

The analysis of changes of selected parameters characterising economic condition of Forte SA

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Abstract: *The analysis of changes of selected parameters characterising economic condition of Forte 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 Forte SA - a representative of furniture industry. The data was taken from the company's statements publicly available. 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, furniture industry.

INTRODUCTION

Analysis of the economic situation of selected company even by the beginner investigator may seem quite simple. An amateur analyst however 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.

Beginner researcher in his analysis focuses mostly on the results of period which he is interested in, forgetting about values of past periods, which 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 an amateur 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 furniture industry, Forte SA in 2009-2013 were analysed. The data was taken from the company's quarterly statements publicly available. 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 the changes in the volume of total assets, working assets and equity capital achieved by the Forte SA company in each quarter in 2009-2013. Baselines are mentioned economic values achieved by Forte SA in the 1st quarter of 2009.

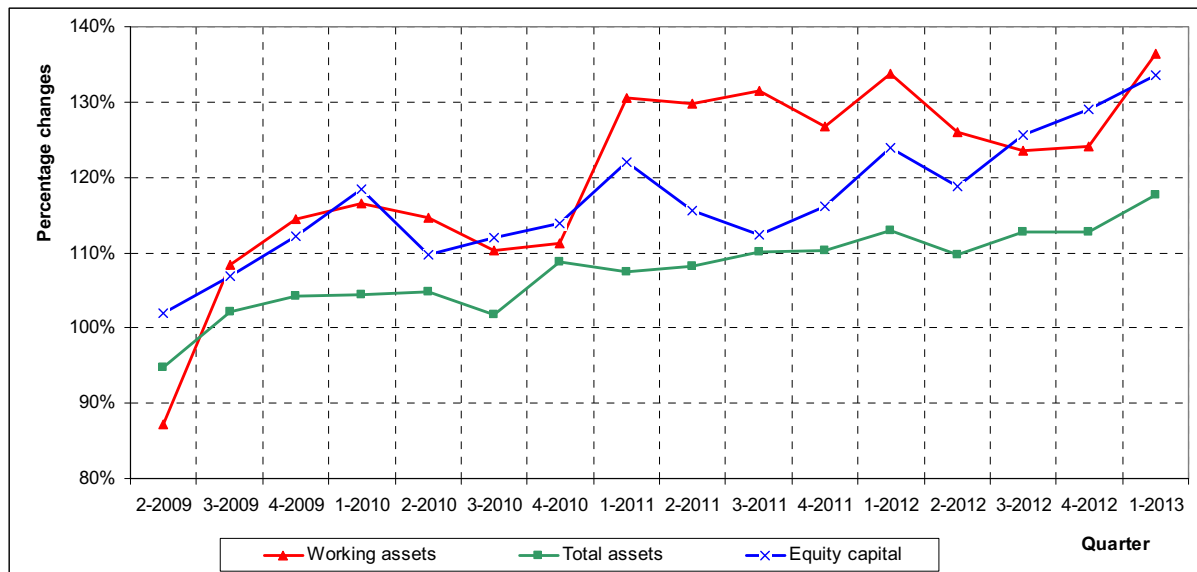


Figure 1. Changes of total assets, working assets and equity capital of Forte SA in 2009-2013 in relation to 1st quarter 2009 (1st quarter 2009 = 100%)

Figure 1 analysis shows that in all analysed period values of total assets, working assets and equity capital changes were shown an upward trend. The lowest value of total assets Forte SA recorded in 2nd quarter 2009. The value of changes of the company's total assets reached then 94,84% of a previous quarter value. In subsequent quarters value of changes of total assets achieved by Forte SA was increased and reduced once again in 3rd quarter 2010 (101,79% of base quarter value). The highest value of total assets was noted in 1st quarter 2013. Value of total assets changes reached then 117,66% of base quarter value.

A course of changes of Forte's SA working assets values is similar. The lowest value were noted in 2nd quarter 2009 and reached 87,16%, the highest value in 1st quarter 2013 reached 136,44%. Unlike total assets changes, values of working assets changes are more volatile and its lowest values can be observed in second half of 2010 and 2012 years.

