporate financial analysis
- The company is obliged to publish at least once a year

b) Internal financial statements

- They are not legally binding and presentation based on the internal needs of each company
- These are statements that are drawing more frequent rate and allow for more detailed time series [16, p. 21]

For successful processing of financial analysis are important basic accounting statements: balance sheet, profit and loss statement, the creation and use of funds (cash flow statement).

1.4 Horizontal and vertical analysis

Horizontal and vertical analysis looks at the development of a single variable (balance sheet and income statement) at a time or in relation to one variable (total assets, sales). [10, p. 29]

1.4.1 Horizontal analysis

The horizontal analysis examines the development of fixed quantities of time in relation to a previous accounting period. It is used when we want to quantify the annual change. In this case, we find the percentage by which the individual balance sheet items have changed from last year (i.e. index), possibly how much the individual items have changed in absolute terms (i.e. the difference). [10, p. 9 – 10]

Mathematical notation for indices:

$$I_{t/t-1}^i = \frac{B_i(t)}{B_i(t-1)} \quad \text{or} \quad I_{t/t-1}^i = \frac{B_i(t) - B_i(t-1)}{B_i(t-1)} = \frac{B_i(t)}{B_i(t-1)} - 1$$

Where: $B_i(t)$ – value balance item i at the time t [10, p. 10]

Mathematical notation for differential:

$$D_{t/t-1} = B_i(t) - B_i(t-1)$$

Where: $D_{t/t-1}$ – is a change from previous year

t – time

B_i – value balance item i [10, p. 11]

1.4.2 Vertical analysis

Vertical analysis follows the structure of the financial statement relative to some variable (e.g. total assets). The balance amount can be understood as the sum of all items or even different sub-items you want to analyze (e.g. current assets, foreign sources). [10, p. 13]

$$P_i = \frac{B_i}{\sum B_i}$$

Where: P_i – is a relationship

B_i – the size of balance sheet item

$\sum B_i$ – total value of the items within a whole [10, p. 13]

1.5 Analysis of financial ratios

Ratio analysis compares items with each other. Procedures ratio analysis is summarized in several groups of indicators, so-called the system of indicators. [10, p. 29]

Financial ratios allow to obtain quick information the basic financial characteristics of the business. They can build a mutual fund, which gives the ratio of the whole and the whole (e.g. the proportion of equity to total capital) or as a relationship which give the ratio of independent variables (e.g. ratio of profit to total assets). [19, p. 55]

In the analysis of financial ratios to meet the profit:

- **EBIT** – earnings before interest and taxes on income, i.e. profit roughly equivalent to operating profit
- **EBT** – earnings before taxes, i.e. operating earnings decreased or increased financial and extraordinary economic result
- **EAT** – earnings after taxes (net earnings), i.e. earnings after tax or earnings after tax increased by the cost, resp. taxation of interest [19, p. 56]

1.5.1 Indicators of profitability

Indicator of profitability (profitability ratios) – return, profitability: They find to the effect achieved by the embedded capital. [10, p. 29] Measure the earnings achieved by the amount of business with the resources used to achieve it. [19, p. 56]

Indicator of profitability of capital (a measure of profitability) – **ROI** (return on investment): It expresses the performance of the total operating capital into an enterprise regardless of source of funding. [19, p. 56]

$$ROI = \frac{\text{earnings}}{\text{total capital}}$$

Where: *earnings* – can be earnings EBIT, EBT, EAT [19, p. 56]

Indicator of return on invested assets (rate of return on assets, return on assets) – **ROA** (return on assets): It measures earnings with total assets invested in the business regardless of the sources of financing (own, foreign, short-term, long-term). [19, p. 57]

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

Where: *earnings* – can be earnings EBIT, EAT [19, p. 57]

Indicator of return on equity (return on equity, recovery on equity) – **ROE** (return on common equity): Owners (shareholders, partners and other investors) they find that their capital gives a sufficient income, whether it is used with an intensity corresponding to the size of their investment risk. [19, p. 57]

$$ROE = \frac{earnings}{equity}$$

Where: *earnings* – can be earnings EBIT, EAT [19, p. 57]

Return on equity increased so-called **leverage effect**, whose essence is to find how to change the return on equity, a change in the capital structure. It tells us that the return on total capital and there is an effect of financial leverage. I.e., if the debt interest rate is lower than return on assets, return on equity increases in inflows of foreign capital, i.e. a positive leverage effect. If the return on assets is lower than the interest rate of foreign capital, decreases with increasing debt, return on equity, i.e. a negative leverage effect. [16, p. 54 – 55]

$$Financial\ leverage = \frac{assets}{equity}$$

Indicator of long-term resources (long-term return on invested capital) – **ROCE** (return on capital employed): It expresses the effectiveness of the company and used for spatial comparison of firms, particularly for evaluation of monopolistic public utility companies. [19, p. 58]

$$ROCE = \frac{earnings}{longterm\ liabilities + equity}$$

Where: *earnings* – is earnings EAT [19, p. 58]

Indicator of return on sales (profit margin) – **ROS** (return on sales): It characterizes earnings market valuation relative to company performance over time. [19, p. 59]

$$ROS = \frac{earnings}{sales}$$

Where: *earnings* – can be earnings EBIT, EBT, EAT [19, p. 59]

1.5.2 Indicators of activity

Indicators of activity – asset management: It measures how effectively the company manages its assets. If there are more, it created unnecessary costs and the low profit. If a shortage, it has to give up many business opportunities and losing yields that could be obtained. [19, p. 60]

Total assets turnover – capital: It provides information performance, the firm uses the assets in order to achieve sales. The smaller the better. [19, p. 61]

$$Total\ assets\ turnover = \frac{assets}{annual\ sales}$$

Total assets turnover ratio: It indicates how to turn the assets over a given time interval (year). [19, p. 61]

$$Total\ assets\ turnover\ ratio = \frac{annual\ sales}{assets}$$

Inventory turnover ratio: It indicates how in the course of each item sold company stock and then stored. [19, p. 61 – 62]

$$Inventory\ turnover\ ratio = \frac{annual\ sales}{stocks}$$

Stock turnover ratio (inventory turnover): It indicates the average number of days on which stocks are bound in the business until their consumption or sale. [19, p. 62]

$$Stock\ turnover\ ratio = \frac{average\ stocks}{daily\ consumption} \cdot 360$$

Receivables (collection) turnover time (average collection period, debtor days ratio) – the average maturity of debt: It is used in the evaluation of account 311 – Trade receivables, resulting in a number of days during which the collection of money on sales of receivables retained. [19, p. 63]

$$\text{Debtor days ratio} = \frac{\text{trade receivables}}{\text{daily sales invoice}} \cdot 360$$

Turnover period (payment) of liabilities (payables turnover ratio) – the average time delay of payments, the operating hours of credit: It is used in the evaluation of account 321 – Suppliers and it indicates how long the company delays the payment of invoices to their suppliers. [19, p. 63]

$$\text{Payables turnover ratio} = \frac{\text{payables to suppliers}}{\text{daily sales invoice}} \cdot 360$$

1.5.3 Indicators of debt

Indicators of debt (debt management) – financial dependence, the structure of resources: They give the relationship between debt and equity sources of corporate financing, measured by the extent to which the firm uses to finance debt (debt of the company). [19, p. 63]

Total debt (debt ratio) - the coefficient of stress, debt to assets, the creditors' risk indicator: It informs about the financial structure of the company (the composition of capital). The higher is the value of this indicator, the higher is the risk of creditors. [19, p. 63 – 64]

$$\text{Debt ratio} = \frac{\text{foreign capital}}{\text{total assets}}$$

Equity quota (equity ratio) – availability of equity, financial independence: It is an additional indicator of the overall debt indicators. It expresses the company financial independence. The sum of the two indices should be approximately equal to 1. [19, p. 64]

$$\text{Equity ratio} = \frac{\text{equity}}{\text{total assets}}$$

Coefficient ratio (debt to equity ratio) – the debt ratio: It has the same explanatory power as the total debt. It grows with the increasing debt as the financial structure of the company. If the company uses lease financing, it should be attributed to foreign capital. [19, p. 64]

$$\text{Debt to equity ratio} = \frac{\text{foreign capital}}{\text{equity}}$$

Interest coverage: Tells you how many times earnings before interest paid higher and it shows how big the safety margin for the lender. If equal to 1, it means that the payment of interest is the need for profit. [19, p. 64]

$$\text{Interest coverage} = \frac{\text{EBIT}}{\text{interest}}$$

1.5.4 Indicators of liquidity

Indicators of liquidity (liquidity ratios) characterize the firm's ability to meet its obligations. It builds on the debt ratios. It is measured what it can pay what is due. Disadvantage of indicators is that the value of liquidity¹ under the financial balance (impeller) of assets, but it depends largely on future cash flow. [19, p. 66]

Current liquidity (current ratio) – total liquidity, mobility, going rate: It indicates the number of times current assets cover short-term liabilities. It is a measure of future solvency of the company. Just when its value is greater than 1,5, max 3,5. [19, p. 66]

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

Quick liquidity (quick ratio, acid test) – a quick test: To maintain the Company's liquidity would not have this indicator fall below 1, the optimum is 2. Low value indicates excess inventory. [19, p. 67]

¹ Liquidity is potentially the sum of all cash which the firm has available to pay its maturing obligations. There is a mutual cross liquidity and solvency. Solvency is the readiness of the company to pay its debts when they fall due has occurred and is one of the basic conditions of existence company. [19, p. 66]

A high value is advantageous for the creditors, but not good for shareholders and management. [16, p. 50]

$$\text{Quick ratio} = \frac{\text{current assets} - \text{stocks}}{\text{shortterm liabilities}}$$

Immediate liquidity (cash ratio): It measures the firm's ability to pay just debts paid. Liquidity is ensured for at least indicators of the value of 0,2. [19, p. 67]

$$\text{Cash ratio} = \frac{\text{cash} + \text{equivalents}}{\text{immediately payable liabilities}}$$

1.5.5 Indicators of market value

Indicators of market value (market value ratios) – indicators of stock market: They work with market values and reflect the evaluation of companies with stock market indicators. They are important for investors in terms of evaluating return on invested funds. [16, p. 61]

Book value per share: Reflects the performance of the company has expired. This indicator should over time show an upward trend. [16, p. 61]

$$\text{Book value per share} = \frac{\text{equity}}{\text{number of ordinary shares}}$$

Earnings per share (EPS): It informs shareholders about the size of earnings per ordinary share. This indicator does not allow to determine the specific amount of the dividend. [16, p. 61]

$$\text{Earnings per share} = \frac{\text{net earnings}}{\text{number of ordinary shares}}$$

Dividend yield: It returns the value of invested funds, since the main motivation for investors is the increasing income from dividends. [16, p. 62]

$$\text{Dividend yield} = \frac{\text{dividend per share}}{\text{share price}}$$

Dividend cover: It tells us how many times the dividend is covered by the profit which it falls. It tells the pace of business growth. [16, p. 62]

$$\text{Dividend cover} = \frac{\text{net earnings per share}}{\text{total annual dividend}}$$

The ratio of share price to earnings per share – P/E (price earnings ratio): This shows how much investors are willing to pay for a crown of reported earnings per share. [19, p. 70]

$$P / E = \frac{\text{share price}}{\text{net earnings per share}}$$

The ratio of share price to its book value – M/B (market to book ratio): If the pointer is greater than 1 means that the company has a higher market value than to put his past and present shareholders, and therefore investors well studied. Value of less than 1 reaching companies with a low rate of return on assets. [19, p. 70]

$$M / B = \frac{\text{share price}}{\text{book value per share}}$$

1.5.6 Indicators with using cash flow

Analysis of cash flow shows phenomena which indicate payment problems. They see what the outcome is heading the company's financial situation. [16, p. 63]

The basic equation for calculating cash flow in the form of internal financial potential is:

$$\text{Cash flow} = \text{earnings} + \text{depreciation} \pm \text{change in longterm reserves}$$

[16, p. 63]

Turnover profitability: It indicates the efficiency of the financial holding company.

$$\text{Turnover profitability} = \frac{\text{cash flow from operating activities}}{\text{turnover}}$$

Where: *turnover* – represents income from ordinary business activities [16, p. 63]

The degree of debt relief: This is the ratio between foreign capital and the financing capacity of the company balance obligations incurred on its own financial strength. [16, p. 63]

$$\text{The degree of debt relief} = \frac{\text{cash flow from operating activities}}{\text{foreign capital}}$$

The degree of self-financing investments: It characterizes the level of financial investment from the coverage of its internal financial resources. [16, p. 64]

$$\text{The degree of selffinancing investments} = \frac{\text{cash flow from operating activities}}{\text{investment}}$$

The financial viability of the financial fund: It expresses the firm's capability to reproduce the degree of internal financial resources, the value of the fund.

$$\text{The financial viability of the financial fund} = \frac{\text{cash flow from operating activities}}{\text{financial fund}}$$

Where: *financial fund* – is the net working capital, which may increase in the reference period and due to external financial flows [16, p. 64]

1.6 Credibility and bankruptcy models

They are purpose-built systems of indicators (models) to be produced in order to assess their financial situation and its prediction. [19, p. 105]

Credibility models – point evaluation they down credibility and trying to include it in financial terms when compared to the company, e.g. Systems analysis of balance according to Rudolf Doucha, Tamariho model, Kralick's Quicktest, Modified Quicktest. [16, p. 71]

Bankruptcy models – they answer to the question whether the company goes bankrupt within a specified period, e.g. the Altman's Z-score, Taffler's model, the model of "IN" trust index. [16, p. 71]

1.6.1 Altman's model

Altman's model (or Altman index of financial health of firm or Z-score) is bankruptcy model. It expresses the company's financial situation and the additional factor of financial analysis firm. It is used to detect excessive credit risk. [19, p. 110]

Z-score for firms with publicly traded shares:

$$Z = 1,2 A + 1,4 B + 3,3 C + 0,6 D + 1,0 E$$

Where: A – net working capital / total assets
 B – retained profit / total assets
 C – profit before tax and interest / total assets
 D – market value of equity / accounts value of total debt
 E – total turnover / total assets [19, p. 110]

Interpretation of results:

- The index value is greater than 2,99 – the company's financial situation is satisfactory (so-called zone of prosperity)
- The index value is from 1,81 to 2,99 – the company can be described as successful, but not as the company with problems (so-called gray zone)
- The index value is below 1,81 – the company has significant financial problems with the possibility of bankruptcy (so-called zone of bankruptcy) [19, p. 110]

Z-score for other firms:

$$Z = 0,717 A + 0,847 B + 3,107 C + 0,420 D + 0,998 E$$

Where: A – net working capital / total assets
 B – retained profit / total assets
 C – profit before tax and interest / total assets
 D – equity in accounts value / total debt
 E – total turnover / total assets [19, p. 110]

Interpretation of results:

- The index value is greater than 2,9 – the company's financial situation is satisfactory (so-called zone of prosperity)

- The index value is from 1,2 to 2,9 – the company can be described as successful, but not as the company with problems (so-called gray zone)
- The index value is below 1,2 – the company has significant financial problems with the possibility of bankruptcy (so-called zone of bankruptcy) [19, p. 110]

1.7 Balance sheet

Balance sheet (balance) is an accounting statement that reflects the state of tangible and intangible assets (assets) and sources of funding (liabilities) is always a certain date. Party assets must always equal the liabilities. Usually drawn on the last day of every year. Presents an overview of business assets in a static form (at the time of the financial statements). [16, p. 22] Contains a so-called balance sheet accounts, i.e. accounts beginning with number 1 to 7, outside of the accounts beginning with number 5 and 6 (these accounts contain profit and loss statement). Balance sheet makes possible to calculate the economic result (profit or loss). [39, p. 57 – 58]

According to the time point at which the balance sheet composes, we recognize:

- a) **Opening balance sheet** – drawn up in the development of enterprise
- b) **Initial balance sheet** – drawn to the beginning of the year
- c) **Final balance sheet** – drawn to the end of the reporting period and the termination [11, p. 20]

The balance sheet follows:

- Status and development assets
- The structure of assets, its development and adequacy of the size of each items
- The structure of liabilities, its development with an emphasis on equity ratio, banking and suppliers' credits
- Relationships between the components of assets and liabilities, i.e. the size of fixed assets and long-term liabilities, the size of fixed assets and equity, the size of current assets and short-term foreign liabilities, financial assets and short-term assets to short-term liabilities [16, p. 23]

The balance principle in the balance sheet shows the following relations:

- $\text{Assets} = \text{Liabilities}$
- $\text{Assets} = \text{Equity} + \text{Foreign source (liabilities)}$
- $\text{Assets} - \text{Foreign source (liabilities)} = \text{Equity}$ [3, p. 24]

1.7.1 Assets

The assets include ownership structure of enterprises. This is the total amount of economic resources (i.e. business assets, capital, cash on hand, bank accounts), which has business in a particular point in time. [16, p. 24]

Assets in the balance sheet determined by the individual asset liquidity. The individual items are recorded at the end of the current situation (reporting) accounting period and condition at the end of the last reporting period. [12, p. 360]

Basic breakdown of assets (according to liquidity):

- a) **Fixed assets** – time of conversion to finished devices is longer than 1 year; consumed at once, but gradually. Breakdown:
 - Intangible assets (long-term intangible property)
 - Tangible assets (tangible assets)
 - Financial investment (long-term nature of property, which are taken to obtain adequate long-term returns)
- b) **Current assets** – cash and material items of property (raw materials, finished products and semi-finished products), which is expected to be converted into cash within 1 year; structure usually consists of stocks, long-term and short-term receivables and financial property
- c) **Other assets** – account the balance of accruals deferred expenses (e.g. prepaid rent) and accrued income (e.g. work done and still not accounted for, an active exchange rate differences) [16, p. 24 – 25]

1.7.2 Liabilities

Liabilities represent a source of finance company. Here we evaluate the financial structure of firm under analysis, i.e. the company's capital structure, which is funded from property company. [16, p. 26]

Liabilities in the balance sheet divided by origin of their own resources and foreign. The liability is recorded for the current financial situation and the status of the previous financial year. [12, p. 361]

Breakdown of liabilities (in terms of ownership of sources of funding):

- a) **Equity** – it is the sum of several items, one of the items is core capital, which represents the sum of cash and in kind to the shareholders of the company, created by the Commercial Code and the amount is entered in the Commercial Register
- b) **Foreign capital** – it is the company's debt, which must be in different long-term paid.

Ingredients:

- Reserves (statutory and others)
 - Long-term liabilities (maturities longer than 1one year and a deferred tax liability)
 - Short-term liabilities
 - Bank loans and overdrafts
- c) **Other liabilities** – from an analytical point of view have not of great importance, because they are very small in absolute terms the share of total liabilities [16, p. 26 – 27]

1.8 Profit and loss statement

Profit and loss statement, or income statement, is a written statement that contains an all costs accounts (start number 5) and all other yield accounts (start number 6). The difference shows the so-called economic result (i.e. profit or loss), which always refers to a specific time interval. [39, p. 46]

It captures the movement of yields and costs, not the free movement of income and expenditure. It includes flows that are based on a cumulative basis and their changes over time may not be uniform. Information from the profit and loss statement is an important basis for the evaluation of corporate profitability. [16, p. 31 – 32]

1.8.1 Costs

Cost is the monetary expression of power factor (material), services and works for a given monitored period. It expresses the value that we had to sacrifice to achieve yields. Costs link with the entrances to the business and reduce the value of the assets of the business. [13, p. 170]

Costs are recognized in the accounting period to which the economic (time and material) related. They shall be charged on the debit side, in the 5th accounting class, which is used to capture material consumption and foreign interventions in monetary terms. [3, p. 91]

As a result of consumption is:

- a) **The loss of assets** – assets of the entity, which can be further divided into one-time consumption (e.g. delivered and consumed in the production of materials) or gradual (e.g. wear and tear of machinery, which reflects the cost through depreciation)
- b) **The increase in liabilities** – debts of the entity as a result of consumption:
 - Purchased services (e.g. electricity, rent, cleaning)
 - Working personnel (e.g. wages of employees) [13, p. 170]

The costs accounting is necessary to evaluate the purpose for which they were incurred. Establishment costs should be accompanied by an increase in yields. The cost is recognized when it is on the other hand, the corresponding yield loss. Arise, but also the costs that do not have adequate income, e.g. rent, interest and administration. These costs allocated to the period when incurred. Since costs must be distinguished expense². [13, p. 170 – 171]

² Expense is decreases of property which does not take effect in costs of the accounting period. It is the accounts operation which represents the cash flow (loss of cash). [13, p. 171]

Aspects of the costs breakdown:

- a) **The cost of species** – had been consumed (as the initial costs – external)
- b) **Specific allocation of costs** – for what purpose the costs incurred
- c) **According to internal departments** and under – where the costs were incurred and who is responsible for the emergence of costs [13, p. 171]

The basic breakdown of costs:

- a) **Calculation** – used in pricing products, respectively. for invoicing
 - Direct costs – the amount is directly identifiable to individual products
 - Indirect costs – overheads – are not identifiable to individual products, they calculates percentages for individual products
- b) **Species** – the amount and structure is depends on the subject of the entity (material consumption, depreciation, wage costs, financial costs)
 - External x internal
 - Primary x secondary
 - Simple x complex
- c) **Purpose**
 - In terms of what was spent (e.g. entertainment costs)
 - The place of origin and the responsibility – i.e. according to internal departments
 - The performance – i.e. costing breakdown of primary and secondary
- d) **Depending on the volume of production**
 - Fixed costs – the amount independents on the volume of production (e.g. rent, depreciation); the company must spend at each (even zero) production volume; are associated with risk, because it means the company must first collect and spend a while there is still a risk that the businesses not come
 - Variable costs – the amount varies according to performance (e.g. consumption of materials, wages of production workers) may vary linearly or nonlinearly, progressive or degressive

e) **Income tax perspective**

- Tax – have an impact on the accounting economic result and tax base (e.g. consumption of materials, wage costs)
- Non-tax – affecting only economic result (e.g. entertainment costs, gifts) [13, p. 172]

1.8.2 **Yields**

Yield is the monetary expression of the results arising from the activity the company – an economic benefit. The main part of yields are sales, they generated by the sale of goods, services or products. Linked with those from the business. Part of yields is so-called activation and change in stocks created by their activities. This is a special item of yields, which serves as a clearing account. Yields are included in the reporting period, which are temporally and factually, i.e. irrespective of the date of their collection. Therefore we have to distinguish between yield from income³. [13, p. 172 – 173]

Yield arises:

- a) **Increase in assets** – property of the entity (e.g. sales of goods, services)
- b) **Reducing liabilities** – only when the lender waives the right to pay debt [13, p. 172]

Yields are recognized incremental basis since the beginning of the reporting period. They shall be charged on the credit side, in the 6th accounting class, which made a monetary equivalent of the entity performance. [3, p. 105]

1.8.3 **Classification of costs and yields of accounting groups**

To determine the outcome of the management of costs and yields broken down by activity in three areas:

³ Income is increase of property (cash increase) which does not take effect in yields of the accounting period. [13, p. 173]

- a) **Operating costs and yields** – including routine accounting transactions related to the periodic main business activities
- b) **Financial costs and yields** – associated with financial transactions (e.g. interest rate and foreign exchange operations, the costs associated with the use of bank accounts)
- c) **Extraordinary costs and yields** – capturing the costs and yields from special, incidental or unusual events (e.g. damage to property caused by natural disaster, i.e. costs; received compensation for damages caused by natural disaster from insurance companies, i.e. yields) [13, p. 173]

Activity	Result accounts	
	COSTS	YIELDS
Operating	50 Consumed purchases 51 Services 52 Personnel costs 53 Taxes and fees 54 Other operating costs 55 Depreciation, reserves, complex costs next periods and adjustments of operating costs	60 Sales for own activities and goods 61 Changes of state stocks own activities 62 Activation 64 Other operating yields
Financial	56 Financial costs 57 Reserves and adjustments of the financial costs	66 Financial yields
Extraordinary	58 Extraordinary costs	68 Extraordinary yields

Table no. 1: The basic structure of costs and yields of accounting groups

Source: [13, p. 173]

1.8.4 Economic result

Economic result is important information for assessing the company's financial situation, an inventory of assets, liabilities and debts, the costs and yields. Accounting economic result is the basis for determining income tax. [13, p. 178] The structure and content of the economic result relates to the profit and loss statement and is influenced by individual items of this statement. [16, p. 32]

Economic result in the accounts we find by subtracting costs from yields. The same economic result must be recognized in the balance sheet and income statement. [3, p. 26]

Economic result may be:

- Positive – **profit** – yields are greater than costs (assets > liabilities)
- Negative – **loss** – yields are less than costs (assets < liabilities)
- **Zero** – yields equal costs (assets = liabilities) [13, p. 178]

Breakdown of economic result:

- a) **Operating economics result** (comparing the account groups 50 – 55 and 60 – 64)
– is important because it reflects the ability of the company from its core business of making a positive economic result. It consists of:
 - Result from the sale of goods (trade margin)
 - Result from sale of fixed assets and material
 - Result from other operating activity
- b) **Financial economic result** (comparing the account groups 56 – 57 and 66)
- c) **Extraordinary economic result** (comparing the account groups 58 and 68)
- d) **Economic result on ordinary activity**
- e) **Economic result for the period**
- f) **Economic result before taxes** [16, p. 32]

The sum of operating and financial economic result we get profit (loss) from ordinary activities. Extraordinary economic result is profit (loss) from extraordinary activities. [13, p. 178]

1.9 Statement on the creation and use money

Statement on the creation and use money, or statement of cash flow (CF) is a financial statement that compares the balance by making sources funds⁴ (incomes) with their use (expenses) for a given period and provides information about cash flows⁵ during the accounting period. Used to assess the true financial situation. The advantage

⁴ Funds = cash, including valuables, including money in the account of any outward current account balance and cash in transit. [16, p. 34]

⁵ Cash flows = growths (incomes) and decreases (expenses) funds and cash equivalents.

