

Cash flow as an important solvency determinant of agricultural enterprises in the Slovak Republic

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Abstract

In this paper deals with the cash flow analysis in agricultural companies in particular regions of the Slovak Republic. At present, from a company's point of view it is not so important to reach a profit but to have a sufficient cash to keep solvency. On base of column and balance cash flow composition we determine in which areas agricultural companies invested money and what sources they used to finance their activities.

Agricultural companies in the Slovak Republic financed their activities particularly from internal sources, however, they used external sources, too. Companies situated in better natural conditions spent more external sources than companies in LFA. The companies used the financial sources in operating and investment activities equally.

Key words

Agricultural enterprises, cash flow analysis, net cash flow, balance composition of cash flow

Anotace

V príspevku sa zaoberáme analýzou peňažných tokov v podnikoch poľnohospodárskej prvovýroby v jednotlivých krajocho SR. V súčasnej dobe nie je dôležité z pohľadu podnikov vykazovať zisk, ale mať dostatok hotovosti na zachovanie platobnej schopnosti. Na základe stĺpcového a bilančného zostavenia cash flow zistíme do akých oblastí poľnohospodárske podniky investovali peniaze a aké zdroje využívali na financovanie svojej činnosti. Poľnohospodárske podniky SR financovali svoju činnosť najmä z interných zdrojov, avšak využívali i externé prostriedky. Podniky v lepších prírodných podmienkach čerpali externé prostriedky vo väčšej miere ako podniky v LFA. Prostriedky využívali rovnomerne v hospodárskej a investičnej činnosti.

Klíčová slova

Agricultural enterprises, cash flow analysis, net cash flow, balance composition of cash flow

Introduction

The aim of financial decision is to search possibilities for reaching of financial goals. From searching and evaluation of options to the acceptance of financial decision, it comes to the evaluation of basic categories such as profit, cash flow, risk, net present value and interest rate (Fetisovová E. and col., 2005). A financial analyst is interested in cash flow problems as a cause of financial situation development. The cash flow analysis identifies an influence of company's activities on determination of financial situation. Operating activity records elements of working capital, which have a relation to liquidity and investment activity, that is connected with the

stability, and finally the financial activity is connected with company's solvency (Grünwald R., Holečková J., 2007). The basic attribute of company's market survival is to have sufficient financial means. So, it is necessary to analyze the financial intensity which depends on a character and cash positions, not only on the profit ability of the company.

Materials and Methods

The data used in this paper were gained from information sheets of the Ministry of Agriculture SR, prepared by the Research Institute of Agricultural and Food Economics in Bratislava. The paper analyzes cash flows in agricultural

companies in all regions of the Slovak Republic: Bratislava, Nitra and Trnava, which are integrated into a better natural conditions group according to a land price category. Trenčín, Banská Bystrica, Žilina, Košice and Prešov are situated in LFA (Less Favoured Area). The observed period is years 2000 – 2006. The authors analyzed 667 agricultural companies. The data were calculated per hectare of agricultural land. The cash flow can be composited by means of a direct and an indirect methodology. In the paper, authors used an indirect method, concretely a balance composition of cash flow because it is more compendious than a column composition. The balance composition of cash flow creates sources from which the company draws its financial sources and use, it means, in which areas the company uses financial sources (Gurčík L., 2004). The rule of the balance composition of cash flow is that the sources have to be equal in use. In view of the company, the sources are divided into the internal and external ones. The use is monitored

in three activities: operating, financial and investment activities. A balance compilation of cash flow is illustrated in the schema 1.

Results

Bratislava region is situated in the west of Slovakia. In this region, 38 companies were analyzed. The region is the smallest of all regions in the Slovak Republic and takes 4,2 % of its area. In the first three years of the observed period, the companies used most money in the investment activity which includes increase of non-current asset and depreciation. After 2004, most money went to the operating activity. In 2006, the companies used in operating activity 18 953 SKK.ha-1. This situation was influenced by the increase of stocks and financial accounts. Internal sources were affected by the cash flow I. The increase of internal sources was around 3 786 SKK ha-1 in the monitored period.

