MODULE 03: FINANCIAL ANALYSIS

Lecture 08: BUDGETS & BUSINESS FORECASTS

Lecturer: Antoine P. Portelli

Date: 4 February 2026

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Group Presentations

Each Group will be assigned, by lot, a different Annual Report. The chosen report must be used for the group presentation on Wednesday, 14 February 2026's session.

- Analyse and comment on the financial performance of the company using **ratio analysis**.
- Use between **5 and 7 ratios**.
- Give the **workings** at arriving at each of the chosen ratios, indicating from where the financial information was obtained.
- **Compare the ratios** of the company for this financial year and last year's ratios.
- **Research information** about the company that you consider relevant to potential new investors.

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Groups

GROUP 1	Muhammad Ahmed Chorahi
GROUP 1	Anmol Dharwal
GROUP 1	Vishal Singh Charak
GROUP 1	Ayush K C
GROUP 1	Abdullah Al Tajowar
GROUP 1	Aniket Choudhary
GROUP 2	Saiteja Palubai
GROUP 2	MD Showrav
GROUP 2	MD Kamrul Islam
GROUP 2	Yogesh Bhattarai
GROUP 2	Abdul Raheem Khan
GROUP 2	Ganga Kumari Khatri
GROUP 3	Nitisha Kandel
GROUP 3	Jayan Dhanaha Magar
GROUP 3	Ibrahim Tariq
GROUP 3	Binod Kumar Chaudhary
GROUP 3	Sameer Gurung
GROUP 3	Abhinas Dawadi

GROUP 4	Bishal Gopal Dhaubhadel
GROUP 4	Muhammad Umar
GROUP 4	Amar Shaheer Ali
GROUP 4	Dipendra Neupane
GROUP 4	Anas Mehmood
GROUP 4	Trishna Shahi
GROUP 5	Jasmeen Kaur
GROUP 5	Binisha Thapa
GROUP 5	Sujatam Prajapati
GROUP 5	Suman Kumar Basnet
GROUP 5	Deepak Kumar
GROUP 5	Hiralal Sunar
GROUP 6	Jharana Rana Magar
GROUP 6	Lebogang Kando Boiditswe
GROUP 6	Gurdeep Kaur Mann
GROUP 6	Umair Hassan
GROUP 6	Rabina Nepali

GROUP 7	Kame Bahadur Roka
GROUP 7	Nirmal Rayamajhi
GROUP 7	Amrita Pahadi
GROUP 7	Dhawa Lajum Gurung
GROUP 7	Aayush Dhami
GROUP 8	Arya Sharma
GROUP 8	Chandan Mehra
GROUP 8	Abishek Thapa
GROUP 8	Anish Gurung
GROUP 8	Biki Ganesh
GROUP 9	Joyal Kohar
GROUP 9	Shiwani Sundas
GROUP 9	Shital Kumari Das Kathbaniya
GROUP 9	Bivash Timalsina
GROUP 9	Sarensh Chaudhary

Presentations

The 9 Annual Reports are:

COMPANY REF	COMPANY NAME	GROUP NO.
A	RELIANCE INDUSTRTIES LIMITED	1
B	INTERNATIONAL INDUSTRIES	2
C	HINDUSTAN UNILEVER LIMITED	8
D	UNILEVER NEPAL LIMITED	9
E	INDUSIND BANK	5
F	AL-ABBAS SUGAR MILLS LIMITED	3
G	NEPAL RASTRA BANK	6
H	BUNNY'S LIMITED	7
J	IBL HEALTHCARE LIMITED	4

