

BANKS' CASH FLOW STATEMENTS

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Monitoring the cash flows of a business entity is one of the modern methods of financial analysis. The method of monitoring cash flows was established in the Fifties of the last century in the USA. Gradually its use has spread to a series of other advanced market economies where a statement on changes in the financial situation is compiled.

Business entities in Slovakia having the duty to have their closing of accounts audited and to publish data on these are also under the obligation to prepare a cash flow statement. In fulfilling this obligation they are governed by Measure of the Ministry of Finance of the SR No 4455/2003-92 of 31 March 2003 as later amended, laying down the details of the arrangement, designation and content delimitation of items of an individual closing of accounts and scope of data from these individual closing of accounts that need be published. The Measure stipulates methods and the content of the cash flow statement, though it fails to stipulate neither the specific method nor the fixed structure of cash flow statement. The choice of a method for reporting cash flows and the structure of individual fields of activity is conditional upon the subjective approach of the business entity compiling the statement.

As regards banks and branches of foreign banks (hereinafter simply "banks"), issues of the compilation of the closing of accounts and the publication of information are governed by Measure of the Ministry of Finance SR No 21832/2002-92. According to this Measure however banks are not obliged to compile, in the framework of an individual closing of accounts, a cash flow statement. Despite this some banks do so and include a cash flow statement in the framework of their individual closing of accounts and annual reports. The statement shows changes in their assets and the financing sources for a certain period.

Table 1 presents the current solution of the structure of the cash flow statement, using an indirect method. It contains data of the Slovak banking sector for the period

Table 1 BANK'S CASH FLOW STATEMENT

Reporting bank: banks excl. NBS
Start of period 31.12.2003 End of period 01.01.2003
[in SKK thousands]

Activity	Balance as at		Difference
	31.12.2003	01.01.2003	
Operating activity			
Depreciation	31 790 635	29 275 106	2 515 529
Provisions	34 006 513	33 020 474	986 039
Economic result	34 577 036	22 167 087	12 409 949
Cash and cash equivalent	15 217 054	14 245 934	-971 120
Accounts of central banks/at central banks			-12 662 312
Assets	132 434 809	123 963 796	-8 471 013
Liabilities	9 098 251	13 289 550	-4 191 299
Accounts of banks / at other banks			33 784 387
Assets	60 708 620	94 625 585	33 916 965
Liabilities	87 331 302	87 463 880	-132 578
Receivables and liabilities towards clients			-37 287 267
Assets	383 516 754	332 757 070	-50 759 684
Liabilities	662 986 023	649 513 606	13 472 417
Securities issued by the accounting unit	18 728 117	8 333 109	10 395 008
Accounts of state bodies, territorial authorities and funds			4 141 261
Assets	11 637 891	11 357 338	-280 553
Liabilities	42 105 364	37 683 550	4 421 814
Securities intended for sale	39 632 111	44 596 161	4 964 050
Securities intended for trading	97 249 962	69 097 537	-28 152 425
Accruals			1 012 332
Assets	1 128 573	2 352 820	1 224 247
Liabilities	4 070 210	4 282 125	-211 915
Other operating activity			-1 016 916
Assets	15 347 513	9 997 768	-5 349 745
Liabilities	19 569 751	15 236 922	4 332 829
Cash flows from operating activity			-9 881 485
Investment activity			
Financial investment	221 854 255	213 372 617	-8 481 638
Tangible/Intangible assets	61 388 198	59 352 172	-2 036 026
Branches and representative offices			30 566 268
Assets	11 127 115	14 940 358	3 813 243
Liabilities	42 449 356	15 696 331	26 753 025
Cash flows from investment activity			20 048 604
Financial activity			
Reserves	9 723 515	21 345 906	-11 622 391
Reserve funds and other funds set aside from profit	9 733 181	9 189 653	543 528
Registered capital and capital funds	45 073 601	44 161 857	911 744
Cash flows from financial activity			-10 167 119