Decrease/Increase	Items
Decrease	Short-term liabilities
Increase	Short-term receivables
Increase	Stocks
Increase	Financial accounts
Usage in operating activities	
Increase	Non current assets include depreciation
Usage in investment activities	
Increase	Receivables for subscriptions for equity capital
Increase	Long-term receivables
Decrease	Long-term liabilities
Decrease	Long-term bank loans
Decrease	Current bank loans and short-term financial assistance
Decrease	Equity capital - profit
Usage in financial activities	
USAGE	
	Cash flow I.
Decrease	Short-term receivables
Decrease	Stocks
Decrease	Financial accounts
Decrease	Long-term receivables
Decrease	Non current assets include depreciation
Internal sources	
Increase	Short-term liabilities
Increase	Current bank loans and short-term financial assistance
Increase	Long-term liabilities
Increase	Long-term bank loans
Increase	Equity capital - profit
External sources	
SOURCES	
USE = SOURCES	

Source: Gurčík, L. 2004. Business analyze and controlling. Nitra: SUA, 2004. ISBN 80-8069-449-4

Schema 1: Blance composition of cash flow..

The companies in this region utilized most of external sources in 2004; the external sources value exceeded the internal sources by 5 533 SKK. ha-1, and in 2006, the value of external sources exceeded the internal ones by 11 196 SKK.ha-1.

The table 2 shows the balance composition of cash flow in companies located in the region Trnava. This region is composed of 125 agricultural companies and is situated in the western part of Slovakia taking 8,5 % of its area. At the beginning of the observed period, the companies used most money in financial activity (7 093 SKK. ha-1). This situation was influenced by decrease of long-term liabilities, equity capital – profit and a value of

current bank loans, and a short-term financial assistance. In the next period, most money was used in investment activity. The same trend appeared in the last year of the monitored period. In 2005, the companies used most money in operating activity (7 046 SKK. ha-1). This situation was influenced by increase of short-term receivables. The companies financed majority of their activities from internal sources.

The table 3 describes the balance composition of cash flow in agricultural companies of the region Nitra. 130 companies were analyzed here. It is the fifth largest region of all Slovak regions and occupies 12,9 % of the total area of Slovakia.

Items/years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-2200	-799	-1200	-879	-904	-2538
+ short-term receivables	799	1402	709	5970	2653	1342
+ stocks	2461	3261	1135	2159	4677	9539
+financial accounts	696	712	901	4725	983	5533
Usage in operating activities	6156	6173	3945	13733	9217	18953
+ non current assets + depreciation	6978	6296	6087	12322	5155	17592
Usage in investment activities	6978	6296	6087	12322	5155	17592
+ receivables for subscriptions for equity capital	4	0	0	545	1	0
+ long-term receivables	110	510	1493	0	58	24
- long-term loans	-416	-322	-248	-281	-303	-169
- long-term liabilities	-1855	-1732	-1679	-595	-324	-1730
- current bank loans and short-term financial assistance	-328	-378	-399	-1459	-854	-1232
- equity capital – profit	-1126	-1369	-2073	-712	-2061	-862
Usage of financial activities	3839	4310	5892	3592	3599	4017
Cash flow I.	5802	8935	5143	6221	8450	7549
- short-term receivables	-2145	-499	-1487	-1280	-2275	-4071
-financial accounts	-1257	-1028	-514	-668	-528	-1428
- stocks	-1287	-1226	-1753	-1636	-374	-992
- long-term receivables	-78	-27	-168	-1574	-640	-227
- non current +depreciation	-324	-80	-532	-673	-1164	-415
- receivables for subscriptions for equity capital	-3	-129	-545	-5	0	-1
Internal sources	10897	11924	10141	12057	13432	14683
+short-term liabilities	808	1628	1688	2070	1545	2407
+current bank loans and short-term financial assistance	547	584	980	1018	435	914
+long-term liabilities	893	865	447	3431	631	6309
+long-term loans	72	361	1027	414	552	3115
+equity capital–profit	3757	1419	1640	10657	1377	13134
External sources	6076	4856	5783	17590	4539	25879
Use = Sources	16973	16780	15924	29647	17971	40561

Source: Information sheets MP SR and own calculation.