Cash equivalent = short-term liquid assets, which is possible with low additional transaction costs to convert in a known amount of money. [16, p. 34]

of compiling the statement of cash flow is not affected by the depreciation of assets, because the use of uniform and accelerated depreciation entity recognizes the same cash flows, economic result can be different. Another advantage is that this statement affects the costs and yields, but does not affect cash flows. [16, p. 34]

Statement of CF can be divided into three parts:

- a) **Operating activity** – can help to determine to what extent economic result from ordinary activity to actually earns money and how money influenced the production of changes in working capital and its components
- b) **Investment activity** – not only shows the expenses related to acquisition of fixed assets and structure of expense, but also the extent of income from sale of investment property
- c) **Financial activity** – here we evaluate external financing, especially long-term capital movements (repayment and further of loans, cash flows associated with the movement of equity) [16, p. 34 – 35]

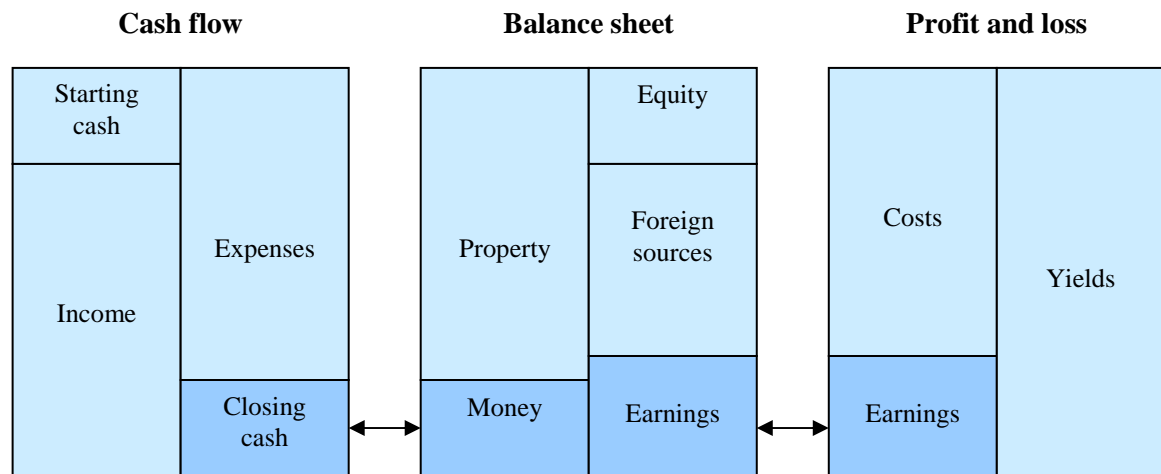
Form of a statement (in terms of phenomenal):

- a) **Balance sheet form** – includes the creation funds and their use
- b) **Bar (retrograde) concept** [16, p. 36]

Cash flow is quantified in two methods:

- a) **Directly** – through monitoring incomes and expenses of company for the period
- b) **Indirectly** – through the transformation of profit into cash flows [16, p. 36]

1.10 Relation between different components of financial statements



Scheme no. 1: Relation between different components of financial statements

Source: [1, p. 44]

The above scheme can be seen that the axis of the three balance sheet accounts is balance and other balances are derived.

Within these statements underway these basic types of economic transactions:

- Transactions financially effective** – they do not affect earnings, they affect funds (they are part of cash flow statement and asset side of balance sheet, are not part of profit and loss statement)
- Transactions profitably effective** – they do not affect funds (they are part of cash flow statement and profit and loss statement)
- Transactions profitably and financially effective** – they do not affect earnings nor funds (they underway through all three statements) [1, p. 44]

2 THE CHARACTERIZATION OF THE COMPANY ZEAS BÁNOV, INC.

In this chapter is described the characterization of the company ZEAS Bánov, Inc., e.g. company's description, object of business, statutory bodies of company, organizational structure, human resources, production program of company, SWOT analysis.

2.1 Description of company

ZEAS Bánov, Inc. is a limited company registered in the Commercial Register at the Regional Court in Brno, Section B, Entry 1627, identification number (IN) 60755253. It was established on 14th June 1995. It is registered with the Tax Office Uherský Brod under tax identification number (TIN) CZ60755253. Place of the company is Bánov 676, zip code 687 54. Share capital the company amount to 164.879.000 CZK, the number of shares – 16.038 pieces. [8]

Currently shares are dispersed among small shareholders, joint-stock company records 1.146 shareholders. As a significant owner is the company LUKROM, Ltd., Lípa 81, zip code 763 11, IN 18188281, which holds approximately 47,68 % shares. Board chairman Ing. Zdeněk Červenka owns approximately 9,78 % of the shares. The company's shares are not marketable.

The company focuses mainly on livestock production. The main program of the company is milk production. [23]

2.2 Object of business

Object of business of company ZEAS Bánov, Inc. is:

- Purchase goods for resale and sales
- Repair for road vehicles

- Haulage
- Purchase, sale and storage of fuels and lubricants, including import except the exclusive purchase, sale and storage of fuels and lubricants in consumer packs in 50 kg per package – wholesale
- Agricultural production
- Preparatory work for construction
- Lease and rental of movables
- Treat with wastes (excluding hazardous)
- Real estate activities
- Provision of technical services
- Companies providing security of persons and property
- Warehousing and cargo handling
- Technical activities in transport [8]

2.3 Statutory bodies of company

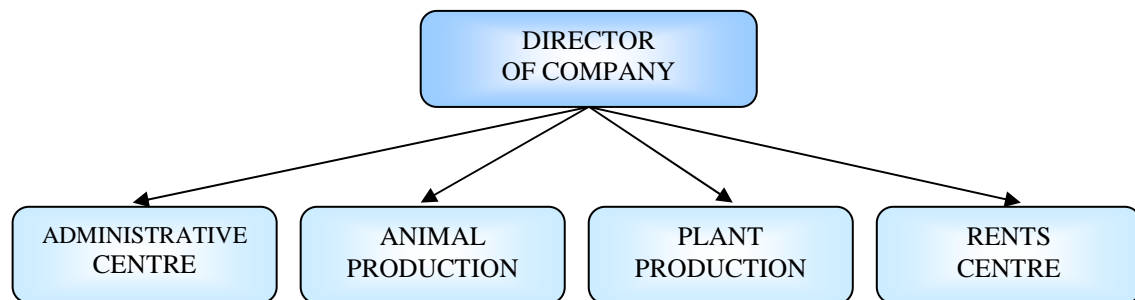
The board consists of the following persons:

- Ing. Zdeněk Červenka – board chairman
- Ing. Jana Vykoukalová – board vice-chairman
- Ing. Miloslav Hauerland, CSc. – board member [8]

The supervisory board consists of the following persons:

- Ing. Josef Šůstek – chairman of the supervisory board
- Ing. Ludmila Špačková – member of the supervisory board
- Ing. Ladislav Kozubík – member of the supervisory board [8]

2.4 Organizational structure of company



Scheme no. 2: Organizational structure of company ZEAS Bánov, Inc.
Source: own

Director of company:

- Managed by ZEAS Bánov, Inc.
- Director is empowered to manage the company, including signing privileges and he manages each centre, centres are managed by leaders outside rents centre, which director of company manages directly

Administrative centre:

- Includes all administrative costs of a business, it is the only resort that does not make profit and the costs of the centre covers the rental centre
- The employees are a director, an administrative assistant, a technician

Animal production:

- Specializes in breeding of dairy cows and milk production
- The farm Bánov is housed 290 – 300 dairy cows type black-skewbald holsteins, dairy heifers in the amount necessary to maintain a closed herd and calves
- The employees are an animal technician, milkmaids, a watchman of animals, a feeder, a machine operator UNC

Plant production:

- The employees are 4 employees and a technician who is their leader

Rents centre:

- This resort is managed directly by a director of company
- Covers costs of administrative centre
- The employees are a watchman, a cleaner and a caretaker

2.5 Human resources of company

The company employs approximately 25 employees. Managers have a university degree, or secondary with A levels. Trades are more than 60 % employees are from other fields. 40 % of the people are under the age of 40.

Staff training is implemented through the training plan for each profession.

The company has developed procedures HAACCP⁶. This legislation calls on the one hand, while the company analyzes these practices to be very favourable for monitoring the quality of the milk production workflow.

2.6 Production program of company

The main production program is the agricultural production, animal production more precisely. Plant production is represented to the extent necessary for the production of plant feed. Animal production is represented in ZEAS Bánov, Inc. of dairy cows breeding, Holstein breed black. Another type of animals company does not. The output of breeding dairy cows is not only milk sales, but also calves sales and bulls's sales. They do not remain in the company, the company sold calves aged 20 – 40 days to other companies that are engaged in fattening. Most bulls are sold abroad, where they are fattened to slaughter weight. Previously ZEAS Bánov, Inc. did fattening, but this loss-making business was completed in 2001. Milk production is situated in the village Bánov. Here is centralized animal production, there are bred each category, from born

⁶ HAACCP system (Hazard Analysis and Critical Control Points) is an international standard defining the requirements for food safety management system. It helps organizations to focus on risks that affect food safety and hygiene and systematic identification, setting values and the introduction of critical control limits at critical control points during the manufacturing process in the food industry.

calves to cows with their own milk production. There is situated the bulk of feed, plant feed and minerals, including straw. In the village Suchá Loz is a centre of plant production, workshop, garage and hayloft to store hay for animal. In Suchá Loz is a small workshop to carry out minor repairs, garages and sheds to accommodate mechanical equipment. Plant production is in area necessary for the production of plant feed for animals on a farm in Bánov. Another plant production ZEAS Bánov, Inc. does not.

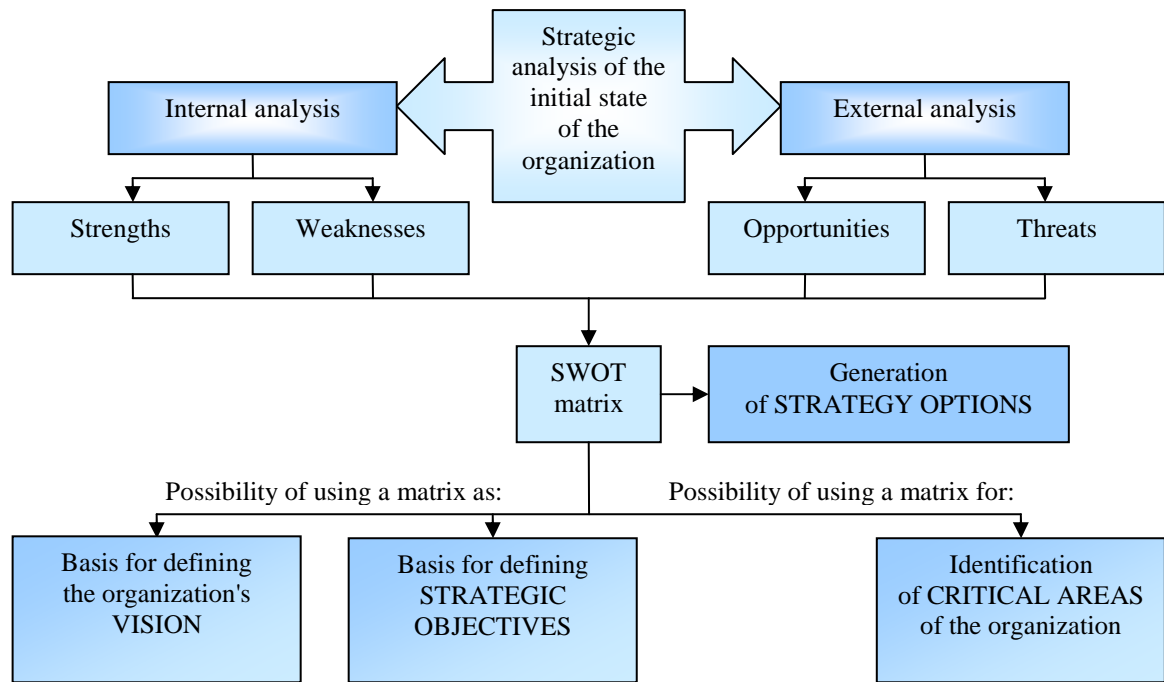
ZEAS Bánov, Inc. does not use for own operations more than half of all objects and lets other companies. They are residential and manufacturing areas and unused realities, yard, storage facilities and others.

2.7 SWOT analysis

SWOT analysis is part of the strategic (long term) planning. Includes the analysis and evaluation of the current state of the company (internal environment) and the current situation surrounding the company (external environment). The internal environment looks for and assesses the Strengths and Weaknesses of company. In the external environment the company looks for and evaluates Opportunities and Threats for the company. With it we can comprehensively evaluate the functioning of the company, find problems and new opportunities for growth. [22]

2.7.1 The basic framework of SWOT analysis

The implementation of SWOT analysis is important to determine what results will be use. SWOT analysis can be used for one or more purposes. Standardly SWOT analysis serves as a basis for generating alternative strategies with using SWOT matrix. It may serve also as a basis for defining the vision, for the formulation of strategic objectives and for identify critical areas. [6, p. 296 – 297]



Scheme no. 3: The basic framework of SWOT analysis
Source: [6, p. 297]

2.7.2 Methodology of implementation of SWOT analysis

1. The preparing for the SWOT analysis

- a) Clear definition of the purpose for which the SWOT analysis is carried out, i.e. the establishment of strategies on which they can be set further goals
- b) The defining the areas to be analyzed, i.e. the division organization in the areas which are then analyzed separately, e.g. by functional areas, process areas or by McKinsey, the so-called model 7 S⁷
- c) The creating analytical teams for the identification and evaluation of factors
- d) The unification of the methodology of work and motivation of team members, i.e. that all members of the analytical team must agree on the procedure and the respect, the main motivation of team members is that their work will not be wasted

⁷ The Model 7 S: The name is derived from factors as discussed in the analysis of the company, i.e. Strategy, Structure, System of management, Style of management, Staff, Skill, Shared values. [6, p. 301]

2. **The identification and assessment of strengths and weaknesses in the international environment**
 - a) The identification of strengths and weaknesses, e.g. content analysis of input documents (studies, annual reports, evaluation reports, analysis and prognosis), followed by brainstorming, sessions, facilitated discussions etc.
 - b) The assessment of strengths and weaknesses, i.e. the establishment of the importance of strengths and weaknesses in terms of impact on the region analyzed (e.g. using pair-wise comparison method or the allocation method of 100 points)
 3. **The identification and the assessment of threats and opportunities from the external environment**
 - a) The identification of threats and opportunities, e.g. content analysis of input data, followed by brainstorming, sessions, facilitated discussions etc.
 - b) The assessment of threats, i.e. determining the severity of the impact of these threats on the analyzed region and their probability of occurrence
 - c) The assessment of opportunities, i.e. determining the impact of the attractiveness of opportunities in the external environment on the analyzed region and their probability of occurrence
 4. **The creating of SWOT matrix**
 - a) The noting the factors of strategic significance, i.e. the selection of factors, which are alternative strategies generated
 - b) The generating of alternative of strategies, i.e. combining the strengths and weaknesses of the identified threats and opportunities
 - WO strategies – search (use of opportunities to overcome weaknesses)
 - SO strategies – use (use strengths to assess opportunities)
 - WT strategies – avoidance (to overcome weaknesses and avoid threats)
 - ST strategies – confrontation (use strengths to avoid threats)
- [6, p. 300 – 320]

2.7.3 SWOT analysis of company

SWOT matrix			Internal environment	
			STRENGTHS	WEAKNESSES
			<ul style="list-style-type: none"> Commercial herd of dairy cows has a very good genetic base with the potential of high performance and milk quality, longevity of cows In the plant production is enough equipment to handle the harvest in a short time 	<ul style="list-style-type: none"> High dependency on the weather Agricultural machinery is worn out and is updated more slowly than the worn out Low labour productivity
External environment	OPPORTUNITIES	<ul style="list-style-type: none"> Expansion of animal production, breeding a different kind of farm animals (e.g. broiler), so the firm could take advantage of untapped real estate (a former pig farm, calf house) Possibility of expanding the company's activity consists of any possible use of open land, which is its own means of production 	S-O strategy (strategy use) maximizing strengths maximize opportunities	W-O strategy (strategy search) minimizing weaknesses maximize opportunities
	THREATS	<ul style="list-style-type: none"> Volatile price of agricultural commodities during year High pressure sales (dairy) on the price of milk One-sided focus on agricultural production, the company limits market opportunities Emigration of skilled workers 	S-T strategy (strategy confrontation) maximizing strengths minimize threats	W-T strategy (strategy avoidance) minimizing weaknesses minimize threats

Table no. 2: SWOT analysis of company ZEAS Bánov, Inc.
Source: own

3 THE FINANCIAL ANALYSIS OF THE COMPANY ZEAS BÁNOV, INC.

This chapter is focused on the financial analysis of the company and it is the analysis of balance sheet, of profit and loss statement, analysis of financial ratios and Altman's model.

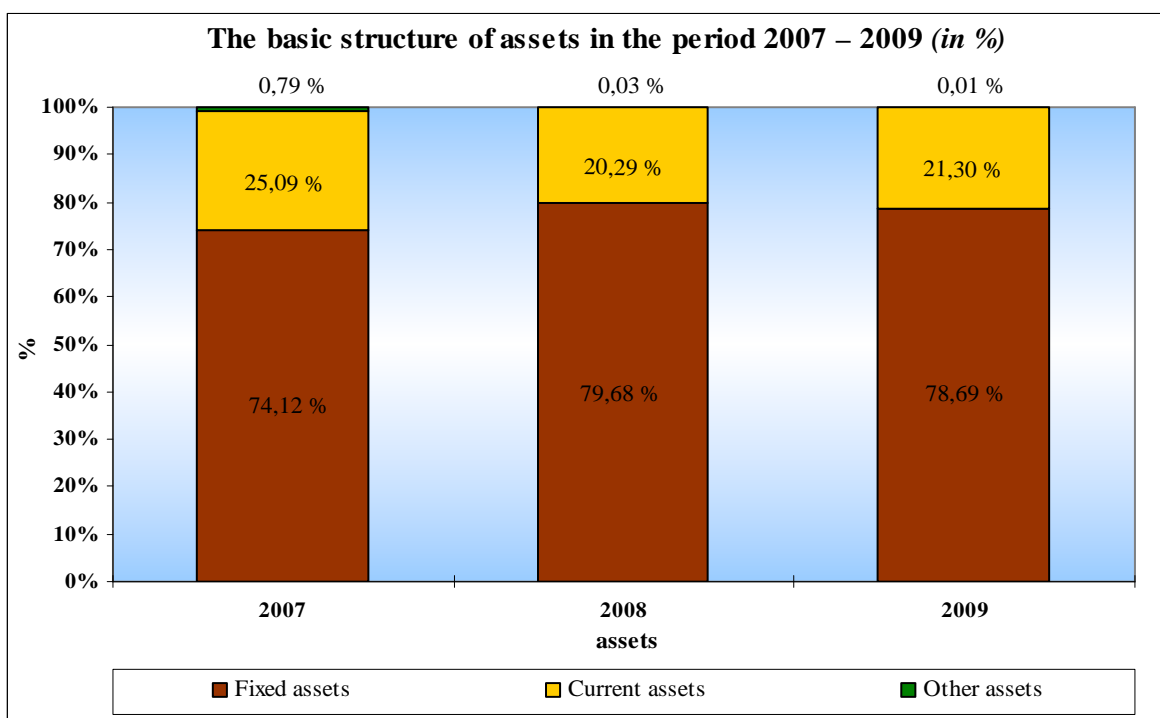
3.1 The analysis of balance sheet

In this part is the horizontal and vertical analysis of balance sheet of company ZEAS Bánov, Inc. in the period 2007 – 2009. In the analysis are only balance sheet items, which are for analysis important. Horizontal and vertical analysis of balance sheet in the full version is in Annex no. 2 and no. 3. Underlying data are based from balance sheet in the simplified version (Table no. 3) and from balance sheet in the full version (Annex no. 1). Calculations are made on based of formulas set out in the first part, i.e. theoretical basis.