Presentation

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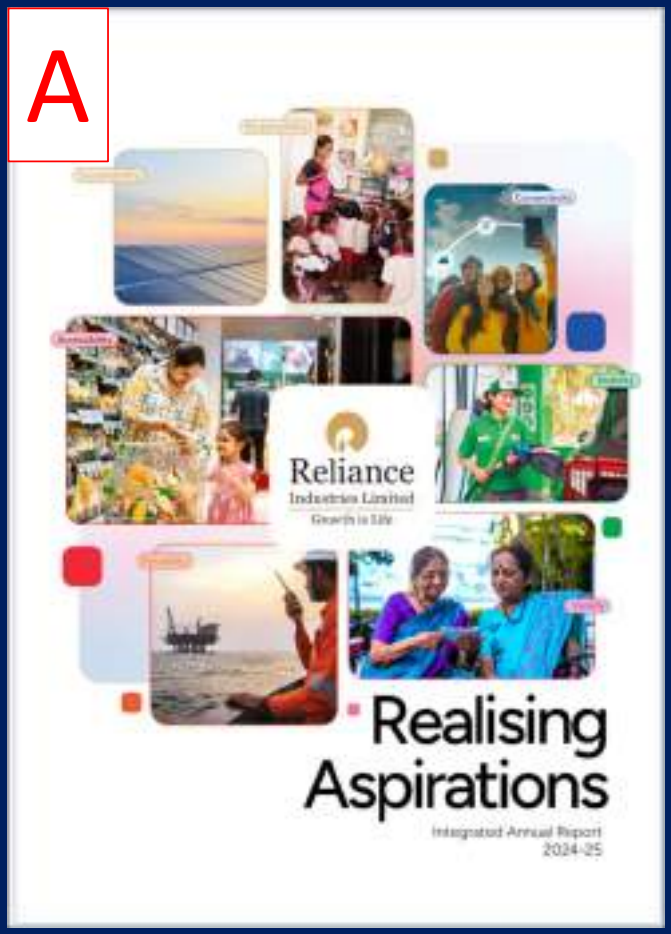
A



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Presentation

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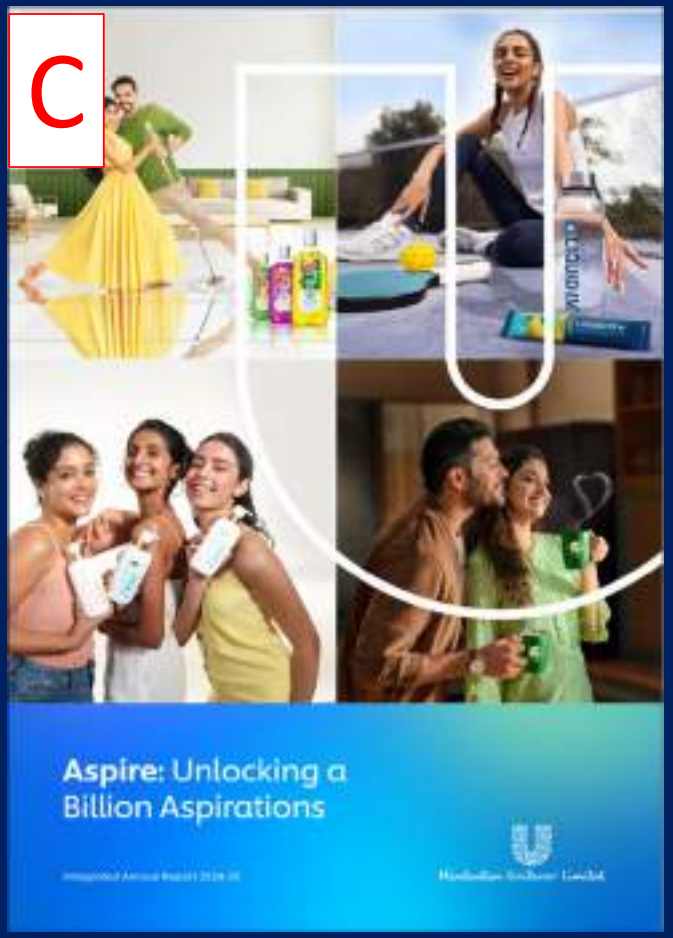