Table 1: Balance composition of cash flow in companies of region Bratislava in Skk per ha of agricultural land.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-1842	-746	-1211	-1057	-1314	-2419
+ short-term receivables	569	833	1708	1158	3202	1836
+ stocks	1106	1752	2662	1403	1791	1318
+financial accounts	1413	659	436	652	738	1561
Usage of operating activities	4930	3990	6017	4270	7046	7133
+ non current assets + depreciation	4827	5781	8543	4639	4319	8203
Usage of investment activities	4827	5781	8543	4639	4319	8203
+ receivables for subscriptions for equity capital	1	106	0	0	1	0
+ long-term receivables	21	86	14	112	30	170
- long-term loans	-837	-323	-343	-600	-693	-530
- long-term liabilities	-2388	-1197	-1193	-609	-720	-988
- current bank loans and short-term financial assistance	-1059	-505	-697	-1235	-1116	-1077
- equity capital – profit	-2787	-521	-925	-1084	-643	-988
Usage in financial activities	7093	2738	3172	3640	3201	3753
Cash flow I.	3440	6051	6258	3439	5541	6845
- short-term receivables	-3030	-1009	-723	-941	-536	-1033
- financial accounts	-531	-545	-868	-468	-523	-754
- stocks	-1717	-447	-723	-2582	-1004	-1173
- long-term receivables	-211	-60	-239	-55	-167	-58
- non current asset + depreciation	-1664	-326	-543	-1084	-566	-78
- receivables for subscriptions for equity capital	-2	-1	-108	-13	-2	0
INTERNAL SOURCES	10593	8439	9462	8581	8338	9940
+ short-term liabilities	1303	1520	3554	1688	2147	1864
+ current bank loans and short-term financial assistance	641	1011	2308	590	1355	1590
+ long-term liabilities	901	199	232	513	702	1898
+ long-term loans	435	534	676	392	780	775
+ equity capital–profit	2977	806	1499	785	1242	3023
EXTERNAL SOURCES	6257	4069	8270	3967	6227	9150
USAGE = SOURCES	16850	12508	17732	12549	14565	19090

Source: Information sheets MP SR and own calculation.

Table 2: Balance composition of cash flow in companies of region Trnava in SKK per ha of agricultural land (SKK.ha-1).

It lies in the southwestern part of SR. At the beginning and at the end of the observed period, the companies invested financial sources particularly in investment activities. In 2004, the use in financial activities was higher than in other activities of the companies, and it exceeded 6 099 SKK.ha-1. Compared to the previous period, this increase was particularly influenced by the increase of current bank loans and a short-term financial assistance. In the years 2003 and 2005, the companies spent most of their money in operating activity. From a viewpoint of sources, the use of internal sources was dominant. Only in the year 2002, the external sources exceeded the internal sources by about 10 672 SKK.ha-1 which was caused by increase of current bank loans, and also long-term loans and short-term liabilities.

The balance composition of cash flow of companies in the region Trenčín is illustrated in the table 4. This region belongs to smaller Slovak regions and is situated in the northwestern part of Slovakia.

There are 63 agricultural companies in this region. Throughout the observed period, the companies used money particularly in the operating activity. In 2005, the use of money in financial activities exceeded the use of money in operating activities (16 SKK.ha-1). The internal sources were used more than the external ones. The value of internal sources was positively influenced by the cash flow I.

The table 5 shows the balance composition of cash flow of the companies in the region Žilina. In this region, 78 agricultural companies are located. Žilina region is situated in the north of Slovakia. It is the third largest region of the Slovak Republic and occupies 13, 9 % of the state area. The companies are in LFA. They used most money in investment activity and this use increased year by year. The use of money decreased in the year 2005 and the companies invested in operating activity. The increase of use in this activity affected the increase of short-term receivables and financial

accounts. To the year of 2006, the increase was 4 590 SKK.ha-1. In 2006 the companies used most money in investment activity (15 673 SKK. ha-1). Even here an increase in the financial activity was obvious (10 762 SKK.ha-1). Till 2003, the companies had used for financing particularly internal sources, after this year the situation changed and companies began to use more external sources.

