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ANALYSIS OF FINANCIAL STATEMENTS: A CASE STUDY OF A COMPANY IN THE HOTEL BUSINESS LISTED ON B3

André Luiz Souza Nascimento[1]*
Integrated Colleges of Brazil - Brazil

Francinete da Silva Guilherme[2]
Federal University of Paraíba/Gcet - Brazil

Abstract: *The financial market is a competitive area and needs strict control, companies that decide to make shares available need to have well-elaborated financial management. The research aimed to carry out an analysis of the Balance Sheets and Statement of Income for the Year (DRE) of a Hotel Chain available on B3, raising information about the financial and economic situation through the liquidity indexes of the company under study. The analysis period was the years 2020, 2021 and 2022. The research began with a documentary and bibliographical survey, and adopted the qualitative and quantitative research. Accounting statements are important for the management of the company, it is through their analysis that it is possible to understand the financial health of the company and thus guide managers on the best decisions to be taken. The methods used for balance sheet analysis are liquidity ratios. In the three years evaluated, the organization presented an unfavorable situation in relation to its ability to settle its short- and long-term obligations, as revealed by the analysis of the liquidity index. It was also noticed that with the decrease in assets, liabilities also grew, resulting in lower liquidity ratios each year.*

Keywords: *Demonstrations accounting, economic analysis, financial analysis, statement, financial*

INTRODUCTION

The market is more and more competitive in several areas. Seeking to differentiate itself, as well as to remain operational and active in the business market, to be successful in your operations, looking for a better way to make decisions, are working even harder with expansion resources and tools for new management strategies. In this circumstance, Gitman (2010) says that the Financial Management area is strategic for any type of decision-making that involves releasing resources. It is from there that forecasts, analysis of decisions, development of tasks and evaluation of the need and possibility of expenses and investments are carried out., for better management of the company.

[1]*André Luiz Souza Nascimento in Bachelor of Accounting, Grupo de Cultura e Estudos em Turismo (GCET)/Federal University of Paraiba, Brazil, sn.andreluiz@gmail.com, ORCID ID: 0009-0003-8248-153X*
**Corresponding author*
[2]*Francinete da Silva Guilherme, Postgraduate in Tourism, Hospitality and Events, Grupo de Cultura e Estudos em Turismo (GCET)/Federal University of Paraiba, Brazil, net-gui@hotmail.com, ORCID ID:0000-0001-5711-6336*

Since the importance of a detailed financial and economic analysis for the company is fundamental, both to favor decision-making and to direct future investments. According to de Silva (2008), financial analyzes must reproduce the situation of the company's financial data, from previous years, as well as the internal and external situations that financially influenced the company. Therefore, the present research aimed to carry out an analysis of the financial and economic situation, through of the indexes of liquidity, of a chain of hotels gathering information, available at B3, regarding the Balance Sheets and Dincome statement for the year (DRE). The study is relevant, as it contributes to knowing its profile in financial and economic terms.

METHODOLOGY

The present study began with a bibliographical and documentary survey, the first in order to obtain knowledge about the accounting areas and the importance of financial knowledge, and the second by acknowledging the information and data related to the object of study. The research is qualitative and quantitative, despite considering numerical data, the study was carried out on a single object, however the combination of natures allows a greater collection of information (Fonseca, 2008). The object of study was the Balance Sheets and the Dincome statement (DRE) of a chain of hotels that have shares on the B3 (Brazilian Stock Exchange). The analyzes were carried out based on the periods of 2020, 2021 and 2022. Therefore, the in-depth research of the financial area provides investors with an overview of how the analyzes of liquidity ratios are made through financial statements. With this, it is possible to propose improvements regarding the activities developed to optimize resources.

BIBLIOGRAPHIC REVIEW

National financial system and B3

The economy is a very important part of a nation, planning and monitoring it is essential for the country's growth. For the maintenance of the economy, several institutions have emerged that try to manage the financial sector, thus we have the National Financial System (SFN). According to Carrete and Tavares (2019) the SFN is composed of public and private institutions that operate in the market, and cause the fluidity of resources between borrowers and investors of these resources. The SFN is a facilitator of financial transactions. The dynamics of the system is not isolated, the organization of the SFN is composed of three subsystems, namely: normative, recursive and operational. (Abreu e Silva, 2017). The normative subsystem comprises: National Monetary Council (CMN), National Private Insurance Council (CNSP) and the National Complementary Pension Council (CNPC); the appeal is made up of: the Appeals Council of the National Financial System (CRSFN), the Appeals Council for the National Private Insurance System (CRSNSP) and the Complementary Pension Appeals Chamber (CRPC); and the operational subsystem is composed of financial institutions such as investment banks, commercial banks, federal savings bank, development banks, credit cooperatives, stock exchanges, among others. (Abreu and Silva, 2017).