An upward trend of changes of Forte's SA equity capital values in all analysed period can be observed too. Similarly to course of total assets and working assets changes, the lowest value of equity capital changes can be observed in 2nd quarter 2009, but it is still slightly higher value than in the base quarter and reaches 101,87%. Other periods with lower values of changes of equity capital are 2nd halves of 2010 and 2011 years.

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

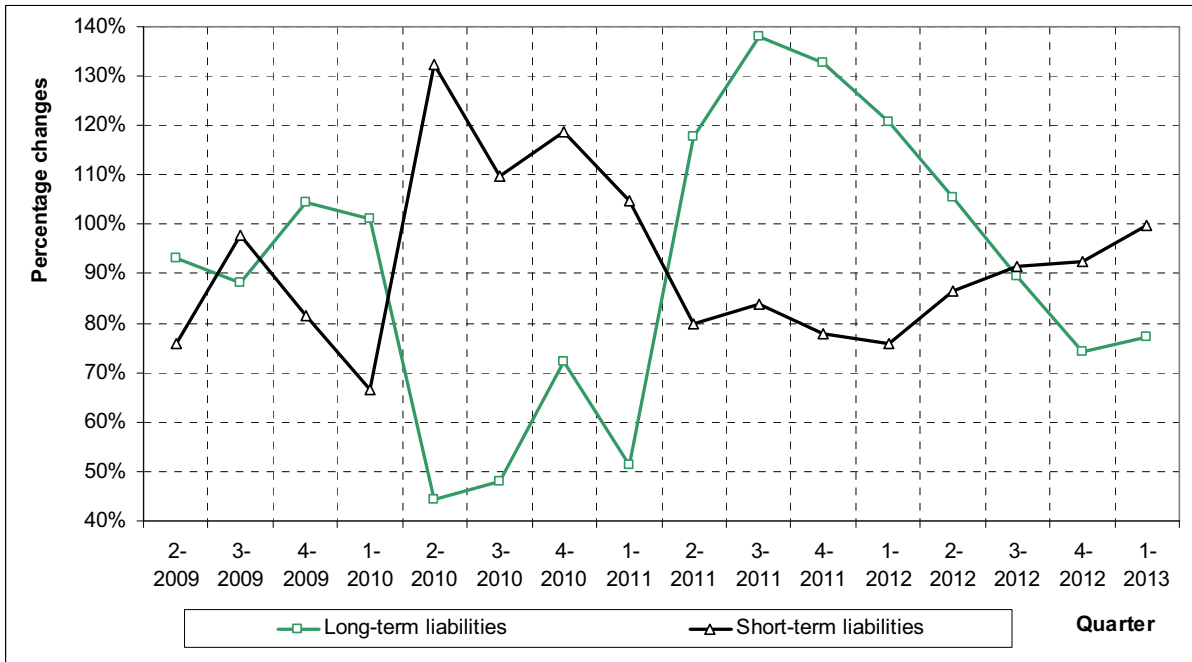


Figure 2. Forte's SA long-term and short-term liabilities changes in 2009-2013 in relation to 1st quarter 2009 (1st quarter 2009 = 100%)

Analysis of changes of Forte's SA long-term and short-term liabilities presented in Figure 2 shows high volatility of results. At the beginning, Forte's SA long-term liabilities remain at the level similar to the base quarter, but in 2010 entity strives to reduce long-term debt – in 2nd quarter 2010 long-term liabilities level reaches 40% of base value. Since this moment during a year long-term liabilities were lower than in 1st quarter 2009. Since 2011 its values increase again – in 2nd quarter 2011 long-term debt reaches 117,83% of long-term debt in 1st quarter 2009, and in subsequent quarter – approximately 140%. In subsequent quarters long-term liabilities are systematically reduced and in 4th quarter 2012 reached 74% of base quarter value. At the beginning of 2013 values of Forte's SA long-term liabilities slightly higher value can be observed.

The graphic illustration of Forte's SA short-term liabilities values is different. Value of short-term liabilities increases in 2nd quarter 2010 (132,29%), and till 2012 is reduced. In 1st quarter 2013 change in short-term liabilities values compared to 1st quarter 2009 reaches 99,91%.

The analysis of changes of the Forte SA profits in 2009-2013 shows Figure 3.