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Presentation

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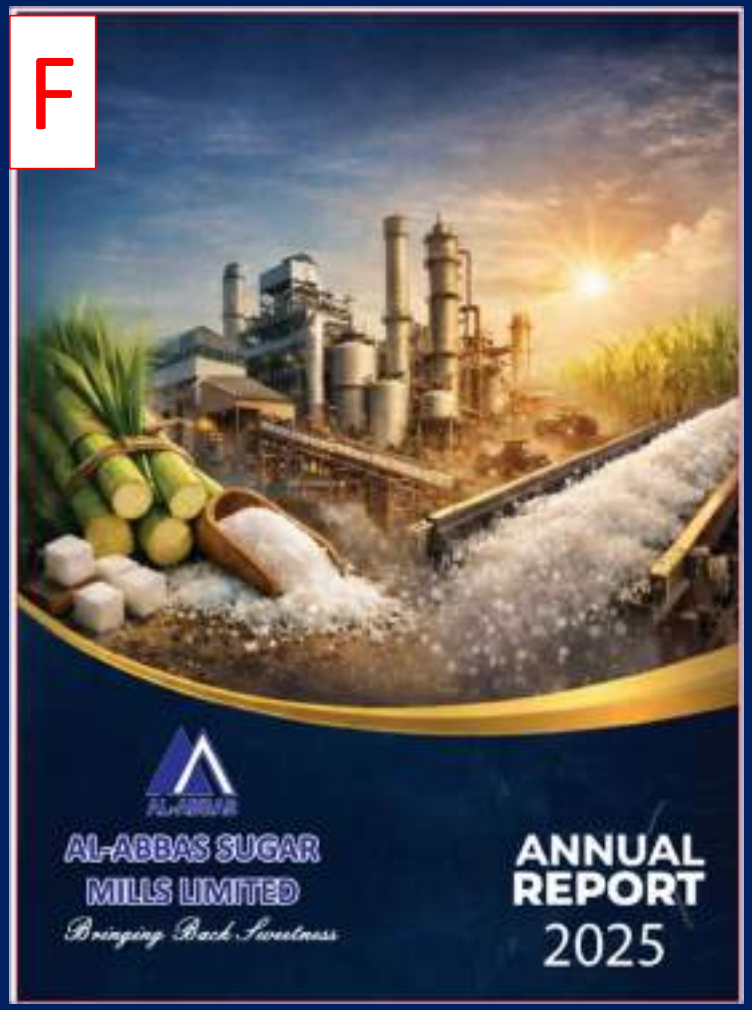

Presentation

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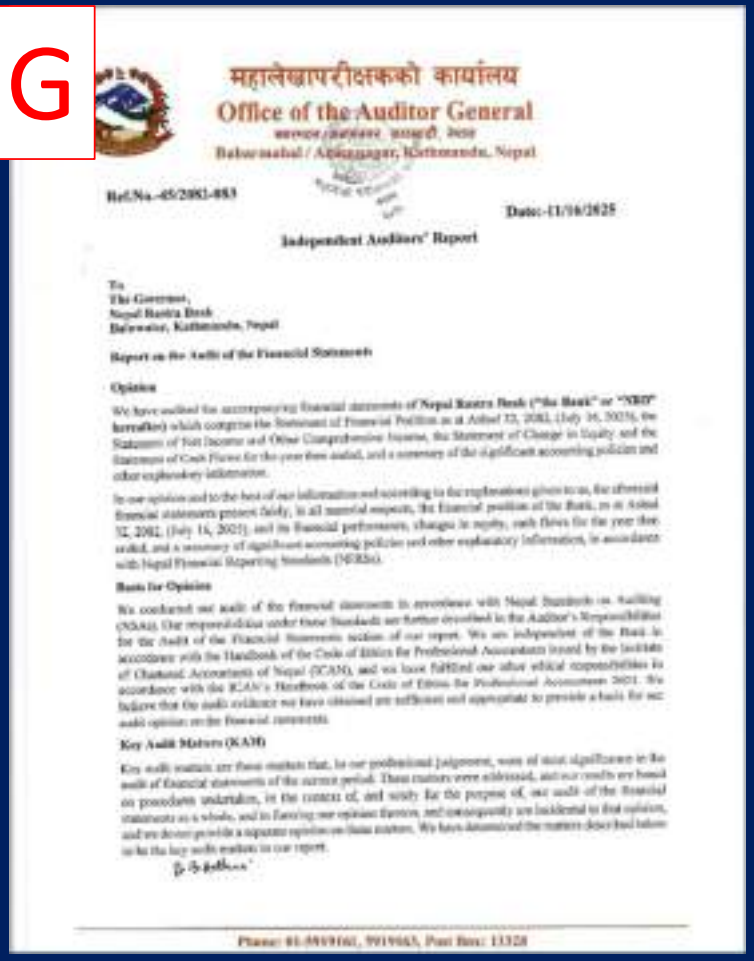

महालेखापरीक्षकको कार्यालय
Office of the Auditor General
Baluwatar / Anamnagar, Kathmandu, Nepal