According to Assaf Neto (2023) stock exchanges are entities that have the objective of providing adequate conditions for carrying out the purchase and sale of bonds and securities, among their belonging members. We currently have only one stock exchange operating in Brazil, the B3 (Brasil, Bolsa, Balcão). B3 emerged in 2017 with the merger between BM&FBovespa and CETIP (Central for the Custody and Financial Settlement of Securities).

Financial Analysis

For a company to participate in the stock exchange, it is interesting that it makes its balance sheets and financial reports available to the investing public. Financial statements play an important role in company management, according to Souza (2015) they provide useful information for administrators, investors, shareholders, financiers, and contribute to decision-making. One of the most common financial statements is the balance sheet (BP), showing what the assets are and how much they are worth, as well as the rights and obligations of the company. (Sousa, 2015). Through the information presented in the balance sheet, we can apply analysis techniques.

There are two types of analysis, vertical and horizontal, complemented by the analysis of indices, with calculation methods and the understanding of synthetic or summarized indicators, aiming to evaluate the company's performance. (Alves and Laffin, 2018). According to Bruni (2014) the horizontal analysis is when the data presented over the years is analyzed, taking a base year, and the vertical is when the information used is contained in a single year. When making a decision, several aspects of information are considered. For Alves and Laffin (2018) the need for diagnosing indicators can be internal or external. The indicators show the health of the company, through these results we are guided in decision-making in business management and also when investing.

According to Bruni (2014), the indicators normally used for the analysis of financial statements are divided into groups, which are:

- Liquidity indicators - indicates the company's ability to honor its obligations/debts;
- Indebtedness indicators - examines the structure of the fund's resources undertaken by the company in the short and long term and the existing relationships between the capital contributed by the partners and third parties;
- Profitability indicators - analyzes the relative profitability of the operation based on sales volume, considering costs, operating expenses or all expenses;
- Activity indicators - examine the terms granted and received in your company's operations and the results on assets, liabilities and working capital;
- Profitability indicators - examine the equivalent remuneration of the origin of the capital, using the resources from the partners and/or third parties;
- Dynamic indicators - analyze business numbers by understanding balance sheet accounts and emphasizing aspects related to working capital management.

Liquidity ratios are used by banks, vendors and the government to understand the payment terms of obligations. We can also use them to understand the profitability of the enterprise. The figure below simplifies the types of liquidity, the calculation used and the meaning of the result.

Table 1. Types of Liquidity Ratios

Index	Formula	Liquidity Analysis	Interpretation
Current liquidity	$LC = \frac{AC}{PC}$	Degree of ability to transform Current Assets (AC) and settle Current Liabilities (PC) debts in the short term	• LC>1: AC covers all short-term debts (ideal amount) • LC<1: AC is unable to cover all short-term debts • LC=1: short-term financial balance
Dry Liquidity	$LS = \frac{AC - E}{PC}$	Degree of ability to use Current Assets (AC), without considering Inventory (E), to settle Current Liabilities (PC) debts	Lower value than Current Liquidity, so values greater than 0.9 are considered to be companies with high liquidity
Immediate liquidity	$LI = \frac{D}{PC}$	Degree of capacity to cover the debts of Current Liabilities (PC) immediately with Cash (D) in the company's cash	A very high value can indicate an abundant amount of liquidity, which can also be seen as unnecessary.
General Liquidity	$LG = \frac{AC + RLP}{PC + ELP}$	Degree of ability to transform Current Assets (AC) and Long-Term Assets (RLP), covering short-term and long-term debts, Current Liabilities (PC) and Long-Term Liabilities (ELP), respectively	The higher the index, the better the company's liquidity between periods

Source: Matarazzo (2010, p. 86).

RESULTS AND DISCUSSION

Analysis of the company's financial statements

Below, the results of the Balance Sheet analyzes are presented through the calculation of the Liquidity indexes.

