

## The analysis of selected parameters characterising economic condition of Świecie SA

JUSTYNA BIERNACKA

Department of Technology, Organisation and Management in Wood Industry,  
Faculty of Wood Technology, Warsaw University of Life Sciences (SGGW)

**Abstract:** *The analysis of selected parameters characterising economic condition of Świecie SA.* In this paper changes of the major values affecting the economic condition of any enterprise, regardless of the form of business and type of activity were analysed on the example of Świecie SA - a representative of paper producers. This values analysis can provide many useful data, namely facilitate the decision of potential investors and contractors. The data can be useful for further, more detailed analysis, primarily in the competitiveness analysis of individual wood industry enterprise at the domestic wood industry market but also compared to companies from other countries.

*Keywords:* net profit, operating profit, liabilities, economic condition, paper producer.

### INTRODUCTION

Although the analysis of the economic situation of selected company even by the beginner investigator may seem quite simple, but an amateur analyst can skip a number of important economic values. That unfortunately happens quite often. Conducting the analysis in the direction of future investments in the stock market an amateur analyst focuses mostly on values such as net profit and gross profit, values resulting from company functioning in given period.

In addition, beginner researcher in his analysis focuses mostly on the results of period which he is interested in, forgetting that the values of past periods can significantly affect future results and decisions taken by company's managers, related with its future market strategy. An amateur investor is also affected by the current mood of the stock exchange, and so the market psychology, following "the crowd" one time, another time taking decisions "against the market." Failures may result in discouragement to invest in the stock market. While the novice researcher may be affected by current mood, the flawed decisions can bring uncertainty and large losses in the future for prospective contractor.

In the analysis of the company economic situation many factors are used in greater or lesser degree affecting the company situation. The most significant are: the financial result, operating profit, sales revenues, selling costs, receivables or liabilities.

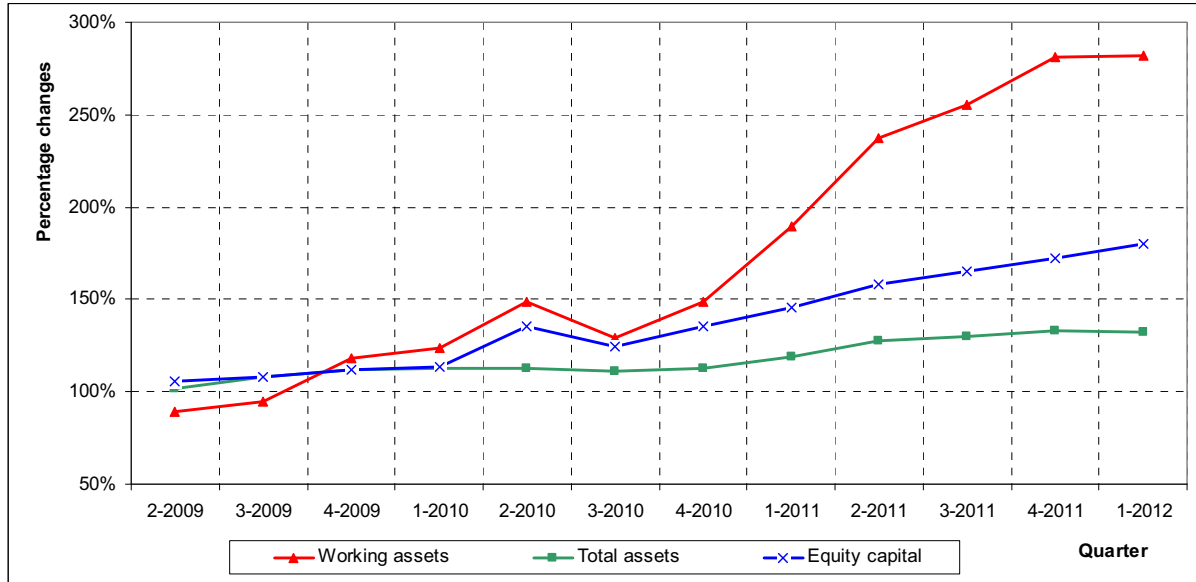
### RESULTS

In this paper changes in selected economic values of representative of paper producer, Świecie SA in 2009-2012 were analysed. The data was taken from the publicly available company's quarterly statements. The analysis was based on economic values describing company's financial condition, namely:

- a) total assets;
- b) working assets;
- c) equity capital;
- d) long-term liabilities;

- e) short-term liabilities;
- f) net profit;
- g) operating profit.