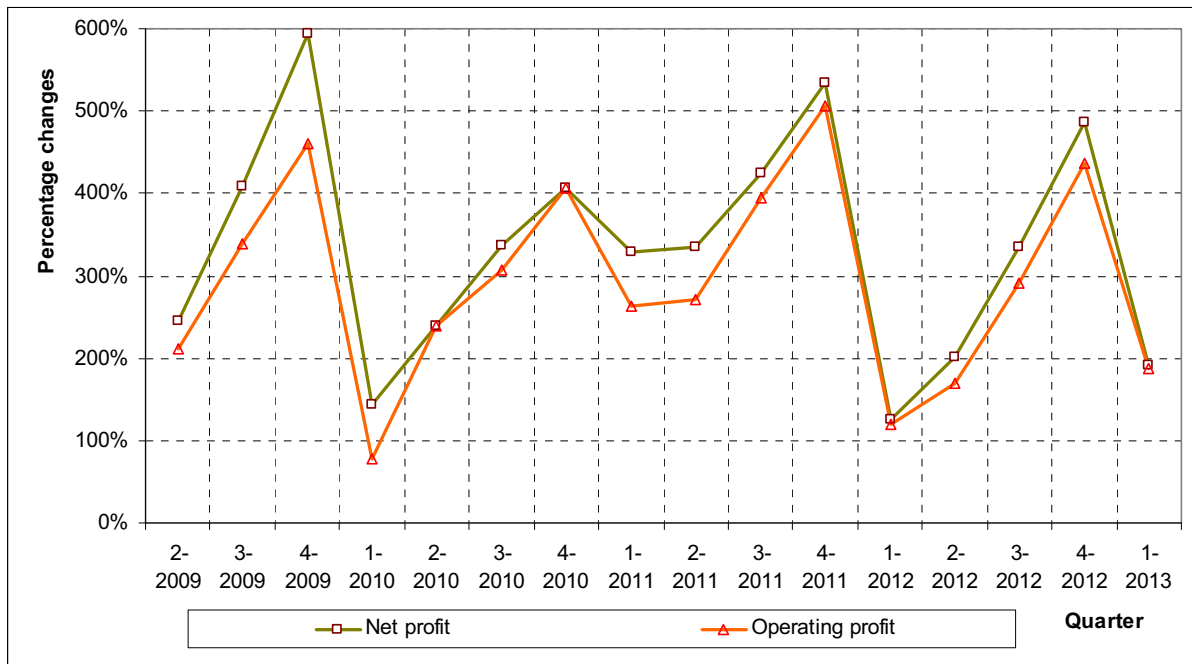


Figure 3. Forte’s SA net profit and operating profit changes in 2009-2013 in relation to 1st quarter 2009 (1st quarter 2009 = 100%)

Changes of net profit and operating profit values shown at the Figure 3 are close and characterized by high volatility. In 2nd quarter 2009 values of net profit are even twice higher than in previous quarter, and even 6 times higher in 4th quarter 2009. In 1st quarter 2010 values of net profit decreases again, but till the end of 2010 systematically increases. Similar trends can be observed in all analysed period, which may be caused by seasonality of the company’s financial results.

Changes of Forte’s SA operating profit values are similar. Highest values are observed in last quarters of particular years, respectively: 461,45%, 406,28%, 505,74% and 436,47%. The lowest value of operating profit was observed in 1st quarter 2010 – 77,20% of base quarter value.

CONCLUSIONS

Analysis of selected economic values, that characterise the economic condition of Forte SA allow to conclude, that the situation of the company is stable. Net profit and operating profit values, although seasonally reached and highest in the end of a year, however even 5 times higher values than in the beginning of a year.

The only worrying symptom is that the net profit and operating profit remains at a similar level since 4 years. This could cause problems with the supply of a necessary funds for investment and wage increases.

Noteworthy are results of long-term and short-term company’s liabilities. Despite significant fluctuations throughout all analysed period, in the last quarters values of long-term and short-term debt remained stable. The decline in Forte’s debt values in recent quarters can indicate the aversion to borrowing new loans, perhaps due to the ongoing economic crisis. This trend can be reversed, thanks to reductions in interest rates.

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Streszczenie: *Analiza zmian wybranych wielkości charakteryzujących kondycję ekonomiczno – finansową spółki Forte 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 branży meblarskiej, spółkę Forte SA. Analizowane wielkości zaczerpnięto z ogólnodostępnych sprawozdań finansowych jednostki. 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.*

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