The balance composition of cash flow of companies in the region Banská Bystrica is illustrated in the table 6. There are 64 agricultural companies in this region. This region is the biggest region of the Slovak Republic and it spreads in the southern part of Slovakia. The companies are situated in LFA. The use of money in the region Banská Bystrica was divided into two activities – operating and

investment activities. The use of money increased in operating activity from 2004. The internal sources were higher than the external sources throughout the whole observed period.

The companies in Košice region are situated in LFA. The authors analyzed 97 companies in this region. It is situated in the southeastern part of Slovakia and takes 13, 8 % of its area. The companies used most money in investment activities till the year 2004. After 2004, the situation changed, most money went in the operating activity. From a view-point of sources, the companies used internal sources. In 2004, the external sources were higher than the internal ones by 1 254 SKK.ha-1. This situation was influenced by decrease of cash flow I.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-912	-1407	-2620	-3266	-770	-1777
+ short-term receivables	836	3435	1024	997	2766	2155
+ stocks	1097	7047	1897	746	2449	1562
+financial accounts	879	905	1032	533	1197	1550
Usage in operating activities	3724	12794	6572	5542	7182	7030
+ non current assets + depreciation	4814	15296	6445	5350	4904	7929
Usage in investment activities	4814	15296	6445	5350	4904	7929
+ receivables for subscriptions for equity capital	1	8	2	0	1	10
+ long-term receivables	66	671	81	245	190	61
- long-term loans	-389	-283	-403	-602	-552	-644
- long-term liabilities	-907	-1080	-853	-650	-384	-484
- current bank loans and short-term financial assistance	-662	-655	-1639	-2929	-990	-679
- equity capital – profit	-1177	-718	-2550	-1673	-2246	-870
Usage in financial activities	3202	3415	5509	6099	4363	2742
Cash flow I.	3130	8457	7063	3001	6039	5756
- short-term receivables	-2080	-699	-1442	-1706	-2081	-1358
- financial accounts	-391	-607	-677	-1221	-547	-764
- stocks	-845	-488	-2870	-3517	-1213	-937
- long-term receivables	-70	-102	-269	117	-189	-414
- non current asset + depreciation	-489	-59	-110	-924	-537	-376
- receivables for subscriptions for equity capital	-5	-4	-10	-4	0	-1
INTERNAL SOURCES	7010	10416	12443	10501	10607	9600
+ short-term liabilities	2059	4484	1777	1572	2229	2116
+ current bank loans and short-term financial assistance	1049	3078	1812	629	1133	1874
+ long-term liabilities	512	485	652	904	460	1118
+ long-term loans	363	922	777	737	506	841
+ equity capital–profit	746	12118	1065	2647	1515	2152
EXTERNAL SOURCES	4730	21088	6084	6489	5842	8100
USAGE = SOURCES	11740	31505	18526	16990	16449	17701

Source: Information sheets MP SR and own calculation.

Table 3: Cash flow balance composition of companies in Nitra region in SKK per ha of agricultural land.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-3879	-2938	-5188	-3078	-2350	-4610
+ short-term receivables	3365	1454	1108	5768	8226	3509
+ stocks	682	2457	3281	519	1712	1080
+financial accounts	860	2486	909	1911	951	3038
Usage in operating activities	8785	9334	10486	11276	13239	12238
+ non current assets + depreciation	8112	5579	8528	3514	4461	11572
Usage in investment activities	8112	5579	8528	3514	4461	11572
+ receivables for subscriptions for equity capital	0	0	0	0	0	128
+ long-term receivables	13	27	135	69	31	12
- long-term loans	-851	-460	-383	-626	-354	-807
- long-term liabilities	-639	-567	-663	-479	-551	-800
- current bank loans and short-term financial assistance	-278	-376	-1049	-848	-4888	-836
- equity capital – profit	-1112	-1781	-1659	-4944	-7430	-1006
Usage in financial activities	2893	3212	3889	6967	13255	3589
Cash flow I.	7656	9522	7561	4396	6981	12090
- short-term receivables	-893	-1651	-2720	-1788	-4651	-3882
- financial accounts	-1318	-669	-2348	-588	-2982	-449
- stocks	-2728	-1571	-2221	-2857	-2996	-931
- long-term receivables	-179	-69	-92	-200	-110	-76
- non current asset + depreciation	-399	-186	-245	-3578	-6112	-135
- receivables for subscriptions for equity capital	0	-3	-4	-10	0	0
INTERNAL SOURCES	13174	13672	15190	13417	23833	17564
+ short-term liabilities	1927	674	1693	939	4240	6290
+ current bank loans and short-term financial assistance	274	583	440	4961	1286	1186
+ long-term liabilities	481	338	113	817	466	980
+ long-term loans	156	1094	510	412	783	636
+ equity capital–profit	3778	1765	4957	1211	347	742
EXTERNAL SOURCES	6616	4453	7713	8340	7122	9834
USAGE = SOURCES	19790	18125	22903	21757	30955	27399