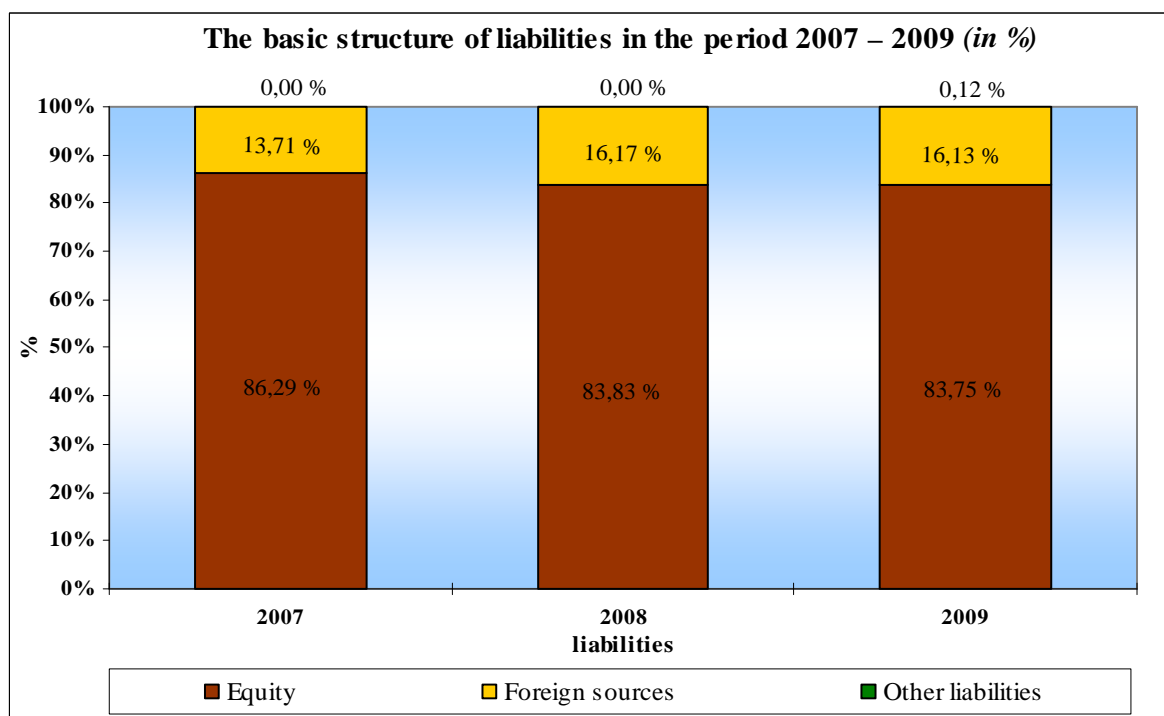
Marking	ASSETS	Line	2007	2008	2009
	TOTAL ASSETS	001	180.672	171.267	163.975
A	Receivables for subscribed capital	002	0	0	0
B	Fixed assets	003	133.923	136.469	129.037
B I	Intangible fixed assets	004	836	728	612
B II	Tangible fixed assets	013	115.056	118.384	108.644
B III	Long-term financial assets	023	18.031	17.357	19.781
C	Current assets	031	45.323	34.739	34.924
C I	Stocks	032	25.708	14.566	10.309
C II	Long-term receivables	039	0	5.437	3.509
C III	Short-term receivables	048	13.911	12.983	20.769
C IV	Short-term financial assets	058	5.704	1.753	337
D	Other assets – temporary asset accounts	063	1.426	59	14
D I	Accruals	064	1.426	59	14
Marking	LIABILITIES	Line	2007	2008	2009
	TOTAL LIABILITIES	068	180.672	171.267	163.975
A	Equity	069	155.887	143.573	137.336
A I	Share capital	070	164.879	164.879	164.879
A II	Capital funds	074	-99	247	2.671
A III	Reserve funds, indivisible fund and other funds from profit	079	1.250	1.250	1.250
A IV	Economic result from past years	082	-16.786	-9.888	-22.803
A V	Economic result for the current period (+/-)	085	6.643	-12.915	-8.661
B	Foreign sources	086	24.784	27.690	26.441
B I	Reserves	087	184	0	0
B II	Long-term liabilities	092	1.294	1.158	0
B III	Short-term liabilities	103	8.736	15.819	22.026
B IV	Bank loans and borrowings	115	14.570	10.713	4.415
C	Other liabilities – temporary liability accounts	119	1	4	198
C I	Accruals	120	1	4	198

Table no. 3: Balance sheet in the simplified version for 2007, 2008 and 2009 (in thousands CZK)

Source: [25 – 27]



Graph no. 1: The basic structure of assets in the period 2007 – 2009 (in %), ZEAS Bánov, Inc.
Source: [25 – 27]



Graph no. 2: The basic structure of liabilities in the period 2007 – 2009 (in %), ZEAS Bánov, Inc.
Source: [25 – 27]

3.1.1 The horizontal analysis of balance sheet

ASSETS	Relative change (in %)		Absolute change (in thousands CZK)	
	2007/2008	2008/2009	2007/2008	2008/2009
TOTAL ASSETS	-5,21 %	-4,26 %	-9.405	-7.292
Receivables for subscribed capital	0,00 %	0,00 %	0	0
Fixed assets	1,90 %	-5,45 %	2.546	-7.432
Intangible fixed assets	-12,92 %	-15,93 %	-108	-116
Tangible fixed assets	2,89 %	-8,23 %	3.328	-9.740
Long-term financial assets	-3,74 %	13,97 %	-674	2.424
Current assets	-23,35 %	0,53 %	-10.584	185
Stocks	-43,34 %	-29,23 %	-11.142	-4.257
Long-term receivables		-35,46 %	5.437	-1.928
Short-term receivables	-6,67 %	59,97 %	-928	7.786
Short-term financial assets	-69,27 %	-80,78 %	-3.951	-1.416
Other assets – temporary asset accounts	-95,86 %	-76,27 %	-1.367	-45
Accruals	-95,86 %	-76,27 %	-1.367	-45
LIABILITIES	Relative change (in %)		Absolute change (in thousands CZK)	
	2007/2008	2008/2009	2007/2008	2008/2009
TOTAL LIABILITIES	-5,21 %	-4,26 %	-9.405	-7.292
Equity	-7,90 %	-4,34 %	-12.314	-6.237
Share capital	0,00 %	0,00 %	0	0
Capital funds	-349,49 %	981,38 %	346	2.424
Reserve funds, indivisible fund and other funds from profit	0,00 %	0,00 %	0	0
Economic result from past years	-41,09 %	130,61 %	6.898	-12.915
Economic result for the current period (+/-)	-294,42 %	-32,94 %	-19.558	4.254
Foreign sources	11,73 %	-4,51 %	2.906	-1.249
Reserves	-100,00 %		-184	0
Long-term liabilities	-10,51 %	-100,00 %	-136	-1.158
Short-term liabilities	81,08 %	39,24 %	7.083	6.207
Bank loans and borrowings	-26,47 %	-58,79 %	-3.857	-6.298
Other liabilities – temporary liability accounts	300,00 %	4.850,00 %	3	194
Accruals	300,00 %	4.850,00 %	3	194

Table no. 4: The horizontal analysis of balance sheet in the simplified version in 2007 – 2009, ZEAS Bánov
Source: [25 – 27]

Total assets 2007 – 2009 have a downward trend. Assets in 2008 compared to 2007 decreased by 5,21 % (9.405 thous. CZK). In 2009 compared to 2008 decreased by 4,26 % (7.292 thous. CZK). The reason for the decrease of assets in both years is the impairment of the basic herd. Fixed assets in 2008 increased by 1,90 % (2.546 thous. CZK), in 2009 decreased by 5,45 % (7.432 thous. CZK). On his fall in 2009 had the greatest effect of the fall of tangible fixed assets by 8,23 % (9.740 thous. CZK) due to sale of combine harvester and a collector car. In 2009 a company called thousand by 2.424 thous. CZK fair value of shares in the company EKOZEAS Bánov, Ltd. This amount increased fixed asset investments (by 13,97 %) and credited to equity (by 981,38 %). Current assets in 2009 increased by 0,53 % (185 thous. CZK). The rise in short-term debt by 59,97 % (7.786 thous. CZK) had the biggest influence on it. Short-term investments in 2009 decreased by 80,78 % (1.416 thous. CZK), because subsidies for 2009 were paid in 2010.

The large percentage decreases occurred in other assets – in 2008 by 95,86 %, in 2009 by 76,27 %. But they are absolutely insignificant amounts (1.367 thous. CZK, 45 thous.CZK). The decrease in total balance sheet liabilities equals the decrease in total assets. Equity in 2008 compared to 2007 decreased by 7,90 % (12.314 thous. CZK), in 2009 compared to 2008 decreased by 4,34 % (6.237 thous. CZK). The large percentage increase occurred in other liabilities by 300 % (3 thous. CZK) in 2008, by 4.850 % (194 thous. CZK) in 2009. Absolutely, it is a less significant amount. The decrease of foreign sources in 2009 was influenced by the decrease in bank loans by 58,79 % (6.298 thous. CZK) and long-term liabilities by 100 % (1.158 thous. CZK). The company in 2007 reported a positive economic result for the current period, i.e. 6.643 thous. CZK profit. In 2008, however this economic result fell by 294,42 % (19.558 thous. CZK) and the company had loss 12.915 thous. CZK. In 2009 compared with 2008 increased economic result by 32,94 % (4.254 thous. CZK) and the company reduced the loss to 8.661 thous. CZK.

3.1.2 The vertical analysis of balance sheet

ASSETS	% share of total sum		
	2007	2008	2009
TOTAL ASSETS	100,00 %	100,00 %	100,00 %
Receivables for subscribed capital	0,00 %	0,00 %	0,00 %
Fixed assets	74,12 %	79,68 %	78,69 %
Intangible fixed assets	0,46 %	0,43 %	0,37 %
Tangible fixed assets	63,68 %	69,12 %	66,26 %
Long-term financial assets	9,98 %	10,13 %	12,06 %
Current assets	25,09 %	20,29 %	21,30 %
Stocks	14,23 %	8,51 %	6,28 %
Long-term receivables	0,00 %	3,17 %	2,14 %
Short-term receivables	7,70 %	7,59 %	12,67 %
Short-term financial assets	3,16 %	1,02 %	0,21 %
Other assets – temporary asset accounts	0,79 %	0,03 %	0,01 %
Accruals	0,79 %	0,03 %	0,01 %
LIABILITIES	% share of total sum		
	2007	2008	2009
TOTAL LIABILITIES	100,00 %	100,00 %	100,00 %
Equity	86,29 %	83,83 %	83,75 %
Share capital	91,26 %	96,27 %	100,55 %
Capital funds	-0,05 %	0,14 %	1,63 %
Reserve funds, indivisible fund and other funds from profit	0,69 %	0,73 %	0,76 %
Economic result from past years	-9,29 %	-5,77 %	-13,91 %
Economic result for the current period (+/-)	3,68 %	-7,54 %	-5,28 %
Foreign sources	13,71 %	16,17 %	16,13 %
Reserves	0,10 %	0,00 %	0,00 %
Long-term liabilities	0,71 %	0,68 %	0,00 %
Short-term liabilities	4,84 %	9,24 %	13,44 %
Bank loans and borrowings	8,06 %	6,25 %	2,69 %
Other liabilities – temporary liability accounts	0,00 %	0,00 %	0,12 %
Accruals	0,00 %	0,00 %	0,12 %

Table no. 5: The vertical analysis of balance sheet in the simplified version in 2007 – 2009, ZEAS Bánov, Inc
Source: [25 – 27]

Balance sheet totals (100 %) are total assets and total liabilities. The development of assets in the last three years shows that the proportion of most items in total assets did not change significantly. The largest share has the fixed assets, whose share has increased since 2007 from 74,12 % to 79,68 % in 2008 and 78,69 % in 2009. In particular tangible fixed assets. The decrease occurred in current assets, from 25,09 % in 2007 to 20,29 % in 2008 and 21,30 % in 2009.

Equity has the largest share for total asset, although there was a decrease from 86,29 % in 2007 to 83,83 % in 2008 and 83,75 % in 2009. In all the years is equity less than the amount of share capital, it is not very favourable for the company. Foreign sources have increased from 13,71 % in 2007 to 16,17 % in 2008 and 16,13 % in 2009.

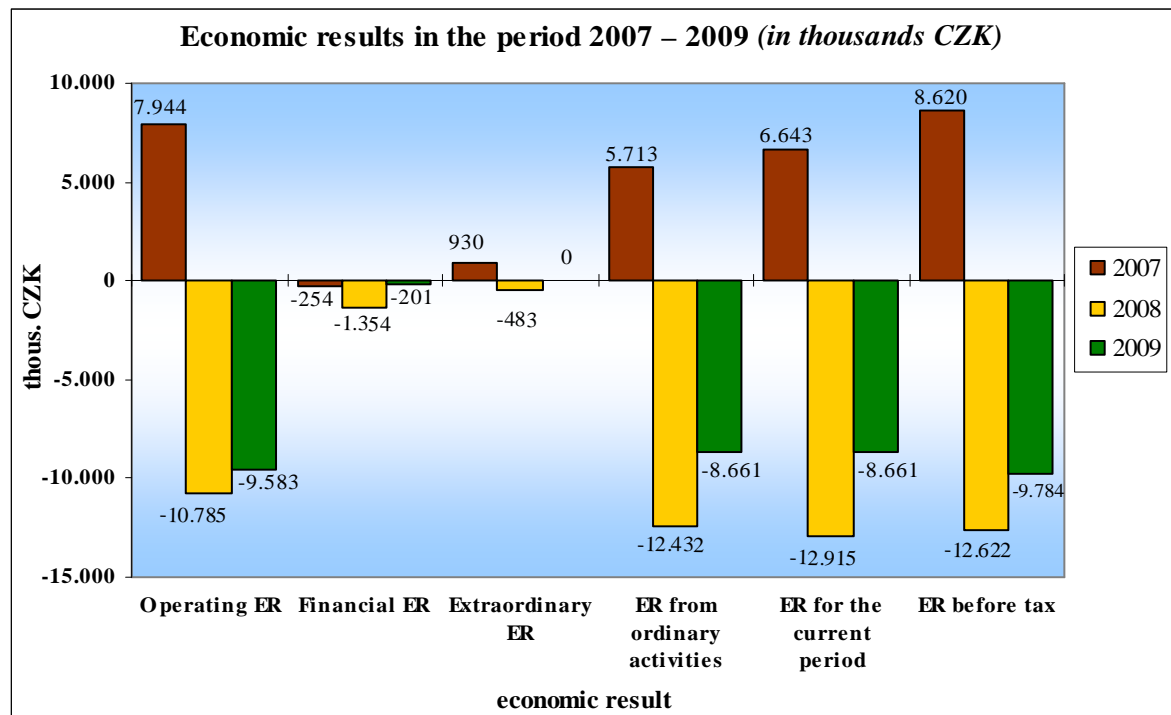
3.2 The analysis of profit and loss statement

In this part is the horizontal and vertical analysis of profit and loss statement of company ZEAS Bánov, Inc. in the period 2007 – 2009. In the analysis are only profit and loss statement items, which are for analysis important and they have no value. Horizontal and vertical analysis of profit and loss statement in the full version is in Annex no. 5 and no. 6 (items marked roman numeral are yields and marked letter are costs). Underlying data are based from profit and loss statement in the simplified version (see Table no. 6) and from profit and loss statement in the full version (see Annex no. 4). Calculations are made on based of formulas set out in the first part, i.e. the theoretical basis.

Marking	Text	Line	2007	2008	2009
II.	Outputs	04	38.176	32.638	30.859
II. 1	Sales of own products and services	05	28.040	38.411	32.097
B.	Power consumption	08	28.110	30.176	22.128
+	Added value	11	10.066	2.462	8.731
C.	Staff costs	12	12.519	10.515	9.677
D.	Taxes and charges	17	1.316	1.476	1.341
E.	Depreciation of intangible and tangible fixed assets	18	10.602	9.605	8.784
III.	Sales of fixed assets and material	19	4.969	7.053	5.909
F.	Net book value of fixed assets and material sold	22	4.299	5.572	6.695
G.	Change in reserves and provisions relating to operating activities and complex deferred expenses	25	182	-184	-79
IV.	Other operating income	26	24.972	10.458	6.277
H.	Other operating expenses	27	3.145	3.774	4.082
*	Operating economic result	30	7.944	-10.785	-9.583
M.	Change in reserves and provisions relating to financial activities	41	0	1.020	0
X.	Interest income	42	6	30	1
N.	Interest expenses	43	827	812	456
XI.	Other financial income	44	569	448	254
O.	Other financial expenses	45	2	0	0
*	Financial economic result	48	-254	-1.354	-201
Q.	Income tax on ordinary activities	49	1.977	293	-1.123
**	Economic result from ordinary activities	52	5.713	-12.432	-8.661
XIII	Extraordinary income	53	1.026	1.445	0
R.	Extraordinary expenses	54	96	1.928	0
*	Extraordinary economic result	58	930	-483	0
***	Economic result for the current period (+/-)	60	6.643	-12.915	-8.661
****	Economic result before tax (+/-)	61	8.620	-12.622	-9.784

Table no. 6: Profit and loss statement in the simplified version for 2007, 2008 and 2009 (in thousands CZK), ZEAS Bánov, Inc.

Source: [28 – 30]



Graph no. 3: Economic results in the period 2007 – 2009 (in thousands CZK), ZEAS Bánov, Inc.

Source: [28 – 30]

3.2.1 The horizontal analysis of profit and loss statement

Text	Relative change (in %)		Absolute change (in thousands CZK)	
	2007/2008	2008/2009	2007/2008	2008/2009
Outputs	-14,51 %	-5,45 %	-5.538	-1.779
Sales of own products and services	36,99 %	-16,44 %	10.371	-6.314
Power consumption	7,35 %	-26,67 %	2.066	-8.048
Added value	-75,54 %	254,63 %	-7.604	6.269
Staff costs	-16,01 %	-7,97 %	-2.004	-838
Taxes and charges	12,16 %	-9,15 %	160	-135
Depreciation of intangible and tangible fixed assets	-9,40 %	-8,55 %	-997	-821
Sales of fixed assets and material	41,94 %	-16,22 %	2.084	-1.144
Net book value of fixed assets and material sold	29,61 %	20,15 %	1.273	1.123
Change in reserves and provisions relating to operating activities and complex deferred expenses	-201,10 %	-57,07 %	-366	105
Other operating income	-58,12 %	-39,98 %	-14.514	-4.181
Other operating expenses	20,00 %	8,16 %	629	308
Operating economic result	-235,76 %	-11,15 %	-18.729	1.202
Change in reserves and provisions relating to financial activities		-100,00 %	1.020	-1.020
Interest income	400,00 %	-96,67 %	24	-29
Interest expenses	-1,81 %	-43,84 %	-15	-356
Other financial income	-21,27 %	-43,30 %	-121	-194
Other financial expenses	-100,00 %		-2	0
Financial economic result	433,07 %	-85,16 %	-1.100	1.153
Income tax on ordinary activities	-85,18 %	-483,28 %	-1.684	-1.416
Economic result from ordinary activities	-317,61 %	-30,33 %	-18.145	3.771
Extraordinary income	40,84 %	-100,00 %	419	-1.445
Extraordinary expenses	1.908,33 %	-100,00 %	1.832	-1.928
Extraordinary economic result	-151,94 %	-100,00 %	-1.413	483
Economic result for the current period (+/-)	-294,42 %	-32,94 %	-19.558	4.254
Economic result before tax (+/-)	-246,43 %	-22,48 %	-21.242	2.838

Table no. 7: The horizontal analysis of profit and loss statement in the simplified version in the period 2007 – 2009, ZEAS Bánov, Inc.

Source: [28 – 30]

Sales fluctuate in the monitored period. Sales of own goods and services in 2008 compared to 2007 increased by 36,99 % (10.371 thous. CZK), but in 2009 compared with 2008 decreased by 16,44 % (6.314 thous. CZK). Sales of fixed assets and materials in 2008 compared to 2007 increased by 41,94 % (2.084 thous. CZK), but in 2009 compared to 2008 decreased by 16,22 % (1.144 thous. CZK). Staff costs decreased during the monitored period gradually – in 2008 decreased by 16,01 %, in 2009 by 7,97 %. It is in absolute numbers 2.004 thous. CZK in 2008 and only by 838 thous. CZK in 2009. The decrease in output in 2009 compared to 2008 by 5,45 % (1.779 thous. CZK) and decrease in power consumption by 26,67 % (8.048 thous. CZK), it has meant that the value added in 2009 increased by 254,63 % (6.269 thous. CZK). Due to the growth of value added in 2009 was reduced negative impact of mild downturn in sales in 2009. Interest expenses decrease and it is result of decreasing the debt of the company. Operating economic result in 2008 fell by 235,76 % (18.729 thous. CZK), in 2009 compared to 2008

increased by 11,15 % (1.202 thous. CZK). Total yields were 69.718 thous. CZK in 2007, 52.072 thous. CZK in 2008 and 43.300 thous. CZK in 2009. The largest share of the yields decrease has a Europe-wide decrease in milk prices.

The total costs were 63.075 thous. CZK in 2007, 64.987 thous. CZK in 2008 and 51.961 thous. CZK in 2009. Costs increased in 2008 were due to rising prices of feed mixtures, mineral products, pharmaceuticals and disinfectants. Costs decreased in 2009 due to decrease of material and staff costs. The company in 2007 recorded a positive economic result for the current period, i.e. 6.643 thous. CZK profit. In 2008, however this economic result fell by 294,42 % (19.558 thous. CZK) and the company came to 12.915 thous. CZK loss. In 2009 compared to 2008 increased economic result by 32,94 % (4.254 thous. CZK) and the company reduced its losses to 8.661 thous. CZK.

3.2.2 The vertical analysis of profit and loss statement

Text	% share of total sum		
	2007	2008	2009
Outputs	136,15 %	84,97 %	96,14 %
Sales of own products and services	100,00 %	100,00 %	100,00 %
Power consumption	100,25 %	78,56 %	68,94 %
Added value	35,90 %	6,41 %	27,20 %
Staff costs	44,65 %	27,37 %	30,15 %
Taxes and charges	4,69 %	3,84 %	4,18 %
Depreciation of intangible and tangible fixed assets	37,81 %	25,01 %	27,37 %
Sales of fixed assets and material	17,72 %	18,36 %	18,41 %
Net book value of fixed assets and material sold	15,33 %	14,51 %	20,86 %
Change in reserves and provisions relating to operating activities and complex deferred expenses	0,65 %	-0,48 %	-0,25 %
Other operating income	89,06 %	27,23 %	19,56 %
Other operating expenses	11,22 %	9,83 %	12,72 %
Operating economic result	28,33 %	-28,08 %	-29,86 %
Change in reserves and provisions relating to financial activities	0,00 %	2,66 %	0,00 %
Interest income	0,02 %	0,08 %	0,00 %
Interest expenses	2,95 %	2,11 %	1,42 %
Other financial income	2,03 %	1,17 %	0,79 %
Other financial expenses	0,01 %	0,00 %	0,00 %
Financial economic result	-0,91 %	-3,52 %	-0,63 %
Income tax on ordinary activities	7,05 %	0,76 %	-3,50 %
Economic result from ordinary activities	20,37 %	-32,36 %	-26,99 %
Extraordinary income	3,66 %	3,76 %	0,00 %
Extraordinary expenses	0,34 %	5,02 %	0,00 %
Extraordinary economic result	3,32 %	-1,26 %	0,00 %
Economic result for the current period (+/-)	23,69 %	-33,62 %	-26,99 %
Economic result before tax (+/-)	30,74 %	-32,86 %	-30,49 %

Table no. 8: The vertical analysis of profit and loss statement in the simplified version in the period 2007 – 2009, ZEAS Bánov, Inc.

Source: [28 – 30]

As a reference value (100 %) are sales of own products and services. The largest share is a power consumption (Ø 82,58 %), but this share decreases in the monitored period, i.e. the costs of sales decreases with time. The large share is staff costs (Ø 34 %) and depreciation of intangible and tangible fixed assets (Ø 30 %). It is evident from the vertical analysis, that economic result is negative, no in 2007.

3.3 The analysis of financial ratios

The analysis of financial ratios of company ZEAS Bánov, Inc. in the period 2007 – 2009 is focuses on the profitability ratios, activity, leverage and liquidity. Underlying data are based from balance sheet in the full version (see Annex no. 1) and profit and loss statement in the full version (see Annex no. 4). Calculations are made on based of formulas set out in the first part, i.e. the theoretical basis.

