

## **ABSTRACT**

This graduation thesis contributes to the knowledge about cash flow analysis and forecasting. The author aims to compare accrual-based ratios to their cash-based counterparts covering solvency, liquidity, and profitability. The ratios are calculated based on historical and forecasted data. Forecasted data is gained through the application of the simple moving average technique to the financial statements of the production company. The author used mixed research methods, combining qualitative with quantitative techniques. The analysis is based on the theoretical knowledge about ratios with the elements of case analysis based on annual reports and interim managerial reports of the production company. The research has shown that the results of cash-based ratios correlate with their accrual-based counterparts in 50% of calculations, and cash-based ratios are more informative than accrual-based, especially in the liquidity section. The author concluded that the simple moving average technique is smoothing volatility and can be replaced by another technique depending on the needs of researchers. Another conclusion suggested company owners, investors, and financial managers always use cash-based ratios to support accrual-based analysis and gain valuable conclusions for quick strategic decisions and increase of company's performance.

Keywords: cash flow analysis, forecasting, cash-based ratios, accrual-based ratios, cash flow forecasting.