Source: Information sheets MP SR and own calculation.

Table 4: Cash flow balance composition in companies of region Trenčín in SKK per ha of agricultural land.

The balance composition of cash flow of companies in Prešov region is illustrated in the table 8. The region Prešov occupies the north-east part of the Slovak Republic and takes 18,3 % of the whole state are. It is the second biggest region. 72 agricultural companies were analyzed here. This region belongs to LFA. At the beginning of observed period, the companies used most money in financial activity (7 171 SKK.ha-1). This value was the highest in this activity in the observed period. In 2004, the companies used most money in investment activity (6 072 SKK. ha-1). The companies financed their activities from their internal sources, they used the external sources only in 2004. This year, the external sources were higher than the internal sources by 2 486 SKK. ha-1.

The next table presents a quantification of cash flow I. and its share in the use in operating activity in regions of Slovakia. According to the results in the table 9 we can determine that the companies in LFA (the region Žilina, the region Banská Bystrica, the region Prešov and the region Košice) had a higher internal financial potential than companies in better natural conditions. They could finance their operating activity from their own financial potential more than 100 % in 2001 – 2003. Of the better natural conditions, we can mention companies situated in the region Bratislava and the region Trnava which which shared in the cash flow I. on operating activity more than 100 % in 2002 and 2003.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-628	-417	-479	-511	-1182	-2321
+ short-term receivables	272	248	407	822	1491	2560
+ stocks	509	553	888	1100	838	3466
+financial accounts	449	183	121	321	1757	1510
Usage in operating activities	1849	1400	1895	2747	5267	9857
+ non current asset + depreciation	3311	3726	3992	8609	3397	15673
Usage in investment activities	3311	3726	3992	8609	3397	15673
+ receivables for subscriptions for equity capital	1	111	3	16	1363	33
+ long-term receivables	11	50	13	39	19	177
- long-term loans	-230	-233	-236	-196	-268	-701
- long-term liabilities	-1347	-593	-470	-494	-496	-1477
- current bank loans and short-term financial assistance	-545	-238	-50	-280	-185	-2551
- equity capital – profit	-678	-597	-950	-485	-363	-5823
Usage in financial activities	2810	1821	1723	1510	2694	10762
Cash flow I.	3353	3042	3182	2966	3297	5431
- short-term receivables	-786	-390	-306	-298	-457	-1563
- financial accounts	-382	-433	-259	-116	-154	-1402
- stocks	-377	-384	-287	-685	-428	-1457
- long-term receivables	-17	-41	-67	-84	-24	-14
- non current asset + depreciation	-418	-129	-595	-309	-290	-5779
- receivables for subscriptions for equity capital	-21	-4	-18	-216	-5	-1235
INTERNAL SOURCES	5343	4422	4715	4675	4655	16881
+ short-term liabilities	865	905	1135	1391	1013	1894
+ current bank loans and short-term financial assistance	178	216	321	292	2643	1803
+ long-term liabilities	116	249	485	780	301	1440
+ long-term loans	222	496	253	452	547	1098
+ equity capital–profit	1248	659	701	5277	2201	13176
EXTERNAL SOURCES	2628	2525	2895	8192	6704	19411
USAGE = SOURCES	7971	6947	7609	12867	11359	36292

Source: Information sheets MP SR and own calculation.