Table 2. Balance sheet main balances

Account	Description	12/31/2020	12/31/2021	12/31/2022
1	Total Assets	461.966,00	455.378,00	498.056,00
1.01	Current Assets	21.096,00	28.518,00	39.641,00
1.02	Non-Current Assets	440.870,00	426.860,00	458.415,00
2	Total Liabilities	461.966,00	455.378,00	498.056,00
2.01	Current Liabilities	616.061,00	665.176,00	336.884,00
2.02	Non-Current Liabilities	320.811,00	296.618,00	474.665,00
2.03	Consolidated Shareholders' Equity	- 474.906,00	- 506.416,00	- 313.493,00

Source: B3.com.br, 2021

An analysis of the Balance Sheet was carried out for the periods of 2020, 2021 and 2022. Table 2 shows the results of the analysis based on general liquidity, current liquidity and dry liquidity indices.

Table 3. Results of the analysis through the liquidity index.

Indexes	2020	2021	2022
General Liquidity (LG)	0,12	0,16	0,25
Current Liquidity (LC)	0,03	0,04	0,12
Dry Liquidity (LS)	0,03	0,04	0,11
Immediate Liquidity (LI)	0,00	0,01	0,03

Source: Research data, 2023

According to Marion (2012, p. 75), says that liquidity indicators are used to assess the company's ability to pay, it consists of assessing whether the company has the capacity to settle its commitments, taking into account their short term or immediate term.

Also known as the common liquidity ratio, the current ratio (CL) measures a company's ability to pay in the short term. It is one of the best-known indicators for analyzing a company's ability to pay. A deficiency was observed over the analyzed periods with its short-term debts, comparing the company's current assets and current liabilities, where in the year 2022, the company obtained R$ 0,12, for every R$ 1,00 of the company's obligations and debts, which must be paid in the coming months. In previous years, it is possible to observe the same scenario of financial difficulties in meeting its obligations.

The dry liquidity index (LS) is similar to the current one. The only difference is that inventories are removed from the company's current assets, given that these rights are less realizable in the short term. LS understands, in view of this, the values that the company controls to pay its bills in the short term, in case it does not come to sell what it has stored. As it is more categorical in the calculation of the asset, the dry liquidity index is lower than the current liquidity. The LS presented in the 2022 fiscal year was R$0.11, if the company needed to settle all its obligations in the short term, it would not have enough resources, owing R$0.89. This reflex can be identified in the years 2020 and 2021.

Immediate Liquidity (LI) is the most cautious of the indices. This indicator complies only with the company's balance sheet account, which expresses the values already available, that is, cash on hand, bank balances and financial investments redeemable in the short term. Excluded, in addition to inventory, are other elements of assets that are not liquid in the very short term, such as accounts receivable from installment sales. The immediate liquidity ratio is quite changeable and is more subject to variations, since the available values are also those that are easier to move. Having a high LI does not necessarily represent good account control. Having a lot of cash on hand can be unfavorable, for example, in a situation of high inflation, or even possible investments. In the analyzes carried out, it can be observed that in 2022, the value of R$0,03 was obtained, a considerable deficiency to honor its commitments immediately.

The solvency of a company can be visualized through the general liquidity ratio (LG) in the long term. Therefore, considering current liquidity items, the LG includes the company's rights and obligations for a longer term, that is, the Long-Term Assets and its Long-Term Liabilities. These two accounts can also be collected on the balance sheet. The analysis of this value must be done in more depth through the balance sheet. This is because the company may, for example, have acquired long-term financing to invest in its modernization, and the resources to pay off this debt will arrive little by little over the years, not being necessary now. However, the analysis of a historical series of general liquidity may corroborate in the sense that the company may be gaining or losing payment capacity. In this analysis, it was possible to identify that, considering all Current Assets and Long-Term Assets, the company still does not obtain funds to settle its short-term liabilities, as well as its long-term liabilities. In 2022, the company obtained the value of R$0.25 for every R$1.00. The periods of 2020 and 2021 were unfavorable regarding the general liquidity criterion.

CONCLUSIONS

Through the approach adopted in this study, it was possible to achieve the expected objectives and obtain valuable information about the economic and financial situation of the company under analysis.

An analysis of the company's liquidity ratios was carried out in the fiscal years 2020, 2021 and 2022. In the three years evaluated, the organization presented an unfavorable situation in relation to its ability to settle its short- and long-term obligations, as revealed by the analysis of the liquidity ratio. It was also noticed that with the decrease in assets, liabilities also grew, resulting in lower liquidity ratios each year. Consequently, the company needs to be attentive, as, in the near future, this condition may bring difficulties with cash flow and the possibility of insolvency of the business, considering that it is already in judicial recovery.

Another point to be highlighted is the increase in the amount of long-term tax obligations compared to the organization's total debts, which can be a warning sign, since it will be necessary to generate resources to settle them in a considerable time.

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