

CASH FLOW CALCULATION: EXERCISES



Lesson 7

Corporate Finance

Castellanza, 26th October 2016

EXAMPLE N°3

Assets	2011	2012	Liabilities	2011	2012
Tangible assets	7.000.000	8.100.000	Short term financial debt	1.450.000	900.000
Intangible assets	900.000	500.000	Long term financial loan	1.450.000	800.000
Financial assets	100.000	120.000	Bonds	1.600.000	2.480.000
Accounts receivable	2.510.000	3.700.000	Accounts payable	3.700.000	5.450.000
Other current receivables	300.000	220.000	Deffered revenues	130.000	90.000
Deferred charges	20.000	170.000	ETP fund	430.000	700.000
Inventories	1.150.000	2.710.000	Equity	1.500.000	2.500.000
Cash	400.000	658.725	Reserves	1.740.000	830.000
			Profit	380.000	2.428.725
Total	12.380.000	16.178.725	Total	12.380.000	16.178.725

EXAMPLE N°3

Profit & Loss	2012
Revenues	32.750.000
Operating Costs	- 26.527.500
EBITDA	6.222.500
ETP fund provision	- 400.000
Technical Depreciation	- 1.000.000
Intangible Amort./depr.	- 200.000
EBIT	4.622.500
Financial expenses	- 760.000
Financial revenues	30.000
Extraordinary expenses	- 180.000
Extraordinary revenues	24.000
EBT	3.736.500
Taxes	- 1.307.775
Net Income	2.428.725

From the annual report:

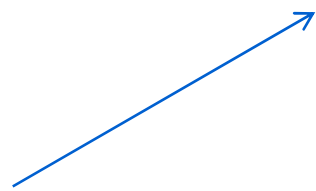
- 1000 Euro increase in Equity through new equity
- Euro 290.000 of 2011 net income distributed
- 1 workers retired and their ETP is equal to 150.000
- Financial assets consist of investments not related to the core business of the company

EXAMPLE N°3 - SOLUTION

EBIT	4.622.500
Technical Depreciation	1.000.000
Intangible Amort./depr.	200.000
Δ ETP fund	270.000
Taxes	- 1.307.775
First cash flow from operations	4.784.725
Δ WC	- 1.110.000
Second cash flow from operations	3.674.725
Capital expenditures	- 1.900.000
Disinvestments	0
Cash flow from operations	1.774.725
Financial revenues and expenses	- 730.000
Extraordinary revenues and expenses	- 156.000
Bonds	880.000
Long term financial loans	- 650.000
Dividends	- 290.000
Financial assets	- 20.000
Equity	0
Free cash flow	808.725

Check: cash - ST fin. Loans
 2011: 400.000 – 1.450.000 = - 1.050.000
 2012: 658.725 – 900.000 = - 241.725

+ 808.725



EXAMPLE N°4

Assets	2011	2012	Liabilities	2011	2012
Cash & cash equivalent	120	90	Short term financial debt	1.100	1.400
Accounts receivable	3.750	4.400	Accounts payable	3.850	4.350
Inventories	1.900	2.300	ETP fund	1.060	1.300
Other accounts receivable	390	500	Bonds	1.600	1.300
Technical assets	5.650	7.000	Mortgage	1.900	1.600
Intangible assets	1.100	900	Long term financial loan	0	400
Financial assets	500	250	Equity	2.400	3.000
			Reserves	800	700
			Profit	700	1.390
Total	13.410	15.440	Total	13.410	15.440

EXAMPLE N°4

Profit & Loss	2012
Revenues	36.540
Operating costs	-32.650
EBITDA	3.890
Technical Depreciation	-1.100
Intangible Amort./depr.	-200
EBIT	2.590
Financial expenses	-410
Financial revenues	10
EBT	2.190
Taxes	-800
Net income	1.390

From the annual report:

- The 2011 net income has been completely distributed in 2012.
- 3 workers retired and their ETP is equal to 105.
- Financial assets have been divested.
- Equity has been increased for a total of € 600 through a € 100 conversion form reserves and € 500 new equity.

EXAMPLE N°4 - SOLUTION

EBIT	2.590
Technical Depreciation	1.100
Intangible Amort./depr.	200
Δ ETP fund	240
Taxes	-800
First cash flow from operations	3.330
Δ WC	-660
Second cash flow from operations	2.670
Capital expenditures	-2.450
Disinvestments	250
Cash flow from operations	470
Financial expenses	-410
Financial revenues	10
Mortgage	-300
Bonds	-300
Long term financial loans	400
Dividends	-700
Equity	500
Free cash flow	-330