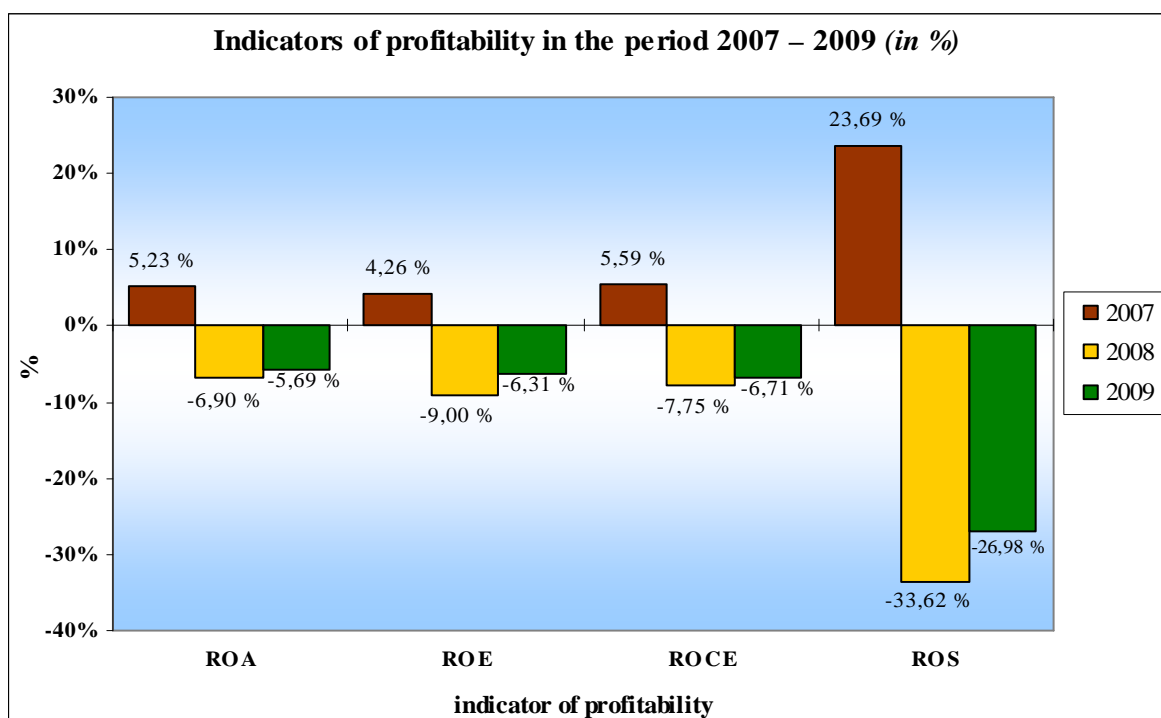
3.3.1 Indicators of profitability

Indicators of profitability (<i>in %</i>)	2007	2008	2009
ROA – Return on total invested assets = (economic result before tax + interest expenses) / total assets	5,23 %	-6,90 %	-5,69 %
ROE – Return on equity = economic result for the current period / equity	4,26 %	-9,00 %	-6,31 %
ROCE – Return on long-term resources = (economic result before tax + interest expenses) / (equity + reserves + long-term liabilities + long-term bank loans)	5,59 %	-7,75 %	-6,71 %
ROS – Return on sales = economic result for the current period / (sales of goods + sales of own products and services)	23,69 %	-33,62 %	-26,98 %

Table no. 9: Indicators of profitability in the period 2007 – 2009 (in %), ZEAS Bánov, Inc.

Source: [25 – 30]

All the profitability ratios are for the monitored period downward trend. They were positive only in 2007. In 2008 and 2009 fell into negative numbers and because the company makes no profit but a loss. The largest decrease was in 2008. Indicator of ROA in the period decreases due to a decreasing of return on sales. Decrease of ROE is not favourable in terms of ownership. The company should try to increase these indicators in the next years and came into the positive numbers.



Graph no. 4: Indicators of profitability in the period 2007 – 2009 (in %), ZEAS Bánov, Inc.
Source: [25 – 30]

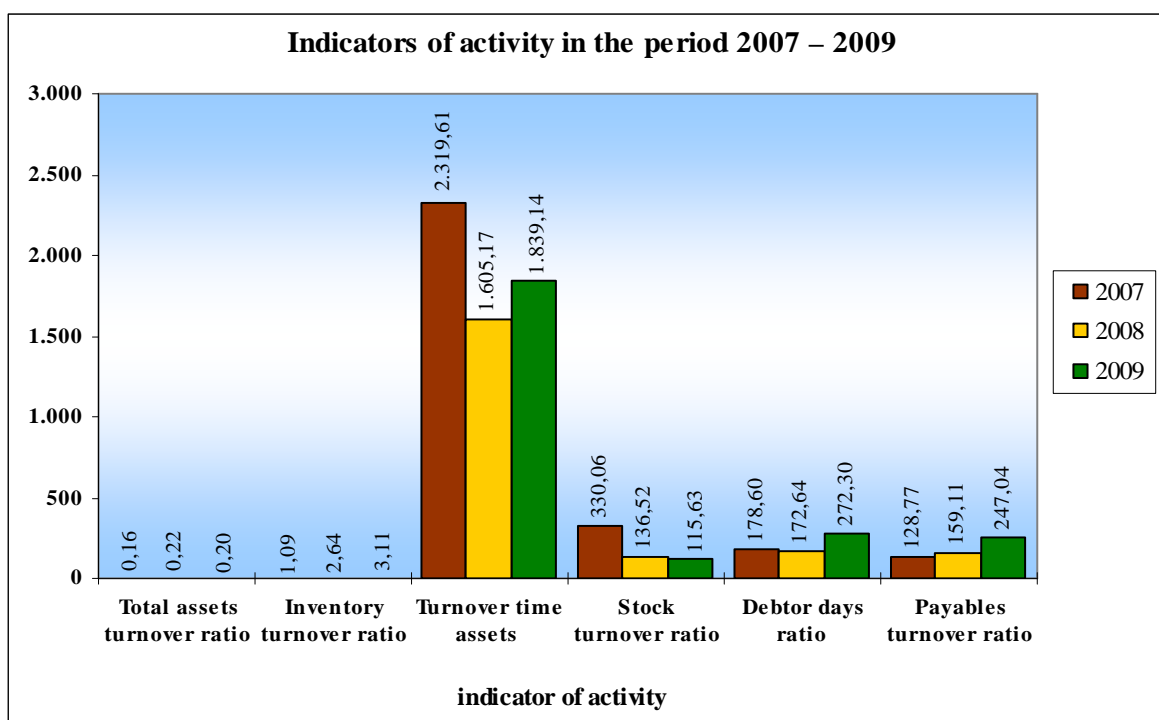
3.3.2 Indicators of activity

Indicators of activity	2007	2008	2009
Total assets turnover ratio (<i>times</i>) = (sales of goods + sales of own products and services) / total assets	0,16	0,22	0,20
Inventory turnover ratio (<i>times</i>) = (sales of goods + sales of own products and services) / total stocks	1,09	2,64	3,11
Turnover time assets (<i>in days</i>) = total assets / [(sales of goods + sales of own products and services) / 360]	2.319,61	1.605,17	1.839,14
Stock turnover ratio (<i>in days</i>) = total stocks / [(sales of goods + sales of own products and services) / 360]	330,06	136,52	115,63
Debtor days ratio (<i>in days</i>) = (long-term receivables + short-term receivables) / [(sales of goods + sales of own products and services) / 360]	178,60	172,64	272,30
Payables turnover ratio (<i>in days</i>) = (long-term liabilities + short-term liabilities) / [(sales of goods + sales of own products and services) / 360]	128,77	159,11	247,04

Table no. 10: Indicators of activity in the period 2007 – 2009, ZEAS Bánov, Inc.
Source: [25 – 30]

From 2008 to 2009 there was a slight decreasing in total assets turnover ratio. This was increased the average number of days that lasted a turnover of assets from 1.605,17

to 1.839,14 days. The reducing of stocks influenced the increase and turnover of stock from 2,64 to 3,11 times and the good inventory turnover decreased from 136,52 to 115,63 days. Debtor days ratio increased in 2009 to 272,30 days, i.e. the number of days that are due from customers increased. Payables turnover ratio increases, but the repayment period of stocks is shorter than the repayment period of debts.



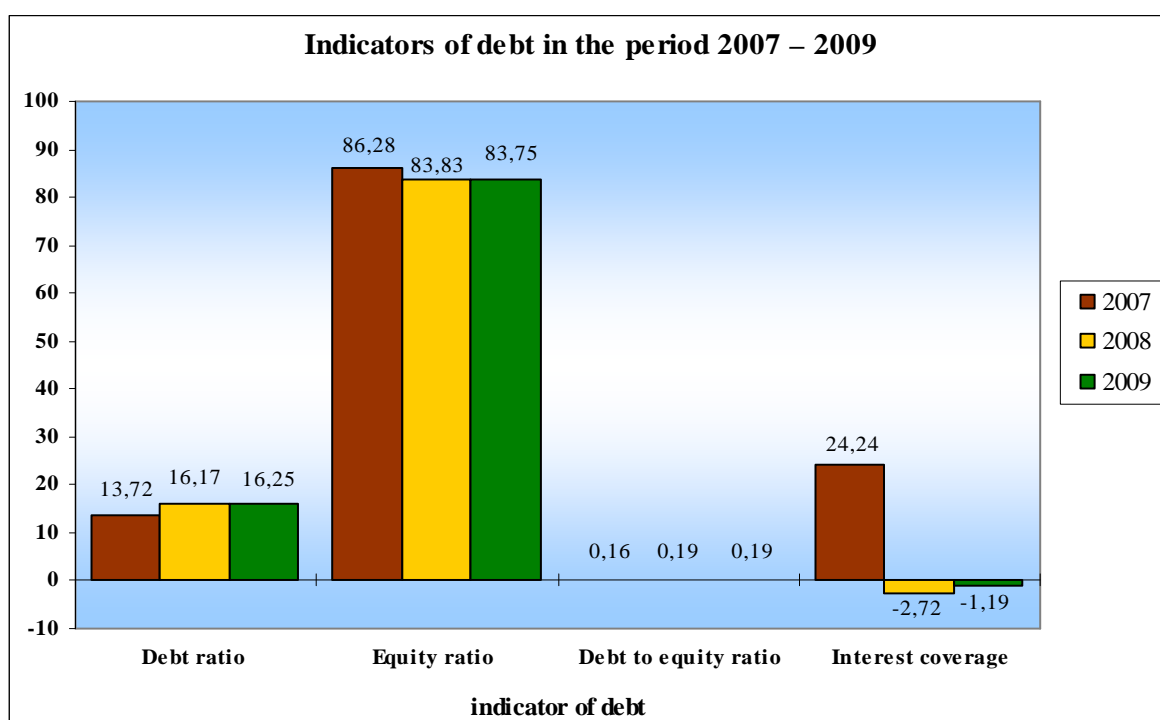
Graph no. 5: Indicators of activity in the period 2007 – 2009, ZEAS Bánov, Inc.
Source: [25 – 30]

3.3.3 Indicators of debt

Indicators of debt	2007	2008	2009
Debt ratio (in %) = (foreign sources + other liabilities) / total assets	13,72 %	16,17 %	16,25 %
Equity ratio (in %) = equity / total assets	86,28 %	83,83 %	83,75 %
Debt to equity ratio = foreign sources / equity	0,16	0,19	0,19
Interest coverage = (economic result before tax + interest expenses + net book value of fixed assets and material sold) / interest expenses	24,24	-2,72	-1,19

Table no. 11: Indicators of debt in the period 2007 – 2009, ZEAS Bánov, Inc.
Source: [25 – 30]

Total debt for the monitored period increases gradually but is low, in 2009 was 16,25 %. Equity ratio decreased in 2009 compared with 2008 only slightly, from 83,83 % to 83,75 %. Decreased more compared with 2007, from 86,28 % to 83,75 %. It is clear that the company uses own financial resources and less foreign sources of funding. The vertical analysis of the balance sheet shows that foreign resources are in 2009 only 16,13 % and consist mainly of short-term liabilities (13,44 %), short-term bank loans (1,72 %) and a minimum long-term bank loans (0,97 %). Debt to equity ratio is low due to the low overall debt. Interest coverage in 2008 and 2009 is in negative numbers, because the company had not money to cover the interest, the company was in loss in both years.



Graph no. 6: Indicators of debt in the period 2007 – 2009, ZEAS Bánov, Inc.

Source: [25 – 30]

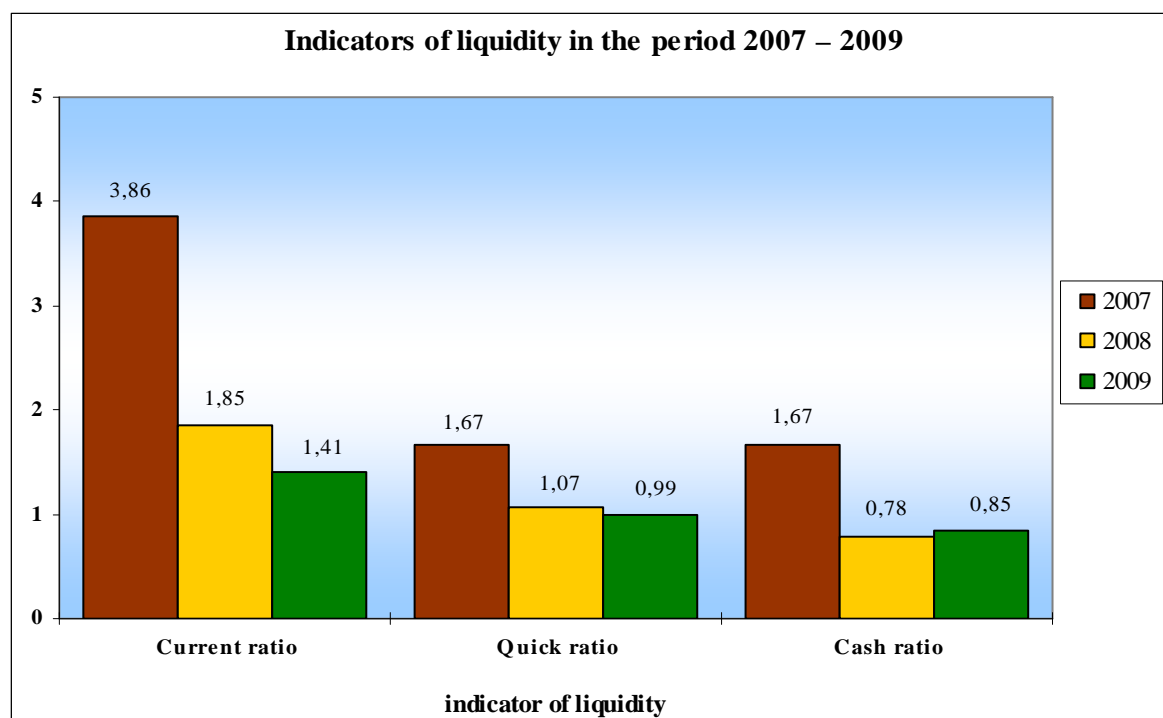
3.3.4 Indicators of liquidity

Indicators of liquidity	2007	2008	2009
Current ratio = current assets / (short-term liabilities + short-term bank loans + borrowings)	3,86	1,85	1,41
Quick ratio = (current assets – stocks) / (short-term liabilities + short-term bank loans + borrowings)	1,67	1,07	0,99
Cash ratio = (short term receivables + short-term financial assets) / (short-term liabilities + short-term bank loans + borrowings)	1,67	0,78	0,85

Table no. 12: Indicators of liquidity in the period 2007 – 2009, ZEAS Bánov, Inc.

Source: [25 – 30]

Current ratio and quick ratio decrease in the monitored period. Company could have problem in a continued downward trend in the future to meet its obligations. Current ratio shows that in 2009 current assets cover short-term liabilities 1,41 times. Smaller than the value it dropped below 1,5. Quick ratio in 2009 was 0,99 and shows an overweight stocks in the balance sheet of the company. It fell slightly below the value 1. Cash ratio is for the whole monitored period above the range of 0,2 and it indicates that the company is currently unable to pay due debts.



Graph no. 7: Indicators of liquidity in the period 2007 – 2009, ZEAS Bánov, Inc.

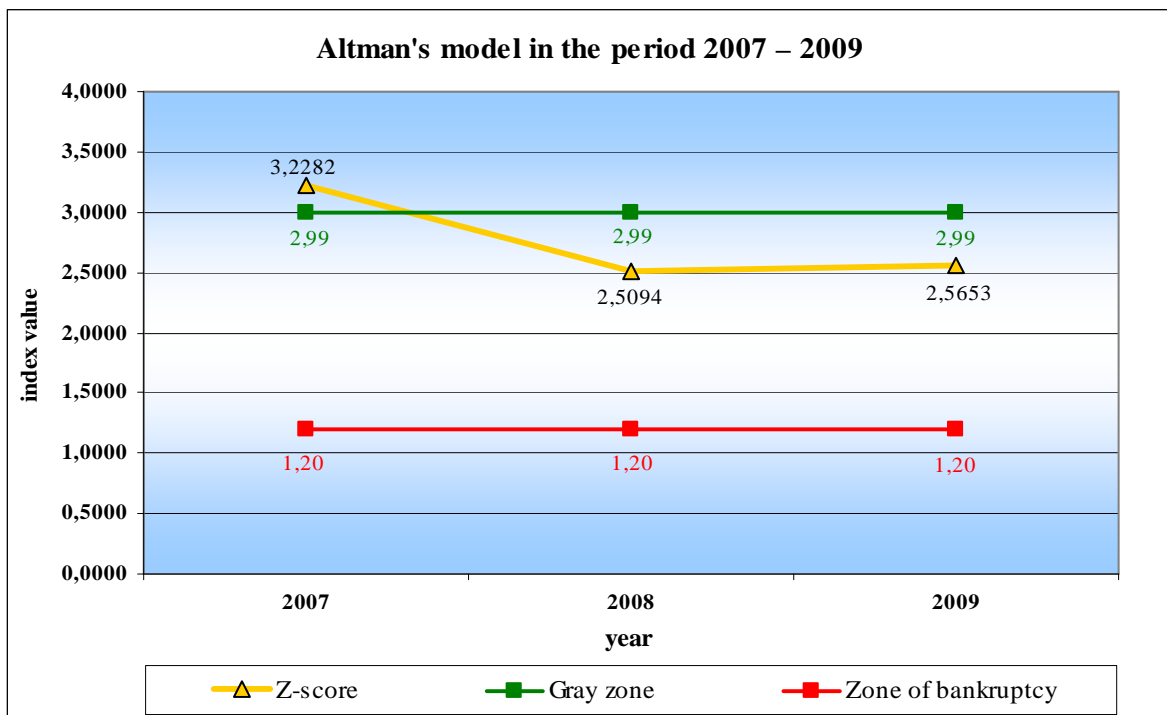
Source: [25 – 30]

3.4 Altman's model

Altman's model		2007	2008	2009
A	= net working capital (i.e. total current assets – total short-term liabilities) / total assets	0,2025	0,1105	0,0787
B	= retained profit after tax(i.e. ER for the current period + ER from past years + funds from profit) / total assets	-0,0492	-0,1258	-0,1843
C	= profit before tax and interest (i.e. ER for the current period + income tax on ordinary activities + income tax on extraordinary activities + interest expenses) / total assets	0,0477	-0,0737	-0,0597
D	= equity in accounts value (i.e. share capital) / foreign capital (i.e. foreign sources)	6,6526	5,9545	6,2357
E	= total sales (i.e. sales of goods + sales of own products and services + sales of fixed assets and material) / total assets	0,1827	0,2655	0,2318
Z-score = 0,717 A + 0,847 B + 3,107 C + 0,420 D + 0,998 E		3,2282	2,5094	2,5653

Table no. 13: Altman's model in the period 2007 – 2009, ZEAS Bánov, Inc.
Source: [25 – 30]

Calculation of bankruptcy model, Altman's model, it was found that the company's financial situation was satisfactory in 2007, because the index value was greater than 2,99 (zone of prosperity). In 2008 and 2009 the index value fell below 2,99 (gray zone), the company cannot be described as successful, but not as the company with problems.



Graph no. 8: Altman's model in the period 2007 – 2009, ZEAS Bánov, Inc.
Source: [25 – 30]

4 THE ANALYSIS OF COSTS AND YIELDS OF MILK PRODUCTION IN THE PERIOD 2003 – 2009

Data for the analysis of costs and yields of the centre of milk production in the period 2003 – 2009 in the company ZEAS Bánov, Inc. are based on Table no. 14, 15 and 16 and Annex no. 7.

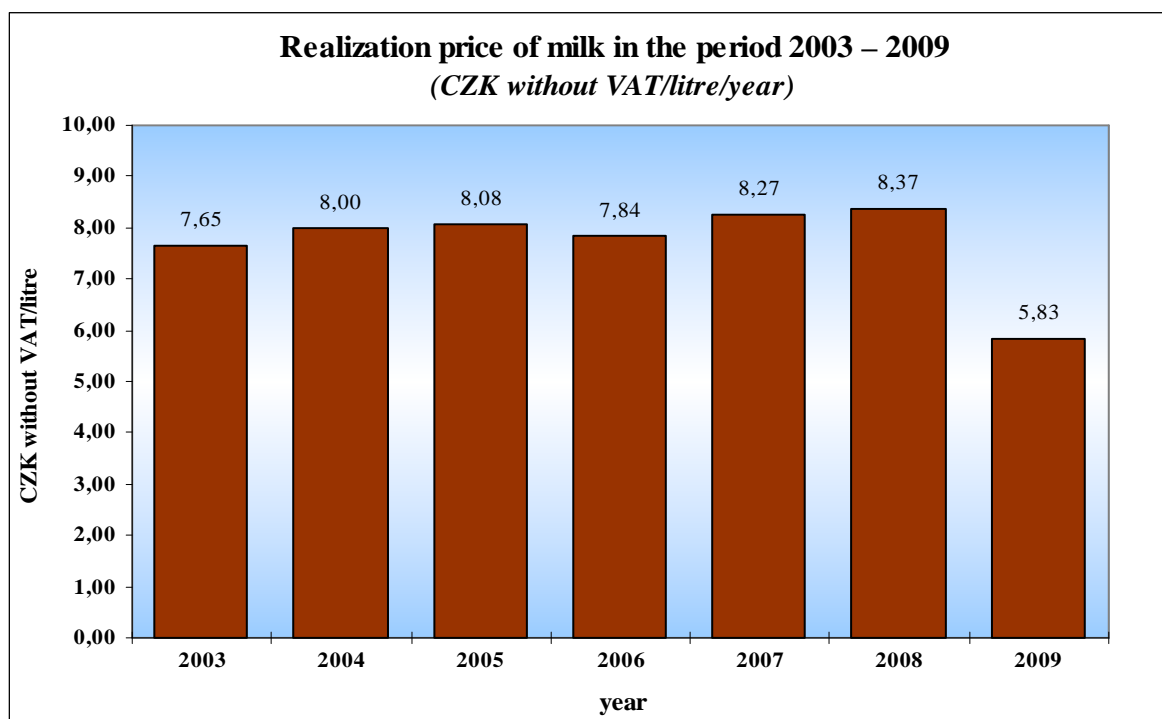
The preliminary analysis costs and yields it is necessary to stress the following concepts and facts that are in the company ZEAS Bánov, Inc. significant impact on production costs and yields.

- Marketability of milk, i.e. the proportion of milk sold to customers over the milk produced, is 98 – 99 %. This high level of marketability is determined by the quality of raw material.
- 25 % of feeds come from own production (hay and silage), 80 % of feeds are purchased from other suppliers. This disparity is due to the fact that ZEAS Bánov, Inc. focuses in business on livestock production. Plant production is limited to alfalfa growing on arable land and perennial grasses in the grassland for the production of hay.
- Efficiency of cows increased from 2003 to 2009, from 7.500 kg milk per lactation closed in 2003, over 8.480 kg milk in 2005 to 9.510 kg milk per lactation closed in 2009. It has a significant impact on the cost of purchased feed, because the animal's quality increases with the increasing efficiency.
- In 2003 it was put into operation the renovated cowshed and modernization of housing cows in one of two cowsheds was completed. In 2006 was renovated a second cowshed. In 2008 was completed modernization of milking parlour.
- Given the number of basic herd of cows bred is not ZEAS Bánov, Inc. to large breeds. Therefore the bargaining position to obtain discounts on the purchase of food, fuel, spare parts, etc. is not exactly the best and the company does not reached a better price.
- The strike price of milk in the period 2003 – 2009 (see Table no. 14 and Graph no. 9) are comparable to the national prices. This is not the case when the company has not of the average nationwide price of milk because of poor quality or failure of certain qualitative requirements.

