

### **Financial Plans of a new venture**

**Pro Formas** : Capital Budget, Income Statement, Sources and Uses Statement, Balance Sheet, Free Cash Flows

**Evaluations** : NPV, IRR, Business Valuation

#### **Profit and loss statement**

	Year 1	Year 2	Year 3	Year 4	Year 5
Beverages	345 600	518 400	648 000	648 000	648 000
Food	691 200	1 036 800	1 296 000	1 296 000	1 296 000
Rooms	1 350 000	1 530 000	1 620 000	1 620 000	1 620 000
Others	54 000	108 000	121 500	121 500	121 500
<b>total sales</b>	<b>2 440 800</b>	<b>3 193 200</b>	<b>3 685 500</b>	<b>3 685 500</b>	<b>3 685 500</b>
Food cost (in % of food sales)	393 984	590 976	738 720	738 720	738 720
Salaries, wages & social cost (Staff)	435 812	435 812	435 812	435 812	435 812
Salaries, wages & social cost (Management)	196 040	196 040	196 040	196 040	196 040
Other operating costs (in % of th revenue)	732 240	957 960	1 105 650	1 105 650	1 105 650
Investments depreciation	403 500	407 000	410 500	414 000	417 500
<b>Total costs</b>	<b>2 161 576</b>	<b>2 587 788</b>	<b>2 886 722</b>	<b>2 890 222</b>	<b>2 893 722</b>
EBIT	279 224	605 412	798 778	795 278	791 778
Interest	144 000	133 075	121 495	109 219	96 207
EBT	135 224	472 337	677 283	686 059	695 571
Taxes	33 806	118 084	169 321	171 515	173 893
<b>Net earnings</b>	<b>101 418</b>	<b>354 253</b>	<b>507 963</b>	<b>514 544</b>	<b>521 678</b>

**Sources and Uses Statement**

	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Beginning cash	-	-	181 997	703 553	1 227 478	1 651 344
Equity	1 600 000					
Long term debt	2 400 000					
Accounts receivable	-	2 237 400	3 130 500	3 644 475	3 685 500	3 685 500
<b>Total sources</b>	<b>4 000 000</b>	<b>2 237 400</b>	<b>3 312 497</b>	<b>4 348 028</b>	<b>4 912 978</b>	<b>5 336 844</b>
Accounts payable		391 248	592 344	739 062	739 746	738 720
Other operating expenses		671 220	939 150	1 093 343	1 105 650	1 105 650
Income taxes		-	33 806	118 084	169 321	171 515
Capital expenditures	4 000 000	35 000	35 000	35 000	35 000	35 000
LT debt repayment		182 083	193 008	204 589	216 864	229 876
Dividend paid		-	50 709	177 126	253 981	257 272
Labor		631 852	631 852	631 852	631 852	631 852
Rent		-	-	-	-	-
LT Interest		144 000	133 075	121 495	109 219	96 207
<b>Total of uses</b>	<b>4 000 000</b>	<b>2 055 403</b>	<b>2 608 944</b>	<b>3 120 550</b>	<b>3 261 633</b>	<b>3 266 092</b>
<b>Surplus (need)</b>	<b>-</b>	<b>181 997</b>	<b>703 553</b>	<b>1 227 478</b>	<b>1 651 344</b>	<b>2 070 752</b>

**Balance sheet**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	-	181 997	703 553	1 227 478	1 651 344	2 070 752
Accounts receivable		203 400	266 100	307 125	307 125	307 125
Inventory		32 832	49 248	61 560	61 560	61 560
Investment	4 000 000	3 631 500	3 259 500	2 884 000	2 505 000	2 122 500
<b>Total assets</b>	<b>4 000 000</b>	<b>4 049 729</b>	<b>4 278 401</b>	<b>4 480 163</b>	<b>4 525 029</b>	<b>4 561 937</b>
Accounts payable		35 568	50 616	62 586	61 560	61 560
Accrued other op. Expenses		61 020	79 830	92 138	92 138	92 138
Deferred dividend		50 709	177 126	253 981	257 272	260 839
Deferred taxes		33 806	118 084	169 321	171 515	173 893
Long-term debt	2 400 000	2 217 917	2 024 909	1 820 320	1 603 456	1 373 581
Equity (160'000 shares)	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000
Retained earnings	-	50 709	227 835	481 817	739 089	999 928
<b>Total liabilities &amp; equity</b>	<b>4 000 000</b>	<b>4 049 729</b>	<b>4 278 401</b>	<b>4 480 163</b>	<b>4 525 029</b>	<b>4 561 937</b>

**Free cash-flows**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales</b>		<b>2 440 800</b>	<b>3 193 200</b>	<b>3 685 500</b>	<b>3 685 500</b>	<b>3 685 500</b>
Cost of sales		393 984	590 976	738 720	738 720	738 720
Labor		631 852	631 852	631 852	631 852	631 852
Other operating costs		732 240	957 960	1 105 650	1 105 650	1 105 650
<b>Total costs</b>		<b>1 758 076</b>	<b>2 180 788</b>	<b>2 476 222</b>	<b>2 476 222</b>	<b>2 476 222</b>
EBIT		682 724	1 012 412	1 209 278	1 209 278	1 209 278
Taxes		170 681	253 103	302 320	302 320	302 320
EAT		512 043	759 309	906 959	906 959	906 959
Capex	-4 000 000	-35 000	-35 000	-35 000	-35 000	-35 000
Working capital requirement	-	-237 126	-356 118	-424 893	-419 408	-413 463
Free cash-flows	-4 000 000	239 917	368 191	447 066	452 550	458 495
Terminal value						6 343 564
<b>Free cash-flows</b>	<b>-4 000 000</b>	<b>239 917</b>	<b>368 191</b>	<b>447 066</b>	<b>452 550</b>	<b>6 802 059</b>

**Investment decision**

WACC	8,30 %
NPV	1 645 404
IRR	17,64 %

**Conclusion**

This project creates value for shareholders. Why ?

- ♣ NPV > 0
- ♣ IRR > WACC
- ♣ IRR > WACC => EVA > 0

**Value of the business at year 0**

	<b>Economic value</b>	<b>Book value</b>
Business (PV of the FCF)	5 645 404	4 000 000
- LT Debts	2 400 000	2 400 000
Equity	3 245 404	1 600 000
Share	20,28	10,00