Table 5: Cash flow balance composition in companies of region Žilina in SKK per ha of agricultural land.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-762	-694	-931	-2661	-2166	-681
+ short-term receivables	1649	631	304	714	626	1719
+ stocks	924	1104	733	652	1050	1035
+financial accounts	557	938	161	844	1341	628
Usage in operating activities	3893	3349	2129	4871	5183	4063
+ non current asset + depreciation	3327	3670	4910	3081	2665	5163
Usage in investment activities	3327	3670	4910	3081	2665	5163
+ receivables for subscriptions for equity capital	1	0	0	976	0	0
+ long-term receivables	9	4	23	54	20	59
- long-term loans	-328	-139	-185	-268	-256	-383
- long-term liabilities	-499	-403	-669	-557	-894	-117
- current bank loans and short-term financial assistance	-432	-815	-191	-400	-637	-199

- equity capital – profit	-1699	-1130	-869	-1164	-1973	-401
Usage in financial activities	2969	2492	1936	3418	3779	1159
Cash flow I.	1982	3448	3136	1198	3056	3130
- short-term receivables	-2212	-632	-951	-1146	-975	-698
- financial accounts	-521	-564	-890	-378	-152	-935
- stocks	-786	-377	-653	-1673	-732	-712
- long-term receivables	-172	-55	-2	-63	-57	-41
- non current asset + depreciation	-331	-331	-373	-1401	-1215	-146
- receivables for subscriptions for equity capital	-33	-2	-2	0	-978	0
INTERNAL SOURCES	6037	5408	6007	5860	7164	5661
+ short-term liabilities	2242	2326	1433	1307	851	1012
+ current bank loans and short-term financial assistance	405	675	300	302	540	980
+ long-term liabilities	433	200	170	333	702	891
+ long-term loans	212	354	283	447	617	482
+ equity capital–profit	859	548	782	3121	1753	1359
EXTERNAL SOURCES	4152	4103	2968	5510	4463	4724
USAGE = SOURCES	10189	9512	8975	11370	11627	10385

Source: Information sheets MP SR and own calculation.

Table 6: Cash flow balance composition in companies of region Banská Bystrica in SKK per ha of agricultural land.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-678	-722	-686	-789	-827	-1295
+ short-term receivables	430	343	583	461	423	948
+ stocks	742	1287	890	419	845	502
+financial accounts	427	298	202	244	1319	1334
Usage in operating activities	2277	2650	2360	1912	3414	4079
+ non current asset + depreciation	3176	3190	3270	2434	2750	3095
Usage in investment activities	3176	3190	3270	2434	2750	3095
+ receivables for subscriptions for equity capital	0	0	15	887	0	0
+ long-term receivables	34	50	39	217	33	36
- long-term loans	-124	-127	-221	-204	-147	-167
- long-term liabilities	-258	-421	-624	-680	-1057	-629
- current bank loans and short-term financial assistance	-120	-173	-382	-316	-192	-147
- equity capital – profit	-407	-406	-963	-406	-1086	-647
Usage in financial activities	943	1177	2244	2709	2514	1626
Cash flow I.	2757	2999	2755	836	3250	3076
- short-term receivables	-749	-568	-578	-615	-471	-386
- financial accounts	-175	-375	-382	-242	-152	-520
- stocks	-421	-273	-668	-879	-403	-637
- long-term receivables	-170	-41	-40	-23	-159	-44
- non current asset + depreciation	-93	-114	-610	-306	-199	-227
- receivables for subscriptions for equity capital	-30	0	0	0	-889	-17
INTERNAL SOURCES	4394	4371	5032	2901	5523	4906
+ short-term liabilities	1029	834	744	866	1052	664
+ current bank loans and short-term financial assistance	254	367	328	228	631	1851

+ long-term liabilities	145	529	954	571	473	390
+ long-term loans	174	473	187	68	227	310
+ equity capital–profit	400	444	629	2421	773	679
EXTERNAL SOURCES	2002	2647	2842	4155	3156	3894
USAGE = SOURCES	6396	7018	7874	7056	8678	8801

Source: Information sheets MP SR and own calculation.