	Year						
	2003	2004	2005	2006	2007	2008	2009
Realization price of milk (CZK without VAT/litre/year)	7,65	8,00	8,08	7,84	8,27	8,37	5,83
Quantity of sale milk (litres/year)	2.307.746	2.403.944	2.733.359	2.960.769	2.875.101	2.741.318	2.823.421
Sales of milk (CZK without VAT/year)	17.657.952	19.238.404	22.078.167	23.222.872	23.775.749	22.941.833	16.468.233

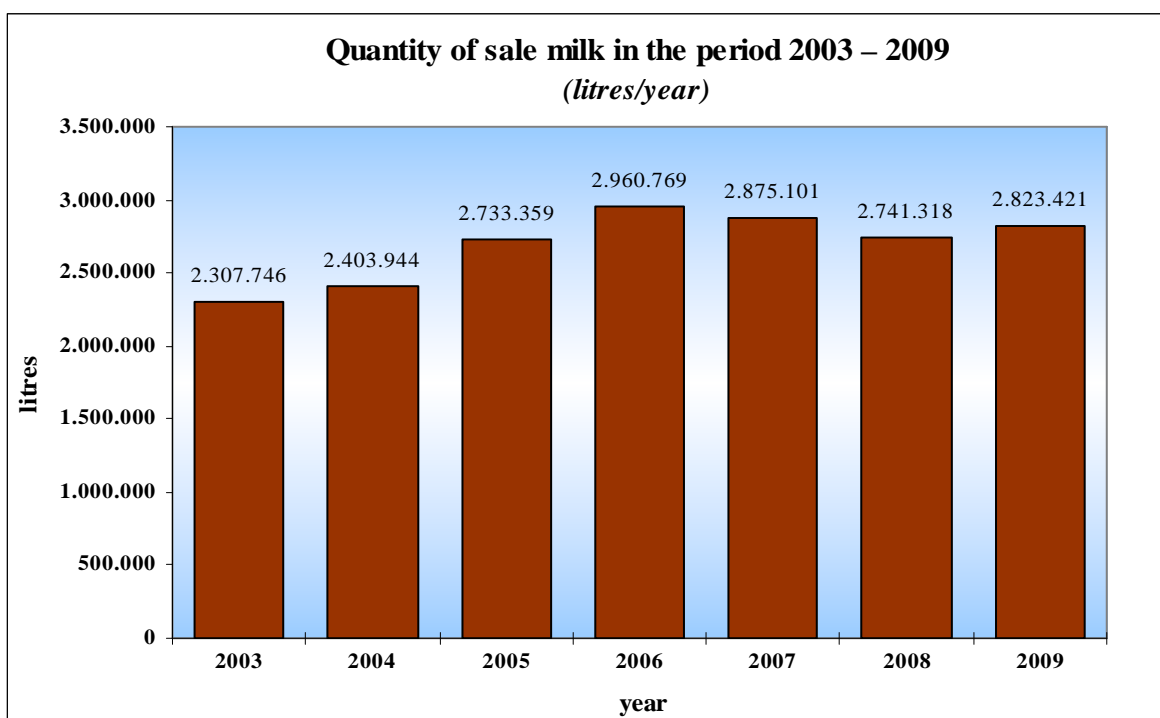
Table no. 14: Summary of sale milk in the period 2003 – 2009, ZEAS Bánov, Inc.

Source: [24]

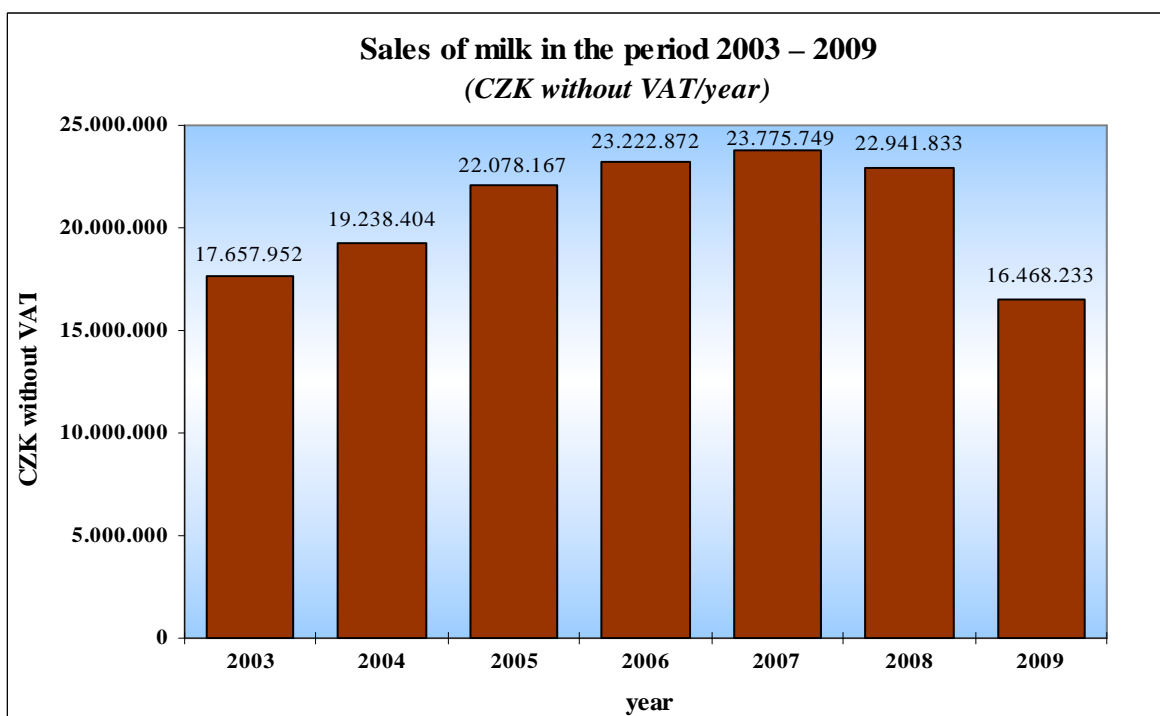


Graph no. 9: Realization price of milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]



Graph no. 10: Quantity of sale milk in the period 2003 – 2009 (litres/year), ZEAS Bánov, Inc.
Source: [24]



Graph no. 11: Sales of milk in the period 2003 – 2009 (CZK without VAT/year), ZEAS Bánov, Inc.
Source: [24]

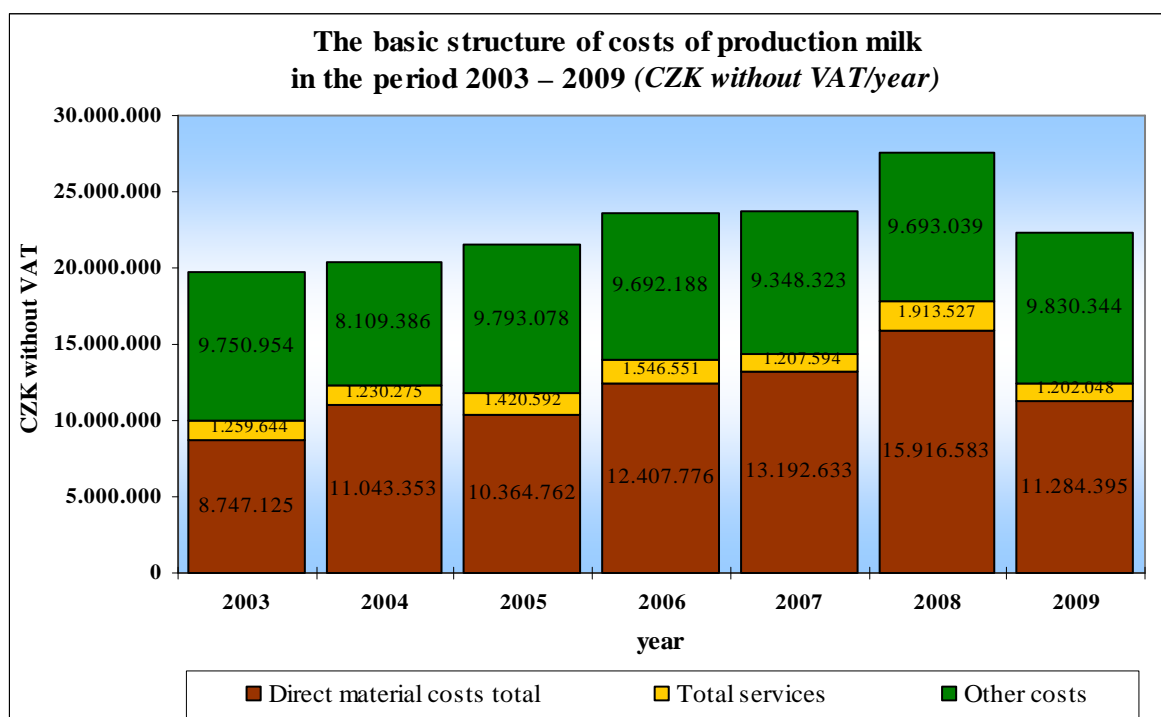
4.1 The analysis of costs of the centre of milk production in the period 2003 – 2009

The basic structure costs of milk production in the company ZEAS Bánov, Inc. are:

1. Production costs

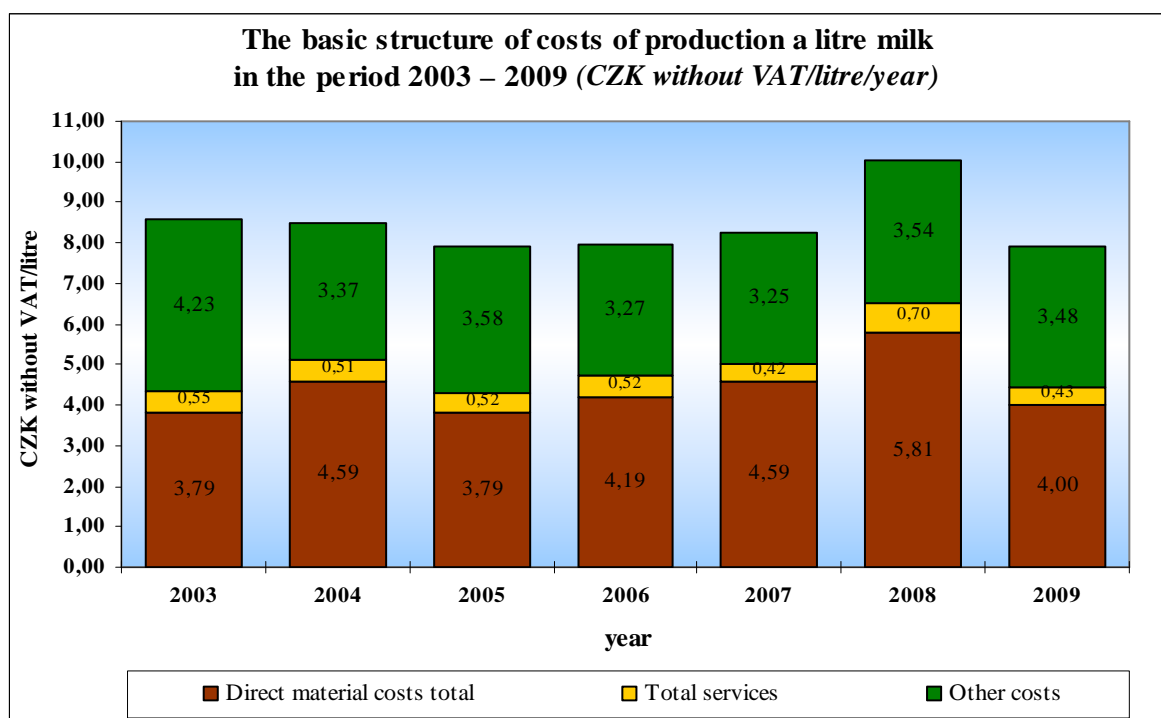
- **Direct material costs** – i.e. material costs (consumption of spare parts, fuels and oils, purchased food, medicines and disinfections and other consumption) and total energy consumption (consumption of electricity and water)
 - **Services** – i.e. repair and maintenance of equipment and buildings, breeding and veterinary services, rental of machinery, buildings and land, leasing, connections and phones, other services of production character
2. **Other costs** – i.e. staff costs, depreciation fixed and intangible assets and basic herd, net book value of assets, materials and animals, goods sold, taxes and fees, other costs, insurance, shortages and damages, financial and extraordinary costs

The detailed structure costs of milk production in the period 2003 – 2009 in the company ZEAS Bánov, Inc. is presented in Annex no. 7.



Graph no. 12: The basic structure of costs of production milk in the period 2003 – 2009 (CZK without VAT/year), ZEAS Bánov, Inc.

Source: [24]



Graph no. 13: The basic structure of costs of production a litre milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]

Production costs increased from 2003 to 2008 from 4,34 CZK per litre of milk up to 6,50 CZK per litre of milk. In 2009 it decreased to 4,42 CZK/litre of milk.

Direct material costs, which make up the largest part of production costs in 2003 gradually increased from 3,79 CZK/litre of milk up to 5,81 CZK/litre of milk in 2008. It stabilized at 4 CZK/litre in 2009. You can already see that the company focused on cost savings.

The increasing trend from 2003 to 2008 were also **material costs**, which increased from 3,56 CZK/litre of milk up to 5,58 CZK/litre of milk. In 2009 it decreased to 3,78 CZK/litre of milk.

The largest share of the material costs has **consumption of purchased feed**. This is food that is not manufactured in the company. It is feed purchased from suppliers, e.g. cereals in the form of meal, soybeans, corn, canola, mineral supplements, energy supplements, fats, vitamins, etc. The cost of a litre of milk is in the monitored period from 2,60 CZK per litre of milk in 2005 to 4,23 CZK per litre of milk in 2008. Most of the total

price of purchased feed has compound fees with a high proportion of cereals, soybean, canola, corn. These nationwide in 2008 amounted to high purchase prices. A percentage share of costs represented purchased feed is in the range of 32 – 51 % of the total realization price of milk in a given year, a relatively high proportion of costs. The reality is that in 2009 there was a savings of purchased feed costs, but the proportion of very low realization price of milk 5,83 CZK/litre, which is the lowest in the monitored period, this cost is relatively high and the highest in the whole monitored period. Given that ZEAS Bánov, Inc. depends on the price of vegetable commodities (cereals), without own plant production. ZEAS Bánov, Inc. is not able to produce these feeds himself and is not able to influence their management cost of these inputs. At the same time it must be emphasized that increasing the average efficiency of cows is kept greater and greater pressure on the energy feed, which cannot be replaced by another, cheaper food.

A major item of material costs is **consumption of fuels and oils**, over the monitored period is from 0,09 CZK to 0,28 CZK/litre of milk. The price difference is due to the price of diesel and oils. The company has own pumping station and is able to buy oil for a longer period of time (max. 1 month). Because of their relatively small sampling is not a major customer in the eyes of suppliers, therefore price of inputs (diesel) copies price on the market.

Consumption of medicines and disinfection is 0,19 – 0,88 CZK/litre of milk. It has a relatively high influence on the resulting realization price, especially in years when the price of milk falls below 7 CZK/litre. Large impact on drug consumption has health status herd. Unfortunately, the reality is that the efficiency increases with increasing pressure on the health of animals. This is not corrected by increasing the quality of optimal nutrition, resulting in higher costs for the treatment of animals.

Costs to **the total consumption of energy**, i.e., electrical energy and water, in the period 2003 – 2009 were from 0,15 CZK/litre of milk in 2007 to 0,25 CZK/litre of milk in 2006. In the last two years has remained at a level of 0,22 CZK/litre of milk, even with the rising price of electrical energy. Modernization of milking parlour in the period 2007 – 2008 had a positive impact on the amount of consumed electrical energy and water, because most electricity and water is consumed just before, during and after milking.

The second part of production costs are **services**. A percentage on milk production they accounts from 5,08 % in 2007 to 8,36 % in 2008. They grew in 2008. Services cost are about 0,52 CZK/litre of milk. 0,18 – 0,38 CZK/litre of milk are costs of breeding and veterinary care. Repair and maintenance of equipment and buildings and other services of production character move differently during the period 2003 – 2009, Ø 0,10 CZK/per litre of milk.

Other costs in the monitored period decreased from 4,23 CZK/litre of milk in 2003 up to 3,48 CZK/litre of milk in 2009.

Staff costs are the largest item of other costs. They are in the monitored period cost 1,51 – 1,75 CZK/litre of milk, which on average over the monitored period is 1,61 CZK/litre of milk. This number belongs to a relatively significant cost, forming 20 – 30 % costs of the price of milk.

Depreciation – half depreciation are depreciation of tangible and intangible assets, the second half are amortization of the basic herd (cows). Depreciation have a stable trend. The cost of a litre of milk is for the monitored period averaged 0,95 CZK.

An important cost factor is also **a net book value of assets, materials and animals sold**. Given that the centre of milk production did not sell tangible property (except 2003, when the book value of tangible assets of 331.000 CZK), a single number characterizes in 2003 – 2009 net book value of the animal, i.e. the basic herd of cows on the day of sale. Sale is carried out either by direct sale to another farmer, therefore, for breeding or for slaughter or emergency slaughter. In 2003, 2005 and 2009 was net book value 12,63 % in average cost of milk, which in comparison with other years up to 0,30 CZK per litre of milk more. In 2009 consists of book value of animals sold 11,15 % of the cost, but only 0,65 CZK per litre of milk. This disparity is due to a very low strike price of milk in 2009.

Insurance, shortages and damages to an average for the period 2003 – 2009 the costs of 0,11 CZK/litre of milk.

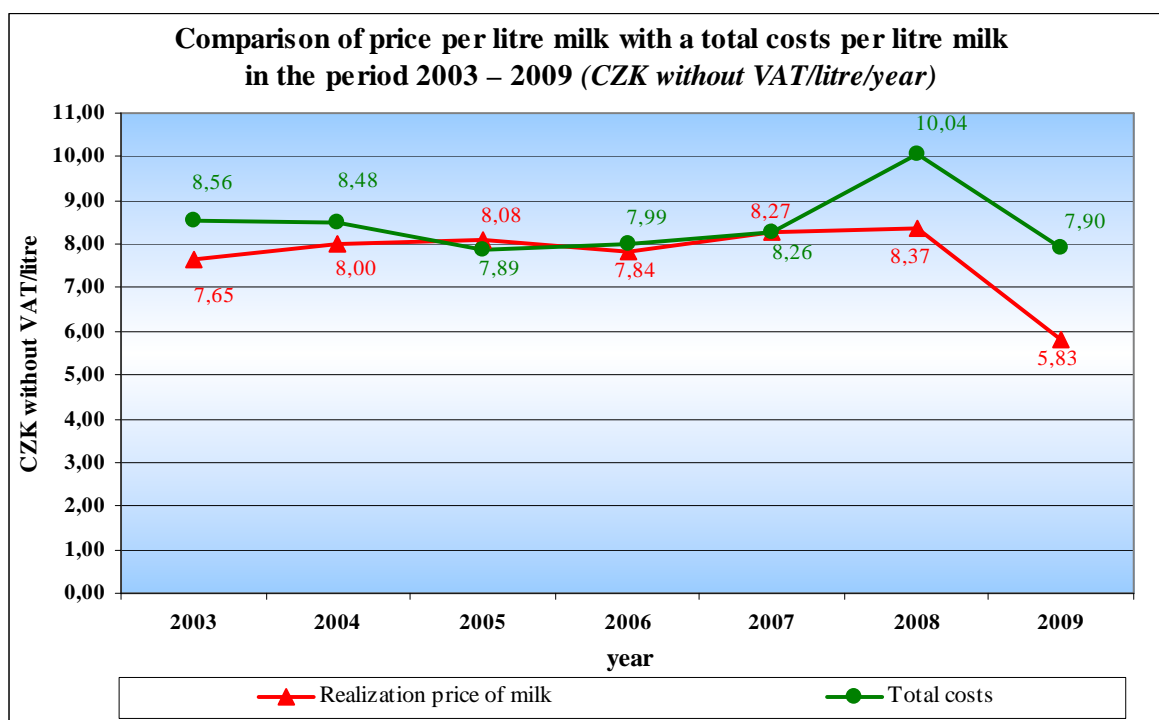
Other cost, e.g. travel, entertainment costs, seminars, training, services, bank charges, etc. are negligible.

Total costs to produce 1 litre of sale milk were in 2005 and 2007 lower than the realization price. It was assumed that the company could generate profits from its own milk production. In other monitored years the cost to produce 1 litre of milk exceeded the realization price. Most in 2009, when the price decreased by more than 2 CZK per litre of milk, and a record low 5,83 CZK/litre of milk. These differences are shown in Table no. 15 and Graph no. 14.

	Year						
	2003	2004	2005	2006	2007	2008	2009
Realization price of milk (CZK without VAT/litre/year)	7,65	8,00	8,08	7,84	8,27	8,37	5,83
Total costs (CZK without VAT/litre/year)	8,56	8,48	7,89	7,99	8,26	10,04	7,90
% of the costs per litre milk	111,90	106,00	97,65	101,91	99,88	119,95	135,51

Table no. 15: Comparison of price per litre milk with a total costs per litre milk in the period 2003 – 2009, ZEAS Bánov, Inc.