Figure 1 shows changes in the volume of total assets, working assets and equity capital achieved by the Świecie SA in each quarter in 2009-2012. Baselines are mentioned economic values achieved by Świecie SA in the 1<sup>st</sup> quarter of 2009.



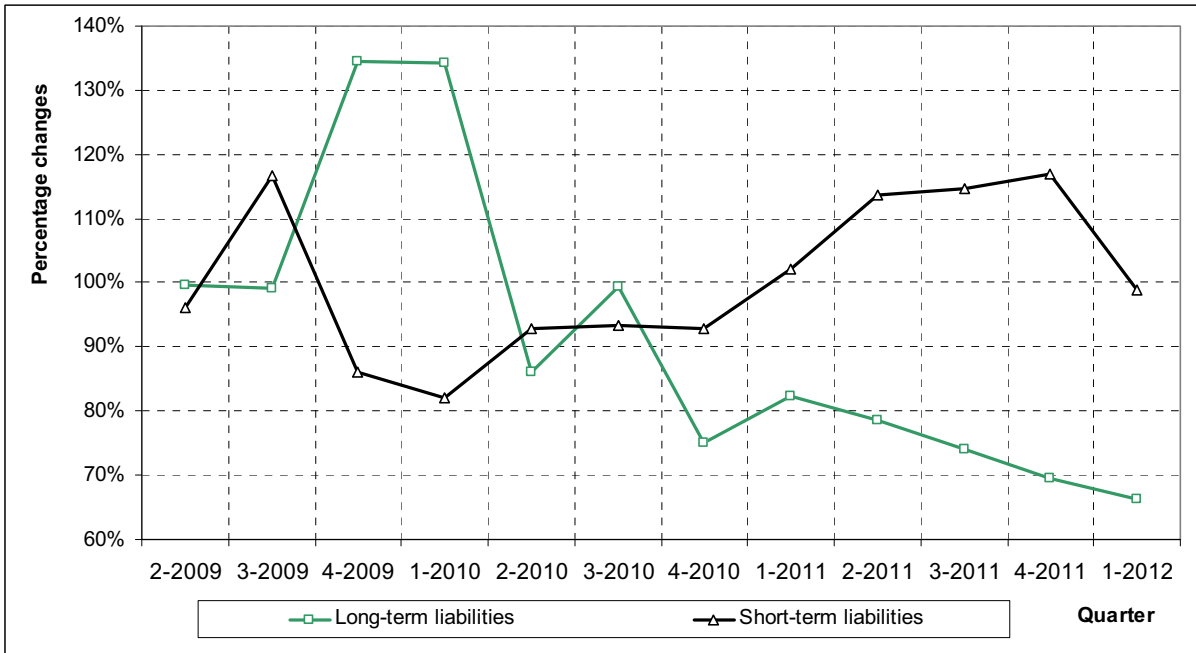
**Figure 1.** Changes of total assets, working assets and equity capital of Świecie SA in 2009-2012 in relation to 1<sup>st</sup> quarter 2009 (1<sup>st</sup> quarter 2009 = 100%)

A graphic illustration of changes in total assets shown in Figure 1 shows that the total assets values remain on similar level. In 2<sup>nd</sup> quarter of 2009 total assets were 2% higher than in the first quarter of analysis. In subsequent quarters, values of total assets remained at a similar level until the 4<sup>th</sup> quarter 2010 and, since then, slightly increased from quarter to quarter. In the last quarter of the analysis, namely 1<sup>st</sup> quarter 2012, values of total assets reached approximately 132% of baseline value, which can be assessed positively.