Ref.No.-05/2082-083

Date:-11/16/2025

Independent Auditors' Report

To
The Governor,
Nepal Rastra Bank
Baluwatar, Kathmandu, Nepal

Report on the Audit of the Financial Statements

Opinion

Basis for Opinion

Key Audit Matters (KAM)

H

Presentation

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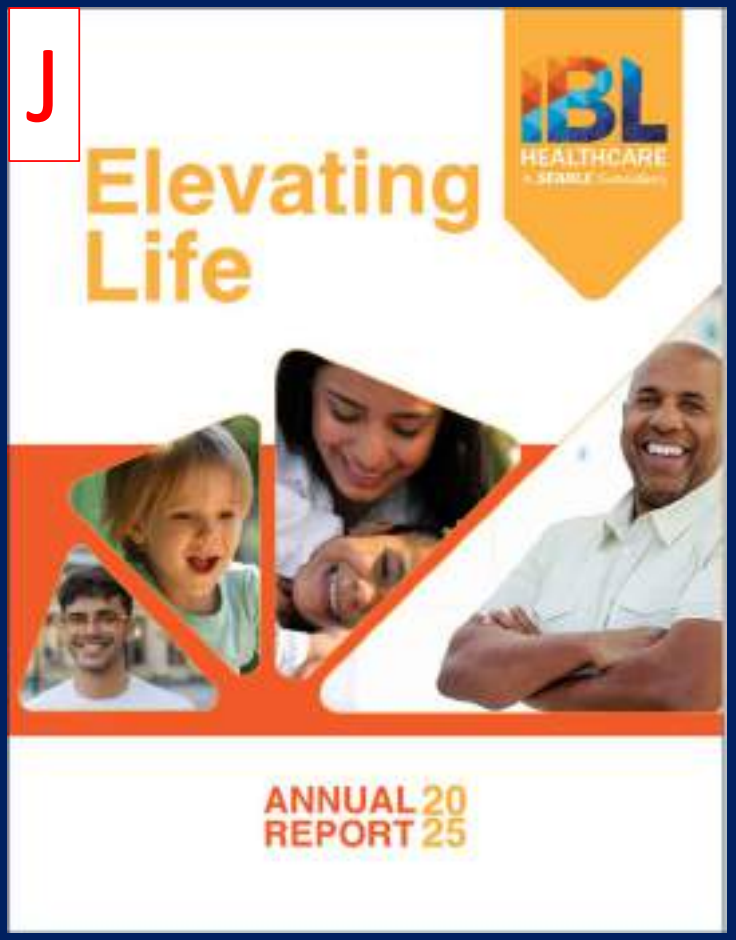
J



What we covered in Lecture 07

- Reporting the Analysis
- Budgetary Control

Reporting the Results of Analysis

1. Try to produce a structured report
2. Avoid jargon
3. Define all calculations
4. Use as many sources as appropriate
5. Report Format
   - Introduction
   - Analysis
   - Advice and recommendations
   - Conclusions

Purpose and content of budgets

The budget of a business serves five main purposes

- Communication
- Coordination
- Planning
- Control
- Evaluation

Content of budgets

Content

- Sales volumes
- Revenues
- Resource quantities
- Costs and expenses
- Assets
- Liabilities
- Cash flows, etc.

Purpose and content of budgets

The difference between the Expected Expenditure and the Expected Income

- If the business will get more money than it will spend – it is referred to as Expected Surplus – Expected Profit
- If the business will get less money - it is called a Deficit – Expected Operational Loss

Budgetary control process

Should comprise of

- Budget centres - units responsible for the preparation of budgets
- Budget committee - consisting of:
  - senior members of the organisation and departmental heads
  - Budget Officer

Budget Officer

- Will co-ordinate and control the budget administration

- Responsibilities
  - Liaising between the budget committee and managers responsible for budget preparation
  - Dealing with budgetary control problems
  - Ensuring that deadlines are met
  - Educating people about budgetary control

Importance of budgets for management

The budgets help a business benefit in many ways:

- Evaluating performance - with established criteria for quick and easy performance evaluations
- Defining goals - showing growth levels on each department of the company
- Effective communication - in setting expectations and deadlines
- Actual performance reporting - by regular comparison of actual performance to the budget

Zero based budgeting

Zero based budgeting

It starts from a "zero base" and every function within an organization is analysed for its needs and costs