Source: [24]



Graph no. 14: Comparison of price per litre milk with a total costs per litre milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]

4.2 The analysis of yields of the centre of milk production in the period 2003 – 2009

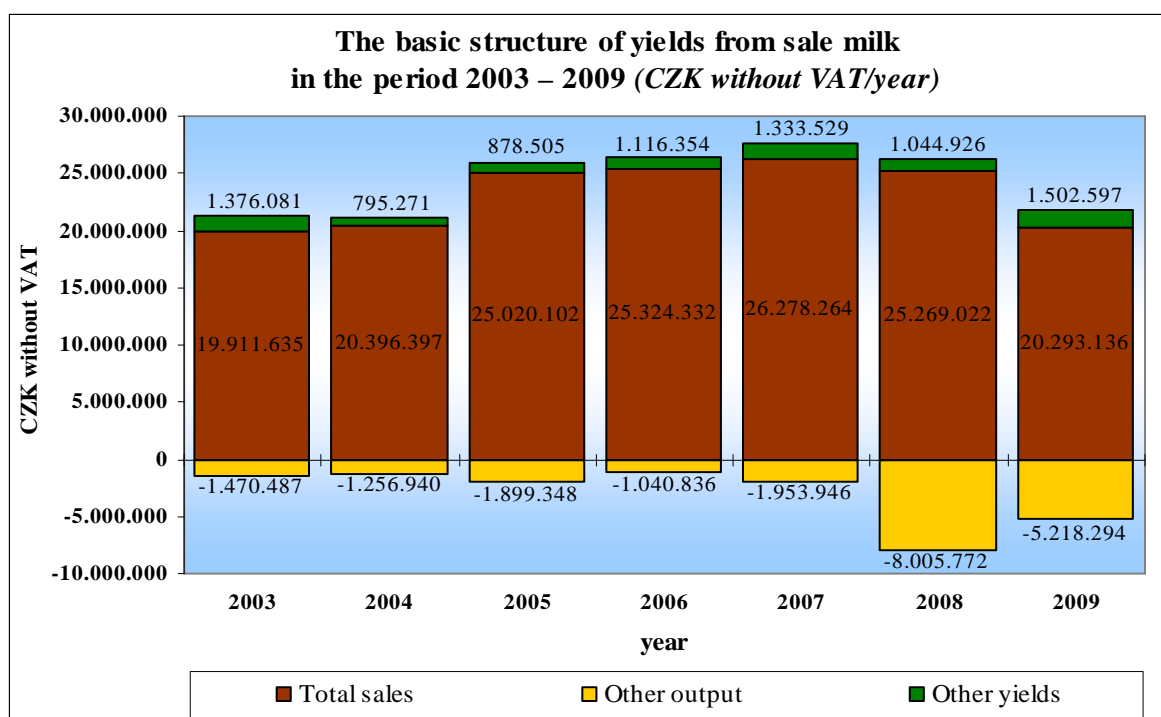
Structure of yields in the company ZEAS Bánov, Inc. is relatively simpler than the structure of costs. The basic structure yields from sale milk in the company ZEAS Bánov, Inc. is:

1. Output

- **Sales** – i.e. sales of plant products, of livestock products, for animals, of other custom products, sales from sale of fixed assets and basic herd, sales from sale of materials, goods and services
- **Other output** – i.e. the change in own plant and livestock products, change in livestock, activation of fixed assets and basic herd

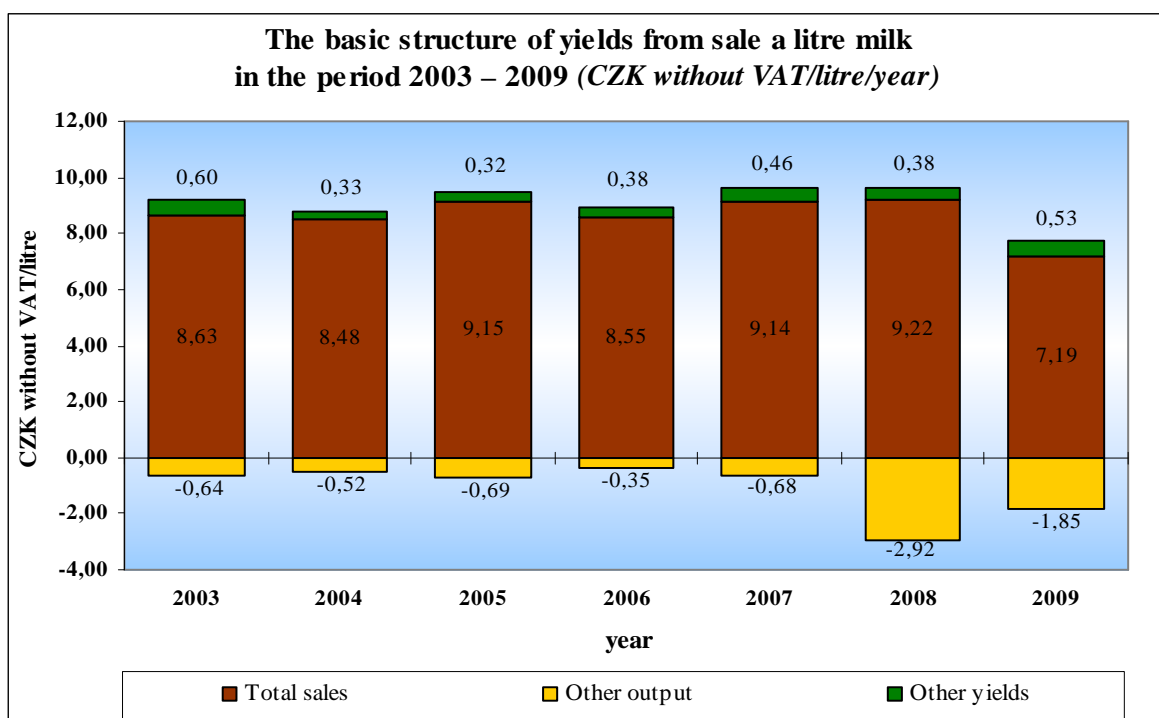
2. Other yields – i.e. rental fixed investment assets, subsidies, other yields

The detailed structure yields from sale milk in the period 2003 – 2009 in the company ZEAS Bánov, Inc. is presented in Annex no. 7.



Graph no. 15: The basic structure of yields from sale milk in the period 2003 – 2009 (CZK without VAT/year), ZEAS Bánov, Inc.

Source: [24]



Graph no. 16: The basic structure of yields from sale a litre milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]

Sales of plant products are involved in very low yields. In the period 2003 – 2009 is 0,01 – 0,04 CZK/litre of milk. They are negligible sales of feed to small natural persons.

On the contrary **sales of livestock products** (i.e. milk) form a large part of total yields. Those are sales of milk, with the company sold in the period 2003 – 2009 buyers (dairy or sales cooperative).

Balanced yield in the monitored period are the **sales for animals**. These are calves, young bulls that are selling in the age one month abroad. In the period 2003 – 2009 the company sold a few heifers – these sales are not common, by all heifers leaving for own herd turnover. Sales for animals make the total sales 0,13 – 0,33 CZK per litre of milk.

Sales of other custom products are negligible, again it is just a casual sale of an own product. The sales involved 0,01 – 0,02 CZK/litre of milk. They have no small impact on yields.

Sales from the sale of fixed assets and basic herd involved significantly in the total yields. The company ZEAS Bánov, Inc. does not implement from the centre of milk production the sale of fixed assets, so the sale is sale from the sale of basic herd. It is different each year, from 0,30 CZK/litre of milk to 0,70 CZK/litre of sale milk. This is the price at which cows are sold from the basic herd. Cows are not sold for slaughter for meat production, but cows are discarded their physical condition is good, but milk production is minimal or none. Or are cows with reproductive problems incurable.

Sales from the sale of materials, goods and services in the period 2003 – 2008 contribution to total sales negligible levels (0,02 – 0,13 CZK/litre of milk), in 2009 it is 0,43 CZK/litre of milk. In 2009 the company sold a portion of old equipment of milking parlour, and the results showed an increase in sales from the sale of materials, goods and services. These extraordinary sales which in a given year affect the amount of total yields.

The company ZEAS Bánov, Inc. accounts to the side yields so-called **change in own products plant and livestock, change in animals and activation of fixed assets and basic herd**. Here is accounted the consumption of their own food – food produced by own resources of their own plant production. It is the consumption of corn silage, grass silage and alfalfa, clover or alfalfa hay, straw, fodder, straw for bedding, own consumption of milk calves. They are costs in the income statement on the yields minus charge. In this case it depends on the quality of produced roughage and litter produced because bad quality feed and bedding, which cannot be fed to animal, financial burden company and costs of milk production increase. Changing in status of animals is charged each category growth, calves and heifers. Price increase is due to year-round, during the year is unchanged.

Negligible are **other yields and yields of rental fixed investment assets**. The company realizes these yields in other centre.

More interesting yields are **subsidies**. The amount of subsidies to the sector milk is not the same each year. Milk production is not supported by the subsidy policy of the state and subsidy payments are usually tied to the land. Subsidies to animal production in 2003 were relatively low, only 0,12 CZK per litre of sale milk. Since 2004 subsidies increased from 0,31 CZK per litre of sale milk up to 2007 to 0,39 CZK/litre of milk.

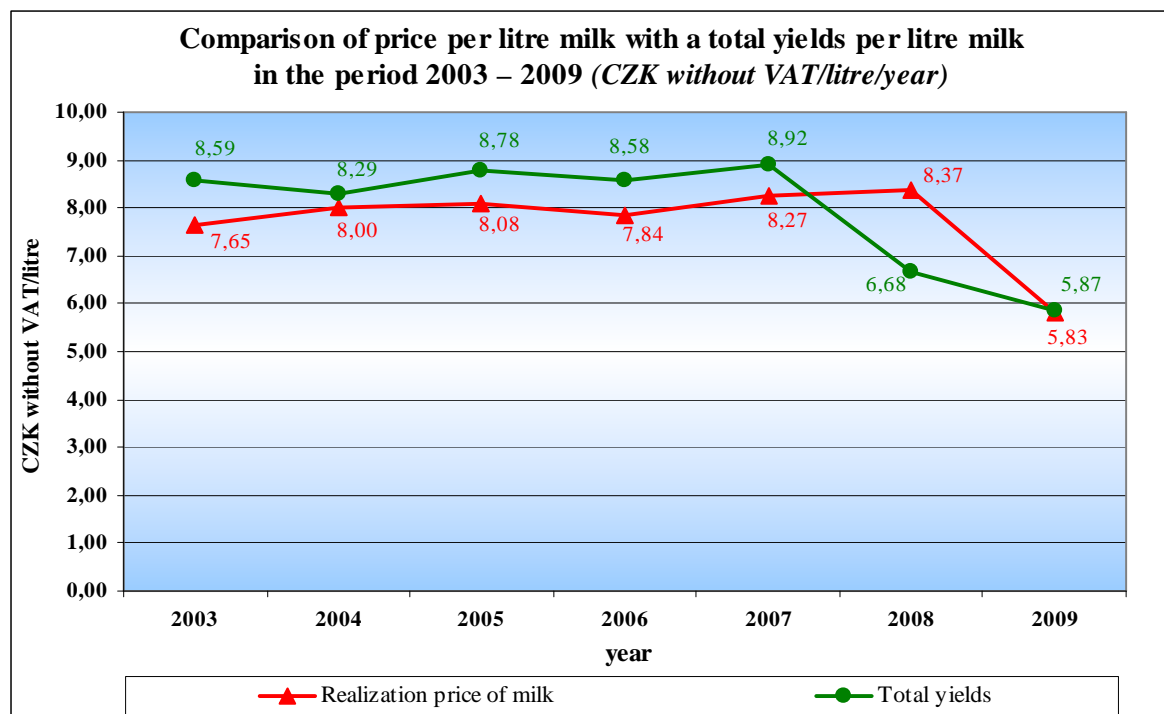
In 2008 recorded a slight decreasing to 0,30 CZK/litre of milk, in 2009 they increased to 0,51 CZK/litre of milk.

Total yields per litre of sale milk in 2008 were lower than the realization price, by 1,69 CZK/litre of milk. This company created the loss. In other reporting years yields exceeded the realization price. Most in 2003, about 0,94 CZK/litre of milk. The differences are evident from Table no. 16 and Graph no. 17.

	Year						
	2003	2004	2005	2006	2007	2008	2009
Realization price of milk (CZK without VAT/litre/year)	7,65	8,00	8,08	7,84	8,27	8,37	5,83
Total yields (CZK without VAT/litre/year)	8,59	8,29	8,78	8,58	8,92	6,68	5,87

Table no. 16: Comparison of price per litre milk with a total yields per litre milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]



Graph no. 17: Comparison of price per litre milk with a total yields per litre milk in the period 2003 – 2009 (CZK without VAT/litre/year), ZEAS Bánov, Inc.

Source: [24]

5 THE EVALUATION OF THE IMPACT OF CHANGES IN MARKET PRICES OF MILK ON THE CORPORATE ECONOMY

Comparing costs and yields of the centre of milk production in the company ZEAS Bánov, Inc. in the monitored period 2003 – 2009, with total costs of milk are greater than yields, is more than clear that the sector milk such as, evaluated separately, is for the company losing (see Annex no. 7). The company made a profit from the production of milk in 2003, 2005, 2006 and 2007. In 2008 was the realization price of milk interesting (8,37 CZK/litre of milk), but the company incurred substantial costs in milk production (27.523.149 CZK), so the company has not profit in 2008. In 2009 compared to 2008 was a significant reduction in costs (22.316.787 CZK), but unfortunately the realization price decreased to historic lows 5,83 CZK/litre of sale milk and the company was in loss (-5.739.348 CZK).

„In October 2010 was the difference between the average realization price in the Czech Republic and in EU-15 more than 15 %, 5,15 euro/100 kg of milk. By September this year the average price for milk increased since the beginning of the year by 20,3 %, but there was increasing in the quantity of produced milk about 38 million litres, sales increased by 17,7 %. The average milk price for 2010 is about 7,27 CZK /l.“ [7]

Compared with the republic's average price is the realization price of milk in the company ZEAS Bánov, Inc. in 2010, about 7,15 CZK/litre, it is below the republic's average. Even at this price the company is not profitable from milk production. The sector of milk influences negatively the fact that it imports into the Czech Republic more and more milk products with added value and the Czech people are buying these foreign products and they encourage their import. Even though that in the Czech Republic increases states dairy cow, breeders are not in situation that interest does not increase and the price of milk does not increase.

In 2010 the agricultural sector is characterized by:

„Import of food and agricultural commodities, it will reach approximately 137 milliard CZK, it will be in this year the highest ever in the history our country.

Agrarian foreign trade deficit of the Czech Republic widened for the first nine months of this year to the -24,1 milliard CZK. Import of agricultural and food commodities increased to 103,2 milliard CZK, while the value of export increased only to 79 milliard CZK, it is by 3,6 milliard CZK more than last year. Agricultural association of the CR estimates that this year's foreign trade deficit agrarian will decrease to about -32 milliard CZK, it will be in the history of the Czech Republic third largest.“
[15]

The company ZEAS Bánov, Inc. produce milk as its one product, but this product is not subject to effective trading. Because the realization price of milk is not set by agreement the seller and buyer, but the price is set by the purchaser (dairy). Under the framework agreement, farmers close it with dairy or sales cooperative, there are agreed to the conditions of quality and other contract. Price is not subject of contract, the price announced by purchaser to the supplier, usually at the end of the month for delivery during that month. The supplier does not know price of milk a whole month. The supplier can only believes, and if the supplier knows the price of milk e.g. in Germany, he can cost estimate. Strictly speaking, he estimates the base price (no surcharges). Surcharges do not change and they are calculated from milk protein and fat, which are supplied more that CSN. We can affect the percentage of protein and fat which the breeding, long-term genetics, short-term nutritional levels. Unfortunately, these bonuses are only 1 – 2 % of basic price. For farmers is the disadvantage that milk production is so specific, it is not possible to suspend production and to respond to lower the price of milk on the market. Czech agriculture stands before the question of to continue in cows breeding or stop.

6 RECOMMENDATION ON MEASURES TO REDUCE COSTS AND INCREASE YIELDS OF MILK IN THE NEXT PERIOD

Milk sector is closely linked with agriculture as a whole. The point is that the cost price milk is largely involved by plant production and how expensive/cheap plant production is able to produce food. Costs of feed are the most important areas for milk production, where we can save a lot but unfortunately missed.

Therefore recommendations for costs reduction measure aimed first in the bulk feed production. It is not just their own harvest of green matter for ensilage or silage, which the quality of the plant is monitoring. But it is about compliance technology ensilage and silage and to ensure proper storage. During storage are losses, not only quantitative (discharge of ensilage and silage juices), but also quality (leaching of nutrients, deterioration of bulky feeds). The company uses the storage silos, which are technologically outdated and less convenient, built on a large number of bred cows. The company has invested money in the division silos. If it can find funding to complete the investment, there feed would be save which is damaged during storage and cannot be used as feed for high-production dairy cows.

The company also invested great resources for the modernization of housing and milking. Milking modernizing solved the problems with the quality of milk and health problems that were affecting the old milking. Due to a new milking parlour were costs of electricity reduced consumed during milking and better using of disinfectants.

Another recommendation is better using of the modernized housing cows. The company has reached a high welfare, due to modernizing both stable, the animals are clean, they have ample space for relaxation, for rumination. Unfortunately, the stable capacity is not fully utilized. Both cowsheds have a capacity of about 350 pieces, which is by 60 more than accommodated today. It would be decrease costs per litre of sale milk if the number of cows were decrease. Depreciation, staff costs and other costs would decrease.

The company has optimized costs in 2008 by concentrating heifers's breeding in one place together with the cows. This is a fully utilized machine park, which is sufficient for heifers's needs and cows's needs. The company has saved the money which can invest and can optimization calves breeding in individual boxes.

The company bought new individual boxes for calves but the company disinvested in improving the quality of the outdoor environment where are individual boxes placed outside. This leads to a permanent wetting and contamination of the surrounding boxes and born calves have often diarrhoea and they suffer from respiratory disease. The proposal is to strengthen the area around the boxes (concrete panels).

The important optimization is to increase the longevity of cows, because of their premature removal (for various reasons) reduces the profitability of farming not only because of their greater heifer's needs but also because of increasing of depreciation cows. The question of longevity is in my view the most complicated, because it is the sum of many factors that affect longevity (calves, heifers, the antenatal period and preparation for childbirth, self-parturition, etc.). If company will improve the calves's breeding and heifers's breeding which is crucial for breeding cows, that company will decrease calves's losses, can then sell. At the same time the company can profit by selling heifers which the company does not use to cows and finally the company decreases the depreciation of cows and gets long-lived efficient cows.

Milk production is generally the biggest problem of our agriculture. This is because even with a high technological level is it physically demanding. Physical intensity is given by the fact that during the production of milk is necessary to manipulate large quantities of bulk feed, bedding and manure. Milk is produced in relatively unfavourable external and internal working environment, regardless of the weather, of the amount of dirt and dust must be running to run every day. Milk producers are fully dependent on manufacturing (dairy) which takes milk every day or other day and if dairy is less active and cannot trade milk products, it has a clear impact on farmers, suppliers of raw materials. Milk production is a set of sub-processes: production of livestock feed and concentrated feed, long-term storage of feed, calves's breeding and young cattle breeding (heifers), breeding of cows, milking, milk storage, and not ensuring the fleet in good repair and services (repairs, transport, etc.). These activities are not linked to each other seamlessly. The fact is that workers in the sub activities overlap and some partial activities underway at the same time.

Due to they are not implemented on the top level, but mostly just average. The term milk production is not just own dairy cow to produce milk, but dairy cow is ending a string of activities that cannot be separated from their own milk and most importantly: if the articles do not carried out a string of high-level, true and well, then it is not possible to realize the final product at the highest level. Milk production is not historically profitable, therefore staff in animal production do not properly remunerated. And unfortunately it has an impact on the quality of work.

Who wants to breed cows for milk production, have to:

- Breeding locates in area, where are the conditions for the plant production (corn, alfalfa or other forage)
- To realized stables for cattle technically with regard to housing options for how – bedding straw or straw manure production or housed on grids with the production of manure
- To allow for handling feed and manure and not just the distance from the barn, but chiefly by the possibility of storage and applications on arable land
- Consider the distance and size of dairy
- To determine the right size business and to ensure a high level breeding of dairy cows

CONCLUSION

The aim of the bachelor thesis, which is divided into six parts, was the analysis of costs and yields of milk production in the period 2003 – 2009 and the proposal of their optimization in the company ZEAS Bánov, Inc.

In the theoretical base has been described concepts such as financial analysis and its types, analysis of financial ratios, Altman's model, balance sheet, profit and loss statement, cash flow statement, assets, liabilities, costs, yields, economic result etc. It was on the basis studied literature.

In the second part was described the company ZEAS Bánov, Inc., its object of business, organizational structure, production schedule and SWOT analysis of which are obvious strengths and weaknesses of company, opportunities and threats for the company.

The financial analysis of ZEAS Bánov, Inc. for the period 2007 – 2009 was carried out in the third part. Data for analysis were obtained from company financial statements, i.e. balance sheet, profit and loss statement and the company's annual report.

It was found by balance sheet analysis that the total assets and liabilities in the monitored period decrease. The reason for the decrease in assets was mainly a reduction in the basic herd, reduction in tangible fixed assets (sale of combine and pickup truck) and the decrease in short-term financial assets (part of subsidies for 2009 were paid in 2010). The decrease in liabilities was due to the decrease of bank loans and long-term liabilities.

The analysis of profit and loss statement was found that sales fluctuate in the monitored period. The negative impact of mild downturn in sales in 2009 was reduced by increasing of added value. Interest expenses have decreasing value due to decreasing debt of the company. The increase in costs was due to rising price of feed mixtures, mineral products, pharmaceuticals and disinfectants in 2008. The decrease in costs was due to decrease in material and staff costs in 2009. Total yields in the monitored period decreased due to the Europe-wide decrease in milk price. The realization price of milk, which was higher than costs per litre of milk, had an impact for the positive economic result (profit) in 2007. In 2008 and 2009 the costs per litre of milk were higher than the realization price

of milk and it had among others an impact for negative economic result (loss) in these years.

The analysis of financial ratios it was found that profitability ratios are low. In 2008 and 2009 even negative, because the company makes no profit but a loss. Indicators of activity showed that turnover time of receivables increases, i.e. that the number of days increases that customers are in debt, which is favourable for the company. Payables turnover ratio is increasing, but the repayment period of liabilities is shorter than the repayment period of receivables. Total debt in the monitored period is gradually increasing but is still low. It is clear that the company's largely using its own financial resources and less strange financial resources. Indicators of liquidity showed that a continued downward trend in the current and quick ratio company could be in problem in the future to meet its liabilities. Cash ratio is for the all monitored period above the desired level, i.e. the company is currently unable to pay due debts.

The financial situation of company was assessed by Altman's model. The company was successful, was in the zone of prosperity in 2007. The company was not successful, but had not problems, was in the gray zone in 2008 and 2009.

In the fourth part were analyzed of costs and yields of milk production in the period 2003 – 2009. Data were drawn from internal records of the realization price of milk, costs and yields of the centre of milk production. It was found that the total costs to produce 1 litre of sale milk were lower than the realization price in 2005 and 2007. The company made a profit from their own milk production. Costs to produce 1 litre of milk exceeded the realization price in the other monitored years. The most in 2009 when the price decreased by more than 2 CZK per litre of milk. Price was minimal in history, was 5,83 CZK/litre of milk. Total yields per litre of sale milk were lower than the realization price, by 1,69 CZK/litre of milk in 2008. The company created the loss. In the other monitored period yields exceeded the realization price. The most in 2003, about 0,94 CZK/litre of milk

The impact of changes in market price milk on the corporate economy was evaluated in the fifth part. Costs of 1 litre of milk exceeded the realization price of milk in 2008 and 2009. It had the impact of negative economic result. The realization price of milk in the company ZEAS Bánov, Inc. compared with the republic's average price

of approximately 7,15 CZK/litre in 2010. It is under the national average. Even at this price the company is not profitable from milk production. And it is not good for company's financial health.

The sixth part is recommendations of measures to reduce costs and increase yields of milk in the next period. Poor economic situation in agriculture has influence on it.

I find in the connection with the theme of my bachelor thesis in relation to the commodity milk very disappointing that the milk and its products with higher added value we can produce in our country but we are under the pressure of the growing import. It should achieve the support of domestic consumption of dairy products and milk good results of the domestic market would be increased. The Government and the Ministry of agriculture should support Czech farmers more and prevent the import from abroad.

RATING FIRM



ZEAS Bánov, a.s., Bánov 676, PSČ 687 54, IČO 60755253, DIČ CZ60755253
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Hodnocení bakalářské práce

na téma „Analýza nákladů a výnosů na mléko v letech 2003 – 2009 a návrh na jejich optimalizaci ve společnosti ZEAS Bánov, a.s.“

Výše uvedené téma bakalářské práce bylo zadáno studentce Evropského polytechnického institutu, s.r.o., Miroslavě Vykoukalové, společností ZEAS Bánov, a.s.

Jelikož je firma jednoznačně zaměřena na výrobu mléka, která rozhoduje o zisku či ztrátě firmy, proto požadavkem společnosti bylo zpracování analýzy nákladů a výnosů střediska výroby mléka v letech 2003 – 2009. Dalším požadavkem bylo vyhodnotit vliv změn tržní ceny mléka, na ekonomiku podniku a vypracovat doporučení na opatření snížení nákladů a zvýšení výnosů mléka v následujícím období.

Bakalářská práce je zpracována přehledně a srozumitelně a její cíle byly naplněny. Zpracovaná finanční analýza firmy, analýza nákladů a výnosů střediska výroby mléka a navržená opatření pro snížení nákladů a zvýšení výnosů jsou pro společnost přínosem a budou sloužit managementu společnosti pro další strategická rozhodnutí. Management společnosti byl seznámen se zjištěnými výsledky provedené analýzy.

Děkuji srdečně Miroslavě Vykoukalové za vypracování bakalářské práce na zadané téma a za její zodpovědný a aktivní přístup.

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V Bánově dne 22. února 2011

Ing. Ladislav Kozubík

člen dozorčí rady
společnosti ZEAS Bánov, a.s.