The analysis of changes of working assets values shown in Figure 1 leads to the conclusion that, as in the case of total assets values, these values show an upward trend. This trend is very clear especially from the 4<sup>th</sup> quarter of 2010. During this period, value of working assets is in fact about 50% higher than in the 1<sup>st</sup> quarter of 2009, and in the last quarter of working assets analysis is approximately 3 times higher than the value recorded in 1<sup>st</sup> quarter 2009. A more detailed study would explain if the reason for this increase was the growing company's stock, active debts or money supply.

Positive material situation of Świecie SA is evidenced by the course of changes in equity capital. The highest recorded value of equity capital is the level of 180% of value in baseline quarter, reached in 1<sup>st</sup> quarter 2012; the lowest level of equity capital is 105,75% of baseline quarter recorded in 2<sup>nd</sup> quarter 2009.

Figure 2 shows a graphic illustration of changes in long-term and short-term liabilities in the company Świecie SA.

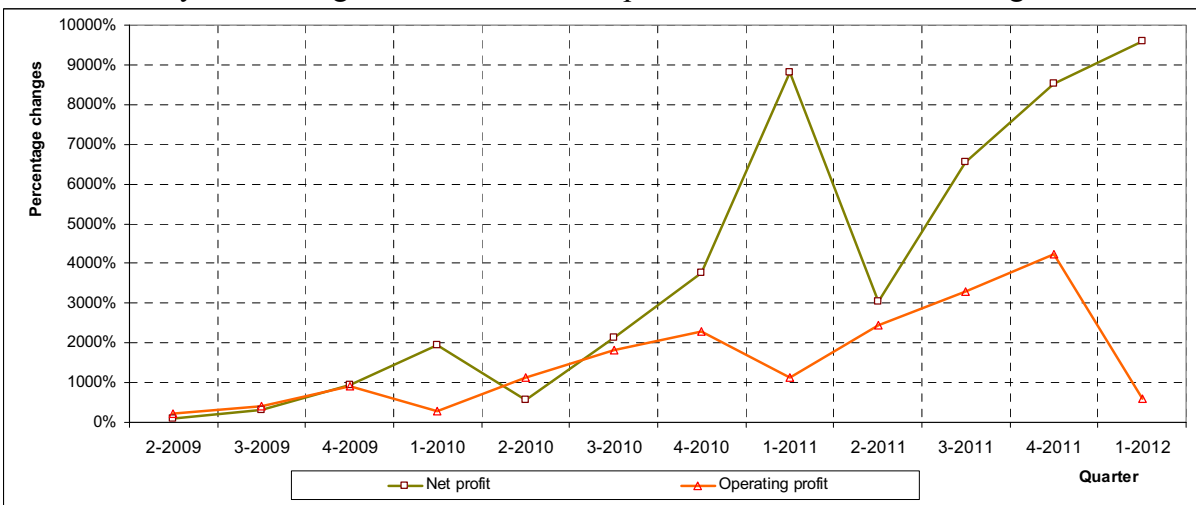


**Figure 2.** Świecie's SA long-term and short-term liabilities changes in 2009-2012 in relation to 1<sup>st</sup> quarter 2009 (1<sup>st</sup> quarter 2009 = 100%)

Changes in values of long-term liabilities of Świecie SA, shown in Figure 2, allow to conclude about their downward trend. An initial increases in long-term company's debt observed in 2009/2010 years and reached approximately 135% of baseline value, were reduced and remain downward trend since 2<sup>nd</sup> half of 2010. Values of long-term debt achieved in next periods does not exceed 85% of value from 1<sup>st</sup> quarter 2009 till the end of analysed period.

Slightly different are changes in Świecie's SA short-term liabilities. After an initial decrease in values of short-term liabilities at the end of 2009/2010 year, reaches level lower than 90% of baseline value, an increase of short-term debt to about 117% of base period value was observed. This increase was reached in 4<sup>th</sup> quarter of 2011.