Budgets are then built around what is needed for the upcoming period

regardless of whether the budget is higher or lower than the previous one

Zero based budgeting

Advantages

- Efficient allocation of resources, as it is based on needs and benefits rather than history
- Detects inflated budgets
- Increases staff motivation
- Increases communication and coordination
- Identifies and eliminates wasteful and obsolete operations
- Identifies opportunities for outsourcing

Zero based budgeting

Disadvantages

- Time-consuming
- Justifying every line item can be problematic for departments with intangible outputs
- Requires specific training, due to increased complexity
- In a large organization, the amount of information backing up the budgeting process may be overwhelming

Incremental budgeting

Incremental budgeting

It is budgeting based on small changes from the preceding period's budgeted results or actual results

Incremental budgeting

Advantages

- Simplicity
  - based on easily verified financial results
- Funding stability
  - for programs requiring funding for multiple years in order to achieve a certain outcome
- Operational stability

Incremental budgeting

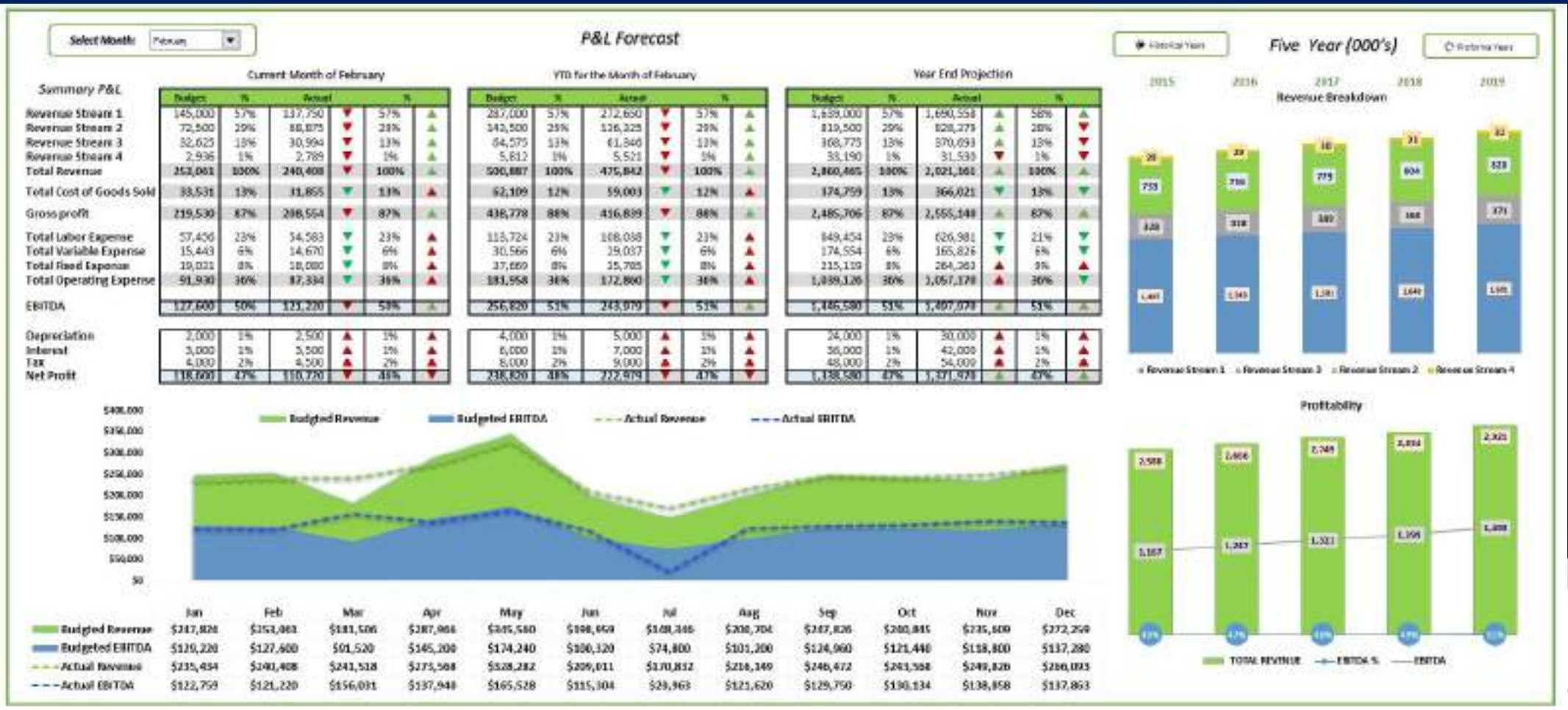
Disadvantages

- Incremental in nature
  - it assumes minor changes from the preceding period, when in fact there may be major structural changes in the business
- Fosters overspending
  - a drop in expenditures in one period will be reflected in future periods
- Budgetary slack
  - managers tend to build too little revenue growth and excessive expenses into incremental budgets, so that they will always have favourable variances

Incremental budgeting

Disadvantages

- Variance from actual
  - there tends to be a growing disconnection between the budget and actual results
- Perpetuates resource allocations
- Risk taking
  - difficult to obtain a large funding allocation to direct at a new activity


Select Month
P&L Forecast
Five Year (000's)
Summary P&L
Current Month of February
YTD for the Month of February
Year End Projection
Revenue Stream 1
Revenue Stream 2
Revenue Stream 3
Revenue Stream 4
Total Revenue
Total Cost of Goods Sold
Gross profit
Total Labor Expense