ABSTRACT

Miroslava VYKOUKALOVÁ, *The analysis of costs and yields of milk production in the period 2003 – 2009 and the proposal of their optimization in the company ZEAS Bánov, Inc.* Bachelor thesis. European Polytechnic Institute, Ltd. Kunovice

Supervisor: Ing. Ladislav Kozubík

Keywords: financial analysis, financial ratios, indicators of profitability, activity, debt, liquidity, market value, Altman's model, balance sheet, profit and loss statement, cash flow statement, assets, liabilities, costs, yields, economic result, SWOT analysis, optimization.

This bachelor thesis deals with the analysis of costs and yields of milk production in the period 2003 – 2009 in the company ZEAS Bánov, Inc. and the financial analysis of this company in the period 2007 – 2009. There are part keywords explained in the first part, e.g. financial analysis, profitability ratios, activity, debt, liquidity, including the method of calculation of indicators, assets, liabilities, costs, yields, economic result, SWOT analysis. The next part describes the characterization of firm. It is made horizontal and vertical analysis of balance sheet and of profit and loss statement, analysis of financial ratios and analysis costs and yields of the centre of milk production. It is based on data obtained from financial statements of the company. The financial situation of company is assessed by Altman's model. The final part contains an evaluation of the impact of changes in market prices of milk on the corporate economy and recommendations on measures to reduce costs and increase yields of milk in the next period.

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LIST OF ABBREVIATIONS

%	Percent
Ø	On average
CF	Cash flow statement
CR	Czech Republic
CSc.	Candidate of Sciences (academically degree)
CSN	Czech system norms (Czech technical norm)
CZK	Czech crown
e.g.	For example
EAT	Earnings after taxes
EBIT	Earnings before interest and taxes
EBT	Earnings before taxes
EPS	Earnings per share
ER	Economic result
EU	European Union
etc.	Et cetera / And so on
HAACCP	Hazard Analysis and Critical Control Points – the international standard defining demands for food safety management system
i.e.	This means / That is
IN	Identification number
Inc.	Joint-stock company
Ing.	Engineer (academically degree)
kg	Kilogram (unit of measure)
l	Litre (unit of measure)
Ltd.	Limited company
M/B	Market to book ratio
no.	Number
p.	Page
P/E	Price earnings ratio
ROA	Return on assets
ROCE	Return on capital employed
ROE	Return on common equity
ROI	Return on investment

ROS	Return on sales
SWOT	SWOT analysis: Strengths, Weaknesses, Opportunities, Threats
thous.	Thousand
TIN	Tax identification number
VAT	Value added tax

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BALANCE SHEET in the full version of day 31. 12. 2007, 31. 12. 2008 and 31. 12. 2009 (in thousands CZK)					
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253					
Marking	ASSETS	Line	2007	2008	2009
	TOTAL ASSETS (line 002 + 003 + 031 + 063)	001	180.672	171.267	163.975
A.	Receivables for subscribed capital	002	0	0	0
B.	Fixed assets (line 004 + 013 + 023)	003	133.923	136.469	129.037
B. I.	Intangible fixed assets (line 005 to 012)	004	836	728	612
B. I. 1	Preliminary expenses	005	0	0	0
B. I. 2	Research and development	006	0	0	0
B. I. 3	Software	007	0	0	0
B. I. 4	Valuable rights	008	744	640	537
B. I. 5	Goodwill	009	0	0	0
B. I. 6	Other intangible fixed assets	010	92	88	75
B. I. 7	Intangible fixed assets under construction	011	0	0	0
B. I. 8	Prepayments for intangible fixed assets	012	0	0	0
B. II.	Tangible fixed assets (line 014 to 022)	013	115.056	118.384	108.644
B. II. 1	Land	014	491	511	832
B. II. 2	Structures	015	87.109	95.320	94.841
B. II. 3	Individual movable assets and sets of movable assets	016	21.087	17.253	8.300
B. II. 4	Cultivated areas	017	0	0	0
B. II. 5	Basic livestock	018	6.369	5.300	4.377
B. II. 6	Other tangible fixed assets	019	0	0	0
B. II. 7	Tangible fixed assets under construction	020	0	0	294
B. II. 8	Prepayments for tangible fixed assets	021	0	0	0
B. II. 9	Valuation difference on acquired assets	022	0	0	0
B. III.	Long-term financial assets (line 024 to 030)	023	18.031	17.357	19.781
B. III. 1	Equity investments in subsidiaries	024	136	482	2.906
B. III. 2	Equity investments in associates	025	0	0	0
B. III. 3	Other securities and investments	026	17.895	16.875	16.875
B. III. 4	Loans and loans - controlled entities, associated companies	027	0	0	0
B. III. 5	Other long-term financial assets	028	0	0	0
B. III. 6	Acquisition long-term financial assets	029	0	0	0
B. III. 7	Prepayments for long-term financial assets	030	0	0	0
C.	Current assets (line 032 + 039 + 048 + 058)	031	45.323	34.739	34.924
C. I.	Stocks (line 033 to 038)	032	25.708	14.566	10.309
C. I. 1	Material	033	5.962	3.791	3.550
C. I. 2	Work in progress and semifinished goods	034	1.030	835	382
C. I. 3	Products	035	11.139	6.227	3.766
C. I. 4	Animals	036	7.577	3.713	2.611
C. I. 5	Goods	037	0	0	0
C. I. 6	Prepayments for inventory	038	0	0	0
C. II.	Long-term receivables (line 040 to 047)	039	0	5.437	3.509
C. II. 1	Trade receivables	040	0	0	3.509
C. II. 2	Receivables - controlling and managing person	041	0	5.437	0
C. II. 3	Receivables - associated companies	042	0	0	0
C. II. 4	Receivables from partners and association members	043	0	0	0
C. II. 5	Long-term prepayments made	044	0	0	0
C. II. 6	Unbilled revenue	045	0	0	0
C. II. 7	Other receivables	046	0	0	0
C. II. 8	Deferred tax asset	047	0	0	0
C. III.	Short-term receivables (line 049 to 057)	048	13.911	12.983	20.769
C. III. 1	Trade receivables	049	7.509	8.847	17.870
C. III. 2	Receivables - controlling and managing person	050	500	770	905
C. III. 3	Receivables - associated companies	051	0	0	0
C. III. 4	Receivables from partners and association members	052	0	0	0
C. III. 5	Social security and health insurance	053	0	0	0
C. III. 6	State - tax receivables	054	99	161	1.863
C. III. 7	Short-term prepayments made	055	8	8	4
C. III. 8	Estimated receivables	056	5.670	0	124
C. III. 9	Other receivables	057	125	3.197	3

C. IV.		Short-term financial assets (line 059 to 062)	058	5.704	1.753	337
C. IV.	1	Cash	059	69	54	76
	2	Bank accounts	060	5.635	1.699	261
	3	Short-term securities and shares	061	0	0	0
	4	Acquisition short-term financial assets	062	0	0	0
D.		Other assets - temporary asset accounts (line 64)	063	1.426	59	14
D. I.		Accruals (line 065 to 067)	064	1.426	59	14
D. I.	1	Deferred expenses	065	1.417	41	14
	2	Complex deferred expenses	066	0	0	0
	3	Accrued income	067	9	18	0
Marking		LIABILITIES	Line	2007	2008	2009
		TOTAL LIABILITIES (line 069 + 086 + 119)	068	180.672	171.267	163.975
A.		Equity (line 070 + 074 + 079 + 082 + 085)	069	155.887	143.573	137.336
A. I.		Share capital (line 071 to 073)	070	164.879	164.879	164.879
	1	Share capital	071	164.879	164.879	164.879
	2	Own shares (-)	072	0	0	0
	3	Change in share capital	073	0	0	0
A. II.		Capital funds (line 075 to 078)	074	-99	247	2.671
A. II.	1	Share premium	075	0	0	0
	2	Other capital funds	076	0	0	0
	3	Revaluation of assets and liabilities	077	-99	247	2.671
	4	Revaluation of the transformations	078	0	0	0
A. III.		Reserve funds, indivisible fund and other funds from profit (line 080 + 081)	079	1.250	1.250	1.250
A. III.	1	Statutory reserve fund / Indivisible fund	080	1.250	1.250	1.250
	2	Statutory and other funds	081	0	0	0
A. IV.		Economic result from past years (line 083 + 084)	082	-16.786	-9.888	-22.803
A. IV.	1	Retained earnings from past years	083	0	0	0
	2	Accumulated losses	084	-16.786	-9.888	-22.803
A. V.		Economic result for the current period (+/-) / line 001 - (+ 070 + 074 + 079 + 082 + 086 + 119)/	085	6.643	-12.915	-8.661
B.		Foreign sources (line 087 + 092 + 103 + 115)	086	24.784	27.690	26.441
B. I.		Reserves (line 088 to 091)	087	184	0	0
B. I.	1	Reserves under special legislation	088	0	0	0
	2	Provision for pensions and similar obligations	089	184	0	0
	3	Provision for income tax	090	0	0	0
	4	Other reserves	091	0	0	0
B. II.		Long-term liabilities (line 093 to 102)	092	1.294	1.158	0
B. II.	1	Trade payables	093	0	0	0
	2	Liabilities - controlling and managing person	094	0	0	0
	3	Liabilities - associated companies	095	0	0	0
	4	Payables to partners and association members	096	0	0	0
	5	Long-term prepayments received	097	0	0	0
	6	Bonds issued	098	0	0	0
	7	Long-term notes payable	099	0	0	0
	8	Estimated payables	100	0	0	0
	9	Other liabilities	101	171	35	0
	10	Deferred tax liability	102	1.123	1.123	0
B. III.		Short-term liabilities (line 104 to 114)	103	8.736	15.819	22.026
B. III.	1	Trade payables	104	6.747	13.492	17.875
	2	Liabilities - controlling and managing person	105	0	0	0
	3	Liabilities - associated companies	106	0	0	0
	4	Payables to partners and association members	107	0	0	0
	5	Payables to employees	108	566	563	405
	6	Social security and health insurance payables	109	255	260	207
	7	State - tax payables and subsidies	110	423	219	592
	8	Short-term prepayments received	111	703	1.153	1.510
	9	Bonds issued	112	0	0	0
	10	Estimated payables	113	18	23	1.418
	11	Other liabilities	114	24	109	19
B. IV.		Bank loans and borrowings (line 116 to 118)	115	14.570	10.713	4.415
B. IV.	1	Long-term bank loans	116	11.570	7.713	1.593
	2	Short-term bank loans	117	3.000	3.000	2.822
	3	Borrowings	118	0	0	0
C.		Other liabilities - temporary liability accounts (line 120)	119	1	4	198
C. I.		Accruals (line 121 + 122)	120	1	4	198
C. I.	1	Accrued expenses	121	0	0	198
	2	Deferred income	122	1	4	0

Source: [25 – 27]

**Annex no. 2: The horizontal analysis of balance sheet in the full version in the period
2007 – 2009, ZEAS Bánov, Inc.**

HORIZONTAL ANALYSIS OF BALANCE SHEET in the full version					
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253					
Marking	ASSETS	Relative change (in %)		Absolute change (in thousands CZK)	
		2007/2008	2008/2009	2007/2008	2008/2009
	TOTAL ASSETS	-5,21 %	-4,26 %	-9.405	-7.292
A.	Receivables for subscribed capital	0,00 %	0,00 %	0	0
B.	Fixed assets	1,90 %	-5,45 %	2.546	-7.432
B. I.	Intangible fixed assets	-12,92 %	-15,93 %	-108	-116
B. I. 1	Preliminary expenses				
2	Research and development				
3	Software				
4	Valuable rights	-13,98 %	-16,09 %	-104	-103
5	Goodwill				
6	Other intangible fixed assets	-4,35 %	-14,77 %	-4	-13
7	Intangible fixed assets under construction				
8	Prepayments for intangible fixed assets				
B. II.	Tangible fixed assets	2,89 %	-8,23 %	3.328	-9.740
B. II. 1	Land	4,07 %	62,82 %	20	321
2	Structures	9,43 %	-0,50 %	8.211	-479
3	Individual movable assets and sets of movable assets	-18,18 %	-51,89 %	-3.834	-8.953
4	Cultivated areas				
5	Basic livestock	-16,78 %	-17,42 %	-1.069	-923
6	Other tangible fixed assets				
7	Tangible fixed assets under construction				294
8	Prepayments for tangible fixed assets				
9	Valuation difference on acquired assets				
B. III.	Long-term financial assets	-3,74 %	13,97 %	-674	2.424
B. III. 1	Equity investments in subsidiaries	254,41 %	502,90 %	346	2.424
2	Equity investments in associates				
3	Other securities and investments	-5,70 %	0,00 %	-1.020	0
4	Loans and loans - controlled entities, associated				
5	Other long-term financial assets				
6	Acquisition long-term financial assets				
7	Prepayments for long-term financial assets				
C.	Current assets	-23,35 %	0,53 %	-10.584	185
C. I.	Stocks	-43,34 %	-29,23 %	-11.142	-4.257
C. I. 1	Material	-36,41 %	-6,36 %	-2.171	-241
2	Work in progress and semifinished goods	-18,93 %	-54,25 %	-195	-453
3	Products	-44,10 %	-39,52 %	-4.912	-2.461
4	Animals	-51,00 %	-29,68 %	-3.864	-1.102
5	Goods				
6	Prepayments for inventory				
C. II.	Long-term receivables		-35,46 %	5.437	-1.928
C. II. 1	Trade receivables				3.509
2	Receivables - controlling and managing person		-100,00 %	5.437	-5.437
3	Receivables - associated companies				
4	Receivables from partners and association members				
5	Long-term prepayments made				
6	Unbilled revenue				
7	Other receivables				
8	Deferred tax asset				
C. III.	Short-term receivables	-6,67 %	59,97 %	-928	7.786
C. III. 1	Trade receivables	17,82 %	101,99 %	1.338	9.023
2	Receivables - controlling and managing person	54,00 %	17,53 %	270	135
3	Receivables - associated companies				
4	Receivables from partners and association members				
5	Social security and health insurance				
6	State - tax receivables	62,63 %	1057,14 %	62	1.702
7	Short-term prepayments made	0,00 %	-50,00 %	0	-4
8	Estimated receivables	-100,00 %		-5.670	124
9	Other receivables	2457,60 %	-99,91 %	3.072	-3.194

C. IV.		Short-term financial assets	-69,27 %	-80,78 %	-3.951	-1.416
C. IV.	1	Cash	-21,74 %	40,74 %	-15	22
	2	Bank accounts	-69,85 %	-84,64 %	-3.936	-1.438
	3	Short-term securities and shares				
	4	Acquisition short-term financial assets				
D.		Other assets - temporary asset accounts	-95,86 %	-76,27 %	-1.367	-45
D. I.		Accruals	-95,86 %	-76,27 %	-1.367	-45
D. I.	1	Deferred expenses	-97,11 %	-65,85 %	-1.376	-27
	2	Complex deferred expenses				
	3	Accrued income	100,00 %	-100,00 %	9	-18
Marking	LIABILITIES		Relative change (in %)		Absolute change (in thousands CZK)	
			2007/2008	2008/2009	2007/2008	2008/2009
		TOTAL LIABILITIES	-5,21 %	-4,26 %	-9.405	-7.292
A.		Equity	-7,90 %	-4,34 %	-12.314	-6.237
A. I.		Share capital	0,00 %	0,00 %	0	0
	1	Share capital	0,00 %	0,00 %	0	0
	2	Own shares (-)				
	3	Change in share capital				
A. II.		Capital funds	-349,49 %	981,38 %	346	2.424
A. II.	1	Share premium				
	2	Other capital funds				
	3	Revaluation of assets and liabilities	-349,49 %	981,38 %	346	2.424
	4	Revaluation of the transformations				
A. III.		Reserve funds, indivisible fund and other funds from	0,00 %	0,00 %	0	0
A. III.	1	Statutory reserve fund / Indivisible fund	0,00 %	0,00 %	0	0
	2	Statutory and other funds				
A. IV.		Economic result from past years	-41,09 %	130,61 %	6.898	-12.915
A. IV.	1	Retained earnings from past years				
	2	Accumulated losses	-41,09 %	130,61 %	6.898	-12.915
A. V.		Economic result for the current period (+/-)	-294,42 %	-32,94 %	-19.558	4.254
B.		Foreign sources	11,73 %	-4,51 %	2.906	-1.249
B. I.		Reserves	-100,00 %		-184	0
B. I.	1	Reserves under special legislation				
	2	Provision for pensions and similar obligations	-100,00 %		-184	
	3	Provision for income tax				
	4	Other reserves				
B. II.		Long-term liabilities	-10,51 %	-100,00 %	-136	-1.158
B. II.	1	Trade payables				
	2	Liabilities - controlling and managing person				
	3	Liabilities - associated companies				
	4	Payables to partners and association members				
	5	Long-term prepayments received				
	6	Bonds issued				
	7	Long-term notes payable				
	8	Estimated payables				
	9	Other liabilities	-79,53 %	-100,00 %	-136	-35
	10	Deferred tax liability	0,00 %	-100,00 %	0	-1.123
B. III.		Short-term liabilities	81,08 %	39,24 %	7.083	6.207
B. III.	1	Trade payables	99,97 %	32,49 %	6.745	4.383
	2	Liabilities - controlling and managing person				
	3	Liabilities - associated companies				
	4	Payables to partners and association members				
	5	Payables to employees	-0,53 %	-28,06 %	-3	-158
	6	Social security and health insurance payables	1,96 %	-20,38 %	5	-53
	7	State - tax payables and subsidies	-48,23 %	170,32 %	-204	373
	8	Short-term prepayments received	64,01 %	30,96 %	450	357
	9	Bonds issued				
	10	Estimated payables	27,78 %	6065,22 %	5	1.395
	11	Other liabilities	354,17 %	-82,57 %	85	-90
B. IV.		Bank loans and borrowings	-26,47 %	-58,79 %	-3.857	-6.298
B. IV.	1	Long-term bank loans	-33,34 %	-79,35 %	-3.857	-6.120
	2	Short-term bank loans	0,00 %	-5,93 %	0	-178
	3	Borrowings				
C.		Other liabilities - temporary liability accounts	300,00 %	4850,00 %	3	194
C. I.		Accruals	300,00 %	4850,00 %	3	194
C. I.	1	Accrued expenses	300,00 %	4850,00 %	3	194
	2	Deferred income				

Source: [25 – 27]

**Annex no. 3: The vertical analysis of balance sheet in the full version in the period
2007 – 2009, ZEAS Bánov, Inc.**

VERTICAL ANALYSIS OF BALANCE SHEET in the full version				
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253				
Marking	ASSETS	% share of total sum		
		2007	2008	2009
	TOTAL ASSETS	100,00 %	100,00 %	100,00 %
A.	Receivables for subscribed capital	0,00 %	0,00 %	0,00 %
B.	Fixed assets	74,12 %	79,68 %	78,69 %
B. I.	Intangible fixed assets	0,46 %	0,43 %	0,37 %
B. I. 1	Preliminary expenses			
B. I. 2	Research and development			
B. I. 3	Software			
B. I. 4	Valuable rights	0,41 %	0,38 %	0,32 %
B. I. 5	Goodwill			
B. I. 6	Other intangible fixed assets	0,05 %	0,05 %	0,05 %
B. I. 7	Intangible fixed assets under construction			
B. I. 8	Prepayments for intangible fixed assets			
B. II.	Tangible fixed assets	63,68 %	69,12 %	66,26 %
B. II. 1	Land	0,27 %	0,30 %	0,51 %
B. II. 2	Structures	48,21 %	55,66 %	57,84 %
B. II. 3	Individual movable assets and sets of movable assets	11,67 %	10,07 %	5,06 %
B. II. 4	Cultivated areas			
B. II. 5	Basic livestock	3,53 %	3,09 %	2,67 %
B. II. 6	Other tangible fixed assets			
B. II. 7	Tangible fixed assets under construction	0,00 %	0,00 %	0,18 %
B. II. 8	Prepayments for tangible fixed assets			
B. II. 9	Valuation difference on acquired assets			
B. III.	Long-term financial assets	9,98 %	10,13 %	12,06 %
B. III. 1	Equity investments in subsidiaries	0,08 %	0,28 %	1,77 %
B. III. 2	Equity investments in associates			
B. III. 3	Other securities and investments	9,90 %	9,85 %	10,29 %
B. III. 4	Loans and loans - controlled entities, associated			
B. III. 5	Other long-term financial assets			
B. III. 6	Acquisition long-term financial assets			
B. III. 7	Prepayments for long-term financial assets			
C.	Current assets	25,09 %	20,29 %	21,30 %
C. I.	Stocks	14,23 %	8,51 %	6,28 %
C. I. 1	Material	3,30 %	2,21 %	2,16 %
C. I. 2	Work in progress and semifinished goods	0,57 %	0,49 %	0,23 %
C. I. 3	Products	6,17 %	3,64 %	2,30 %
C. I. 4	Animals	4,19 %	2,17 %	1,59 %
C. I. 5	Goods			
C. I. 6	Prepayments for inventory			
C. II.	Long-term receivables	0,00 %	3,17 %	2,14 %
C. II. 1	Trade receivables	0,00 %	0,00 %	2,14 %
C. II. 2	Receivables - controlling and managing person	0,00 %	3,17 %	0,00 %
C. II. 3	Receivables - associated companies			
C. II. 4	Receivables from partners and association members			
C. II. 5	Long-term prepayments made			
C. II. 6	State - tax receivables			
C. II. 7	Other receivables			
C. II. 8	Deferred tax asset			
C. III.	Short-term receivables	7,70 %	7,59 %	12,67 %
C. III. 1	Trade receivables	4,16 %	5,18 %	10,90 %
C. III. 2	Receivables - controlling and managing person	0,28 %	0,45 %	0,55 %
C. III. 3	Receivables - associated companies			
C. III. 4	Receivables from partners and association members			
C. III. 5	Social security and health insurance			
C. III. 6	State - tax receivables	0,05 %	0,09 %	1,14 %
C. III. 7	Short-term prepayments made			
C. III. 8	Estimated receivables	3,14 %	0,00 %	0,08 %
C. III. 9	Other receivables	0,07 %	1,87 %	0,00 %

C. IV.		Short-term financial assets	3,16 %	1,02 %	0,21 %
C. IV.	1	Cash	0,04 %	0,03 %	0,05 %
	2	Bank accounts	3,12 %	0,99 %	0,16 %
	3	Short-term securities and shares			
	4	Acquisition short-term financial assets			
D.		Other assets - temporary asset accounts	0,79 %	0,03 %	0,01 %
D. I.		Accruals	0,79 %	0,03 %	0,01 %
D. I.	1	Deferred expenses	0,79 %	0,02 %	0,01 %
	2	Complex deferred expenses			
	3	Accrued income	0,00 %	0,01 %	0,00 %
Marking		LIABILITIES	% share of total sum		
			2007	2008	2009
		TOTAL LIABILITIES	100,00 %	100,00 %	100,00 %
A.		Equity	86,29 %	83,83 %	83,75 %
A. I.		Share capital	91,26 %	96,27 %	100,55 %
	1	Share capital	91,26 %	96,27 %	100,55 %
	2	Own shares (-)			
	3	Change in share capital			
A. II.		Capital funds	-0,05 %	0,14 %	1,63 %
A. II.	1	Share premium			
	2	Other capital funds			
	3	Revaluation of assets and liabilities	-0,05 %	0,14 %	1,63 %
	4	Revaluation of the transformations			
A. III.		Reserve funds, indivisible fund and other funds from	0,69 %	0,73 %	0,76 %
A. III.	1	Statutory reserve fund / Indivisible fund	0,69 %	0,73 %	0,76 %
	2	Statutory and other funds			
A. IV.		Economic result from past years	-9,29 %	-5,77 %	-13,91 %
IV.	1	Retained earnings from past years			
	2	Accumulated losses	-9,29 %	-5,77 %	-13,91 %
A. V.		Economic result for the current period (+/-)	3,68 %	-7,54 %	-5,28 %
B.		Foreign sources	13,71 %	16,17 %	16,13 %
B. I.		Reserves	0,10 %	0,00 %	0,00 %
B. I.	1	Reserves under special legislation			
	2	Provision for pensions and similar obligations	0,10 %	0,00 %	0,00 %
	3	Provision for income tax			
	4	Other reserves			
B. II.		Long-term liabilities	0,71 %	0,68 %	
B. II.	1	Trade payables			
	2	Liabilities - controlling and managing person			
	3	Liabilities - associated companies			
	4	Payables to partners and association members			
	5	Long-term prepayments received			
	6	Bonds issued			
	7	Long-term notes payable			
	8	Estimated payables			
	9	Other liabilities	0,09 %	0,02 %	0,00 %
	10	Deferred tax liability	0,62 %	0,66 %	0,00 %
B. III.		Short-term liabilities	4,84 %	9,24 %	13,44 %
B. III.	1	Trade payables	3,74 %	7,89 %	10,90 %
	2	Liabilities - controlling and managing person			
	3	Liabilities - associated companies			
	4	Payables to partners and association members			
	5	Payables to employees	0,31 %	0,33 %	0,26 %
	6	Social security and health insurance payables	0,14 %	0,15 %	0,13 %
	7	State - tax payables and subsidies	0,24 %	0,13 %	0,36 %
	8	Short-term prepayments received	0,39 %	0,67 %	0,92 %
	9	Bonds issued			
	10	Estimated payables	0,01 %	0,01 %	0,86 %
	11	Other liabilities	0,01 %	0,06 %	0,01 %
B. IV.		Bank loans and borrowings	8,06 %	6,25 %	2,69 %
B. IV.	1	Long-term bank loans	6,40 %	4,50 %	0,97 %
	2	Short-term bank loans	1,66 %	1,75 %	1,72 %
	3	Borrowings			
C.		Other liabilities - temporary liability accounts	0,00 %	0,00 %	0,12 %
C. I.		Accruals	0,00 %	0,00 %	0,12 %
C. I.	1	Accrued expenses	0,00 %	0,00 %	0,12 %
	2	Deferred income			