The analysis of changes of the Świecie SA profits in 2009-2012 shows Figure 3.



**Figure 3.** Świecie's SA net profit and operating profit changes in 2009-2012 in relation to 1<sup>st</sup> quarter 2009 (1<sup>st</sup> quarter 2009 = 100%)

Figure 3 shows interestingly changes of net and operating profits of Świecie SA. Analysis of Figure 3 shows, that the net profit changes seasonally. The highest values of net profit are generated by the company in the first quarter of each year. Net profit shows an upward trend and reaches even 95 times higher values than observed in the 1<sup>st</sup> quarter 2009.

Values of the Świecie's SA operating profit does not reach such high levels as net profit, but also achieve satisfying levels. The lowest value of operating profit was observed in 2<sup>nd</sup> quarter of 2009 and reached 206% of the baseline period. Even the operating profit recorded in the last quarter of analysis, while initiating a downward trend, reached a level of 608% of value of 1<sup>st</sup> quarter 2009.

## CONCLUSIONS

The analysis of economic values results characterizing company Świecie SA leads to the conclusion, that the company is in good financial condition. A proof of this are values of net profit achieved by the company. Especially, the last quarter of analysis is characterized by a high increase of net profit, which is up to 95 times of net profit value obtained by the entity in 1<sup>st</sup> quarter 2009. Such high net profit means that the company can benefit from long-term and short-term liabilities and allocate funds to the necessary investments to strengthen the competitiveness of the company. However, the values of long-term and short-term liabilities are stable. In particular, Świecie's SA long-term debt in recent quarters has been limited, which is definitely positive sign for the future.

## REFERENCES

1. SIERPIŃSKA M., JACHNA T., 2004: Ocena przedsiębiorstwa według standardów światowych, PWN, Warszawa;
2. SEDLIAČIKOVA, M., ŠATANOVÁ, A., FOLTÍNOVÁ, A. 2012: Finančný controlling v teórii a praxi malých a stredných podnikov. In : Ekonomický časopis/Journal of Economics. Vol. 60, No. 9 (2012), p. 949-966;
3. SEREDYŃSKI R., SZARUGA K., DZIEDZIA M., 2009: Operacje gospodarcze w praktyce księgowej, Ośrodek Doradztwa i Doskonalenia Kadr Sp. z o.o., Gdańsk;
4. <http://biznes.pap.pl>;
5. <http://finanse.wp.pl/gielda-spolki-wyniki-finansowe.html>;
6. <http://www.money.pl/gielda/wyniki/raporty/>

**Streszczenie:** *Analiza wybranych wielkości charakteryzujących kondycję ekonomiczno – finansową spółki Świecie SA. W niniejszym opracowaniu poddano analizie zmiany najważniejszych wielkości ekonomicznych wpływających na efektywność gospodarowania każdego przedsiębiorstwa niezależnie od formy prawnej jego działalności oraz branży, w której funkcjonuje. W pracy ocenie efektywności gospodarowania poddano przedstawiciela producentów papieru, spółkę Świecie SA. Analiza przedstawionych wielkości dostarczyć może wielu pomocnych danych, przede wszystkim ułatwić ocenę sytuacji ekonomiczno – finansowej przedsiębiorstwa potencjalnym inwestorom i kontrahentom oraz posłużyć w dalszych szczegółowych analizach konkurencyjności jednostki na rynku drzewnym w Polsce a także na tle innych przedstawicieli branży na świecie.*

Corresponding author:

Justyna Biernacka  
Department of Technology, Organisation and Management in Wood Industry,  
Faculty of Wood Technology, Warsaw University of Life Sciences (SGGW)  
02-776 Warsaw, ul. Nowoursynowska 159  
e-mail: [justyna\\_biernacka@sggw.pl](mailto:justyna_biernacka@sggw.pl)