Table 7: Cash flow balance composition in companies of region Košice in Skk per ha of agricultural land.

Items/Years	2001	2002	2003	2004	2005	2006
- short-term liabilities	-1193	-406	-2413	-498	-1087	-828
+ short-term receivables	526	854	607	450	1670	1809
+ stocks	846	753	624	867	1049	708
+ financial accounts	525	408	328	267	1500	1304
Usage in operating activities	3091	2421	3972	2083	5306	4649
+ non current asset + depreciation	4774	3064	2347	6072	3489	4156
Usage in investment activities	4774	3064	2347	6072	3489	4156
+ receivables for subscriptions for equity capital	0	2	0	3	60	378
+ long-term receivables	23	144	46	246	27	49
- long-term loans	-288	-154	-143	-230	-94	-213
- long-term liabilities	-2518	-308	-1034	-415	-180	-627
- current bank loans and short-term financial assistance	-253	-230	-188	-330	-152	-593
- equity capital – profit	-4092	-526	-1387	-497	-3065	-390
Usage in financial activities	7174	1364	2797	1720	3579	2250
Cash flow I.	3989	3220	2522	1961	2715	3736
- short-term receivables	-1164	-565	-1252	-734	-719	-275
- financial accounts	-403	-318	-852	-253	-195	-733
- stocks	-1886	-410	-878	-494	-610	-787
- long-term receivables	-124	-237	-502	-145	-213	-130
- non current asset + depreciation	-3940	-155	-531	-108	-2765	-170
- receivables for subscriptions for equity capital	-12	-13	-227	-1	-4	-1
INTERNAL SOURCES	11517	4919	6765	3694	7221	5833
+ short-term liabilities	1206	1108	625	965	2691	1437
+ current bank loans and short-term financial assistance	179	161	149	240	805	837
+ long-term liabilities	389	213	159	415	240	584
+ long-term loans	156	158	221	197	336	583
+ equity capital – profit	1592	290	1197	4363	1082	1781
EXTERNAL SOURCES	3522	1930	2351	6180	5153	5221
USAGE = SOURCES	15039	6849	9116	9875	12374	11054

Source: Information sheets MP SR and own calculation.

Table 8: Balance composition of cash flow in companies of region Prešov in Skk per ha of agricultural land.

Region/Year	2001	2002	2003	2004	2005	2006
Bratislava	94	144	130	45	92	40
Trnava	70	152	104	81	79	96
Nitra	84	66	107	54	84	82
Trenčín	87	102	72	39	53	99
Žilina	181	217	168	108	63	55

Banská Bystrica	51	103	147	25	59	77
Prešov	129	133	63	94	51	80
Košice	121	113	117	44	95	75

Source: Own calculation.

Table 9: Cash flow I. shared on operating activity in all regions.in %.

The year 2004 was problematic because the cash flow I. decreased in all regions of Slovakia. The companies produced the cash flow I. over 100 % only in the region Žilina. After 2004, cash flow I. showed a variable trend in all monitored regions. The companies couldn't produce cash flow I. over the area of 100 % . It was before the accession of Slovakia into the European Union. The reason of this situation was the increase of bank loans and liabilities in agricultural companies in all regions of Slovakia.

Conclusions

In 2003, owing to opening of price-scissors between inputs and outputs, agriculture of the Slovakian Republic reached a loss. In 2004, there was still an open unresolved question in Slovakian agriculture dealing with the issue of ownership in a cooperative society sector. Operating of companies

in this sector was influenced by money insufficiency and that is why the companies did not invest. The financial situation was affected by a financial support gained by Slovakia after its accession into the European Union. Until the May in 2004, the national supplement payment to direct payments was provided to companies and after the accession into the EU, the companies received the rest of payments. It was an off-set time of financial sources for the companies and the companies financed their activities particularly from the internal sources. From external sources, they used bank loans from commercial banks. In 2005, the agricultural companies were considered as solvent bank clients. There was a simplification of cash flow in the sector and the overview of financial use increased. The companies invested more than they did in the previous year (by more than 43 %). Direct payments are going to be a stabilization tool of agricultural companies.

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