Source: [25 – 27]

**Annex no. 4: Profit and loss statement in the full version of day 31. 12. 2007,
31. 12. 2008 and 31. 12. 2009 (in thousands CZK), ZEAS Bánov, Inc.**

PROFIT AND LOSS STATEMENT in the full version of day 31. 12. 2007, 31. 12. 2008 and 31. 12. 2009 (in thousands CZK)					
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253					
Marking	Text	Line	2007	2008	2009
I.	Sales of goods	01	0	0	0
A.	Costs of goods sold	02	0	0	0
+	Gross margin (line 01 - 02)	03	0	0	0
II.	Outputs (line 05 + 06 + 07)	04	38.176	32.638	30.859
II. 1	Sales of own products and services	05	28.040	38.411	32.097
II. 2	Change in internally produced inventory	06	5.857	-9.266	-4.026
II. 3	Activation	07	4.279	3.493	2.788
B.	Power consumption (line 09 + 10)	08	28.110	30.176	22.128
B. 1	Consumed material and energy	09	23.278	25.076	17.533
B. 2	Services	10	4.832	5.100	4.595
+	Added value (line 03 + 04 - 08)	11	10.066	2.462	8.731
C.	Staff costs	12	12.519	10.515	9.677
C. 1	Payroll costs	13	8.928	7.476	6.916
C. 2	Remuneration to members of statutory bodies	14	297	285	300
C. 3	Social security and health insurance costs	15	3.101	2.574	2.253
C. 4	Social costs	16	193	180	208
D.	Taxes and charges	17	1.316	1.476	1.341
E.	Depreciation of intangible and tangible fixed assets	18	10.602	9.605	8.784
III.	Sales of fixed assets and material (line 20 + 21)	19	4.969	7.053	5.909
III. 1	Sales of fixed assets	20	4.914	5.517	5.896
III. 2	Sales of material	21	55	1.536	13
F.	Net book value of fixed assets and material sold (line 23 + 24)	22	4.299	5.572	6.695
F. 1	Net book value of sold fixed assets	23	4.270	4.119	6.693
F. 2	Book value of sold material	24	29	1.453	2
G.	Change in reserves and provisions relating to operating activities and complex deferred expenses	25	182	-184	-79
IV.	Other operating income	26	24.972	10.458	6.277
H.	Other operating expenses	27	3.145	3.774	4.082
V.	Transfer of operating income	28	0	0	0
I.	Transfer of operating expenses	29	0	0	0
*	Operating economic result /(line 11-12-17-18+19-22-25+26-27+(-28)-(-29)/	30	7.944	-10.785	-9.583
VI.	Proceeds from the sale of securities and investments	31	0	0	0
J.	Cost of securities and investments sold	32	0	0	0
VII.	Income from non-current financial assets (line 34 + 35 + 36)	33	0	0	0
VII. 1	Income from investments in controlled entities and accounting units under substantial influence	34	0	0	0
VII. 2	Income from other non-current securities and investments	35	0	0	0
VII. 3	Income from other non-current financial assets	36	0	0	0
VIII.	Proceeds from short-term investment	37	0	0	0
K.	Costs of financial assets	38	0	0	0
IX.	Income from revaluation of securities and derivatives	39	0	0	0
L.	Costs from revaluation of securities and derivatives	40	0	0	0
M.	Change in reserves and provisions relating to financial activities	41	0	1.020	0
X.	Interest income	42	6	30	1
N.	Interest expenses	43	827	812	456

XI.	Other financial income	44	569	448	254
O.	Other financial expenses	45	2	0	0
XII.	Transfer of financial income	46	0	0	0
P.	Transfer of financial expenses	47	0	0	0
*	Financial economic result /(line 31-32+33+37-38+39-40-41+42-43+44-45-(-46)+(-47))/	48	-254	-1.354	-201
Q.	Income tax on ordinary activities (line 50 + 51)	49	1.977	293	-1.123
Q. 1	- due	50	255	293	0
Q. 2	- deferred	51	1.722	0	-1.123
**	Economic result from ordinary activities (line 30 + 48 - 49)	52	5.713	-12.432	-8.661
XIII.	Extraordinary income	53	1.026	1.445	0
R.	Extraordinary expenses	54	96	1.928	0
S.	Income tax on extraordinary activities (line 56 + 57)	55	0	0	0
S. 1	- due	56	0	0	0
S. 2	- deferred	57	0	0	0
*	Extraordinary economic result (line 53 - 54 - 55)	58	930	-483	0
T.	Transfer of economic result to partners (+/-)	59	0	0	0
***	Economic result for the current period (+/-) (line 52 + 58 - 59)	60	6.643	-12.915	-8.661
****	Economic result before tax (+/-) (line 30 + 48 + 53 - 54)	61	8.620	-12.622	-9.784

Source: [28 – 30]

**Annex no. 5: The horizontal analysis of profit and loss statement in the full version
in the period 2007 – 2009, ZEAS Bánov, Inc.**

HORIZONTAL ANALYSIS OF PROFIT AND LOSS STATEMENT in the full version					
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253					
Marking	Text	Relative change (in %)		Absolute change (in thousands CZK)	
		2007/2008	2008/2009	2007/2008	2008/2009
I.	Sales of goods				
A.	Costs of goods sold				
+	Gross margin	0,00 %	0,00 %	0	0
II.	Outputs	-14,51 %	-5,45 %	-5.538	-1.779
II. 1	Sales of own products and services	36,99 %	-16,44 %	10.371	-6.314
2	Change in internally produced inventory	-258,20 %	-56,55 %	-15.123	5.240
3	Activation	-18,37 %	-20,18 %	-786	-705
B.	Power consumption	7,35 %	-26,67 %	2.066	-8.048
B. 1	Consumed material and energy	7,72 %	-30,08 %	1.798	-7.543
B. 2	Services	5,55 %	-9,90 %	268	-505
+	Added value	-75,54 %	254,63 %	-7.604	6.269
C.	Staff costs	-16,01 %	-7,97 %	-2.004	-838
C. 1	Payroll costs	-16,26 %	-7,49 %	-1.452	-560
C. 2	Remuneration to members of statutory bodies	-4,04 %	5,26 %	-12	15
C. 3	Social security and health insurance costs	-16,99 %	-12,47 %	-527	-321
C. 4	Social costs	-6,74 %	15,56 %	-13	28
D.	Taxes and charges	12,16 %	-9,15 %	160	-135
E.	Depreciation of intangible and tangible fixed assets	-9,40 %	-8,55 %	-997	-821
III.	Sales of fixed assets and material	41,94 %	-16,22 %	2.084	-1.144
III. 1	Sales of fixed assets	12,27 %	6,87 %	603	379
2	Sales of material	2692,73 %	-99,15 %	1.481	-1.523
F.	Net book value of fixed assets and material sold	29,61 %	20,15 %	1.273	1.123
F. 1	Net book value of sold fixed assets	-3,54 %	62,49 %	-151	2.574
F. 2	Book value of sold material	4910,34 %	-99,86 %	1.424	-1.451
G.	Change in reserves and provisions relating to operating activities and complex deferred expenses	-201,10 %	-57,07 %	-366	105
IV.	Other operating income	-58,12 %	-39,98 %	-14.514	-4.181
H.	Other operating expenses	20,00 %	8,16 %	629	308
V.	Transfer of operating income				
I.	Transfer of operating expenses				
*	Operating economic result	-235,76 %	-11,15 %	-18.729	1.202
VI.	Proceeds from the sale of securities and investments				
J.	Cost of securities and investments sold				
VII.	Income from non-current financial assets	0,00 %	0,00 %	0	0
VII. 1	Income from investments in controlled entities and accounting units under substantial influence				
VII. 2	Income from other non-current securities and investments				
VII. 3	Income from other non-current financial assets				
VIII.	Proceeds from short-term investment				
K.	Costs of financial assets				
IX.	Income from revaluation of securities and derivatives				
L.	Costs from revaluation of securities and derivatives				
M.	Change in reserves and provisions relating to financial activities		-100,00 %	1.020	-1.020
X.	Interest income	400,00 %	-96,67 %	24	-29
N.	Interest expenses	-1,81 %	-43,84 %	-15	-356

XI.	Other financial income	-21,27 %	-43,30 %	-121	-194
O.	Other financial expenses	-100,00 %		-2	0
XII.	Transfer of financial income				
P.	Transfer of financial expenses				
*	Financial economic result	433,07 %	-85,16 %	-1.100	1.153
Q.	Income tax on ordinary activities	-85,18 %	-483,28 %	-1.684	-1.416
Q. 1	- due	14,90 %	-100,00 %	38	-293
Q. 2	- deferred	-100,00 %		-1.722	-1.123
**	Economic result from ordinary activities	-317,61 %	-30,33 %	-18.145	3.771
XIII.	Extraordinary income	40,84 %	-100,00 %	419	-1.445
R.	Extraordinary expenses	1908,33 %	-100,00 %	1.832	-1.928
S.	Income tax on extraordinary activities	0,00 %	0,00 %	0	0
S. 1	- due				
S. 2	- deferred				
*	Extraordinary economic result	-151,94 %	-100,00 %	-1.413	483
T.	Transfer of economic result to partners (+/-)				
***	Economic result for the current period (+/-)	-294,42 %	-32,94 %	-19.558	4.254
****	Economic result before tax (+/-)	-246,43 %	-22,48 %	-21.242	2.838

Source: [28 – 30]

**Annex no. 6: The vertical analysis of profit and loss statement in the full version
in the period 2007 – 2009, ZEAS Bánov, Inc.**

VERTICAL ANALYSIS OF PROFIT AND LOSS STATEMENT in the full version					
ZEAS Bánov, Inc., Bánov 676, 687 54 Bánov, IN 60755253					
Marking	Text	% share of total sum			
		2007	2008	2009	
I.	Sales of goods				
A.	Costs of goods sold				
+	Gross margin	0,00 %	0,00 %	0,00 %	
II.	Outputs	136,15 %	84,97 %	96,14 %	
II. 1	Sales of own products and services	100,00 %	100,00 %	100,00 %	
2	Change in internally produced inventory	20,89 %	-24,12 %	-12,54 %	
3	Activation	15,26 %	9,09 %	8,68 %	
B.	Power consumption	100,25 %	78,56 %	68,94 %	
B. 1	Consumed material and energy	83,02 %	65,28 %	54,62 %	
B. 2	Services	17,23 %	13,28 %	14,32 %	
+	Added value	35,90 %	6,41 %	27,20 %	
C.	Staff costs	44,65 %	27,37 %	30,15 %	
C. 1	Payroll costs	31,84 %	19,46 %	21,55 %	
C. 2	Remuneration to members of statutory bodies	1,06 %	0,74 %	0,93 %	
C. 3	Social security and health insurance costs	11,06 %	6,70 %	7,02 %	
C. 4	Social costs	0,69 %	0,47 %	0,65 %	
D.	Taxes and charges	4,69 %	3,84 %	4,18 %	
E.	Depreciation of intangible and tangible fixed assets	37,81 %	25,01 %	27,37 %	
III.	Sales of fixed assets and material	17,72 %	18,36 %	18,41 %	
III. 1	Sales of fixed assets	17,52 %	14,36 %	18,37 %	
2	Sales of material	0,20 %	4,00 %	0,04 %	
F.	Net book value of fixed assets and material sold	15,33 %	14,51 %	20,86 %	
F. 1	Net book value of sold fixed assets	15,23 %	10,73 %	20,85 %	
F. 2	Book value of sold material	0,10 %	3,78 %	0,01 %	
G.	Change in reserves and provisions relating to operating activities and complex deferred expenses	0,65 %	-0,48 %	-0,25 %	
IV.	Other operating income	89,06 %	27,23 %	19,56 %	
H.	Other operating expenses	11,22 %	9,83 %	12,72 %	
V.	Transfer of operating income				
I.	Transfer of operating expenses				
*	Operating economic result	28,33 %	-28,08 %	-29,86 %	
VI.	Proceeds from the sale of securities and investments				
J.	Cost of securities and investments sold				
VII.	Income from non-current financial assets	0,00 %	0,00 %	0,00 %	
VII. 1	Income from investments in controlled entities and accounting units under substantial influence				
VII. 2	Income from other non-current securities and investments				
VII. 3	Income from other non-current financial assets				
VIII.	Proceeds from short-term investment				
K.	Costs of financial assets				
IX.	Income from revaluation of securities and derivatives				
L.	Costs from revaluation of securities and derivatives				
M.	Change in reserves and provisions relating to financial activities	0,00 %	2,66 %	0,00 %	
X.	Interest income	0,02 %	0,08 %	0,00 %	
N.	Interest expenses	2,95 %	2,11 %	1,42 %	

XI.	Other financial income	2,03 %	1,17 %	0,79 %
O.	Other financial expenses	0,01 %	0,00 %	0,00 %
XII.	Transfer of financial income			
P.	Transfer of financial expenses			
*	Financial economic result	-0,91 %	-3,52 %	-0,63 %
Q.	Income tax on ordinary activities	7,05 %	0,76 %	-3,50 %
Q. 1	- due	0,91 %	0,76 %	0,00 %
Q. 2	- deferred	6,14 %	0,00 %	-3,50 %
**	Economic result from ordinary activities	20,37 %	-32,36 %	-26,99 %
XIII.	Extraordinary income	3,66 %	3,76 %	0,00 %
R.	Extraordinary expenses	0,34 %	5,02 %	0,00 %
S.	Income tax on extraordinary activities	0,00 %	0,00 %	0,00 %
S. 1	- due			
S. 2	- deferred			
*	Extraordinary economic result	3,32 %	-1,26 %	0,00 %
T.	Transfer of economic result to partners (+/-)			
***	Economic result for the current period (+/-)	23,69 %	-33,62 %	-26,99 %
****	Economic result before tax (+/-)	30,74 %	-32,86 %	-30,49 %

Source: [28 – 30]

Annex no. 7: List of costs and yields of milk in the period 2003 – 2009 (CZK without VAT), ZEAS Bánov, Inc.

YEAR	2003		2004		2005		2006		2007		2008		2009	
DESCRIPTION	CZK without VAT		CZK without VAT		CZK without VAT		CZK without VAT		CZK without VAT		CZK without VAT		CZK without VAT	
	total	per litre of milk	total	per litre of milk	total	per litre of milk	total	per litre of milk	total	per litre of milk	total	per litre of milk	total	per litre of milk
Consumption of spare parts	304.755	0,13	426.565	0,18	577.316	0,21	545.522	0,18	368.297	0,13	365.414	0,13	538.407	0,19
Consumption of fuels, oils	491.077	0,21	676.737	0,28	746.686	0,27	808.634	0,27	627.129	0,22	431.798	0,16	264.824	0,09
Consumption of purchased feed	6.485.428	2,81	8.701.408	3,62	7.111.978	2,60	8.790.674	2,97	10.069.132	3,50	11.588.802	4,23	8.484.602	3,01
Consumption of medicines and disinfections	438.992	0,19	613.711	0,26	1.121.520	0,41	1.127.334	0,38	1.051.890	0,37	2.401.383	0,88	1.129.223	0,40
Consumption of other	505.599	0,22	198.576	0,08	194.033	0,07	388.391	0,13	639.381	0,22	516.712	0,19	253.109	0,09
Material costs	8.225.851	3,56	10.616.997	4,42	9.751.533	3,57	11.660.555	3,94	12.755.829	4,44	15.304.109	5,58	10.670.165	3,78
Consumption of electrical energy and water	521.274	0,23	426.356	0,18	613.229	0,22	747.221	0,25	436.804	0,15	612.474	0,22	614.230	0,22
Direct material costs total	8.747.125	3,79	11.043.353	4,59	10.364.762	3,79	12.407.776	4,19	13.192.633	4,59	15.916.583	5,81	11.284.395	4,00
Repair and maintenance of equipment and buildings	102.909	0,04	162.763	0,07	95.092	0,03	118.607	0,04	151.971	0,05	673.849	0,25	294.911	0,10
Breeding and veterinary services	873.640	0,38	779.786	0,32	695.349	0,25	611.939	0,21	592.720	0,21	796.430	0,29	512.327	0,18
Rental of machinery, buildings, land	0	0,00	4.000	0,00	0	0,00	42.482	0,01	37.697	0,01	0	0,00	0	0,00
Leasing	0	0,00	74.068	0,03	296.271	0,11	296.271	0,10	221.003	0,08	0	0,00	0	0,00
Connections, phones	24.055	0,01	21.462	0,01	31.857	0,01	34.282	0,01	25.921	0,01	16.023	0,01	15.177	0,01
Other services of production character	259.040	0,11	188.196	0,08	302.023	0,11	442.970	0,15	178.282	0,06	427.225	0,16	379.633	0,13
Total services	1.259.644	0,55	1.230.275	0,51	1.420.592	0,52	1.546.551	0,52	1.207.594	0,42	1.913.527	0,70	1.202.048	0,43
PRODUCTION COSTS	10.006.769	4,34	12.273.628	5,11	11.785.354	4,31	13.954.327	4,71	14.400.227	5,01	17.830.110	6,50	12.486.443	4,42
Staff costs	4.030.066	1,75	3.827.014	1,59	4.222.172	1,54	4.704.850	1,59	4.345.110	1,51	4.669.565	1,70	4.456.187	1,58
Depreciation fixed and intangible assets, basic herd	2.677.419	1,16	2.345.360	0,98	2.527.102	0,92	2.413.928	0,82	2.578.816	0,90	2.598.077	0,95	2.826.030	1,00
Net book value of assets, materials, animals	2.519.117	1,09	1.700.530	0,71	2.756.437	1,01	2.138.410	0,72	2.091.440	0,73	2.055.526	0,75	1.835.193	0,65

Goods sold	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00	424.907	0,15
Taxes and fees	0	0,00	37.606	0,02	37.606	0,01	5.200	0,00	4.800	0,00	4.800	0,00	700	0,00
Other costs	143.016	0,06	35.397	0,01	36.549	0,01	15.083	0,01	13.228	0,00	37.164	0,01	9.375	0,00
Insurance, shortages and damages	336.336	0,15	156.893	0,07	208.536	0,08	414.717	0,14	314.754	0,11	327.907	0,12	240.237	0,09
Financial costs, other costs	45.000	0,02	6.586	0,00	4.676	0,00		0,00	175	0,00	0	0,00	37.715	0,01
OTHER COSTS	9.750.954	4,23	8.109.386	3,37	9.793.078	3,58	9.692.188	3,27	9.348.323	3,25	9.693.039	3,54	9.830.344	3,48
TOTAL COSTS	19.757.723	8,56	20.383.014	8,48	21.578.432	7,89	23.646.515	7,99	23.748.550	8,26	27.523.149	10,04	22.316.787	7,90
Sales of plant products	0	0,00	55.359	0,02	112.740	0,04	40.320	0,01	21.200	0,01	131.672	0,05	58.072	0,02
Sales of livestock products	17.657.976	7,65	19.238.423	8,00	22.078.164	8,08	23.219.611	7,84	23.778.837	8,27	22.941.839	8,37	16.468.238	5,83
Sales for animals	725.687	0,31	318.600	0,13	899.732	0,33	851.050	0,29	707.420	0,25	606.091	0,22	715.698	0,25
Sales of other custom products	33.575	0,01	0	0,00	0	0,00	15.750	0,01	37.786	0,01	10.689	0,00	42.577	0,02
Sales from the sale of fixed assets and basic herd	1.184.924	0,51	726.931	0,30	1.924.921	0,70	1.142.635	0,39	1.525.141	0,53	1.287.788	0,47	1.790.944	0,63
Sales from the sale of materials, goods, services	309.473	0,13	57.084	0,02	4.545	0,00	54.966	0,02	207.880	0,07	290.943	0,11	1.217.607	0,43
Total sales	19.911.635	8,63	20.396.397	8,48	25.020.102	9,15	25.324.332	8,55	26.278.264	9,14	25.269.022	9,22	20.293.136	7,19
Change in own products – plant and livestock	-2.422.474	-1,05	-2.416.272	-1,01	-3.673.377	-1,34	-2.839.199	-0,96	-3.753.534	-1,31	-9.743.024	-3,55	-7.096.244	-2,51
Change in animals	-3.192.663	-1,38	-2.462.379	-1,02	-1.752.073	-0,64	-1.477.718	-0,50	-1.524.530	-0,53	-1.755.804	-0,64	-910.445	-0,32
Activation of fixed assets and basic herd	4.144.650	1,80	3.621.711	1,51	3.526.102	1,29	3.276.081	1,11	3.324.118	1,16	3.493.056	1,27	2.788.395	0,99
Other output	-1.470.487	-0,64	-1.256.940	-0,52	-1.899.348	-0,69	-1.040.836	-0,35	-1.953.946	-0,68	-8.005.772	-2,92	-5.218.294	-1,85
TOTAL OUTPUT	18.441.148	7,99	19.139.457	7,96	23.120.754	8,46	24.283.496	8,20	24.324.318	8,46	17.263.250	6,30	15.074.842	5,34
Other yields	360.866	0,16	54.837	0,02	5.665	0,00	8.922	0,00	97.156	0,03	161.835	0,06	16.039	0,01
Rental fixed investment assets	748.872	0,32	0	0,00	0	0,00	0	0,00	125.000	0,04	60.000	0,02	40.000	0,01
Subsidies	266.343	0,12	740.434	0,31	872.840	0,32	1.107.432	0,37	1.111.373	0,39	823.091	0,30	1.446.558	0,51
OTHER YIELDS	1.376.081	0,60	795.271	0,33	878.505	0,32	1.116.354	0,38	1.333.529	0,46	1.044.926	0,38	1.502.597	0,53
TOTAL YIELDS	19.817.229	8,59	19.934.728	8,29	23.999.259	8,78	25.399.850	8,58	25.657.847	8,92	18.308.176	6,68	16.577.439	5,87
ECONOMIC RESULT (+ profit / - loss)	59.506	0,03	-448.286	-0,19	2.420.827	0,89	1.753.335	0,59	1.909.297	0,66	-9.214.973	-3,36	-5.739.348	-2,03

Source: [24]