Total Variable Expense
Total Fixed Expense
Total Operating Expense
EBITDA
Depreciation
Interest
Tax
Net Profit
Revenue Breakdown
Budgeted Revenue
Budgeted EBITDA
Actual Revenue
Actual EBITDA
Profitability
TOTAL REVENUE
EBITDA %
EBITDA
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Fit Small Business

BUDGET FORECAST TEMPLATE

CURRENT BUDGET: GOODS

TASK	LABOR		MATERIALS		FIXED COST	BUDGET	ACTUAL	UNDER/OVER
Category 1	Hours	Rate	Unit	Price Per Unit				
Task # 1	15	$25.00	45	$12.00	$250	$1,165.00	$1,000.00	-$165.00
Task # 2	10	$10.00	40	$11.00	$200	$740.00	$750.00	$10.00
Task # 3	12	$15.00	35	$15.00	$230	$935.00	$1,000.00	$65.00
Task # 4	11	$12.00	50	$14.00	$150	$982.00	$1,000.00	$18.00
Task # 5	14	$20.00	35	$10.00	$180	$810.00	$800.00	-$10.00
TOTAL						$4,632.00	$4,550.00	

TASK	LABOR		MATERIALS		FIXED COST	BUDGET	ACTUAL	UNDER/OVER
Category 2	Hours	Rate	Unit	Price Per Unit				
Task # 1	10	$10.00	20	$11.00	$110	$430.00	$400.00	-$30.00
Task # 2	9	$15.00	15	$11.00	$120	$420.00	$400.00	-$20.00
Task # 3	8	$20.00	10	$13.00	$100	$390.00	$400.00	$10.00
Task # 4	7	$25.00	12	$14.00	$115	$458.00	$400.00	-$58.00
Task # 5	6	$30.00	22	$20.00	$120	$740.00	$700.00	-$40.00
TOTAL						$2,438.00	$2,300.00	

TASK	LABOR		MATERIALS		FIXED COST	BUDGET	ACTUAL	UNDER/OVER
Category 3	Hours	Rate	Unit	Price Per Unit				
Task # 1	5	$30.00	10	$10.00	$100	$350.00	$300.00	-$50.00
Task # 2	6	$32.00	9	$11.00	$105	$396.00	$400.00	$4.00
Task # 3	7	$35.00	8	$12.00	$110	$451.00	$400.00	-$51.00
Task # 4	8	$38.00	7	$14.00	$115	$517.00	$500.00	-$17.00
Task # 5	9	$40.00	6	$17.00	$120	$582.00	$600.00	$18.00
TOTAL						$2,296.00	$2,200.00	

Advantages of budgets

- Compels management to think about the future
- Provides a basis for performance appraisal
- Motivates employees by participating in the setting of budgets
- Improves the allocation of scarce resources
- Economises management time by using the management by exception principle

Advantages of budgets

- Provides a method of allocating and using resources within the organisation
- Helps to monitor and control operations
- Helps co-ordinate different departments and align them towards shared objectives
- Are an early warning system

Disadvantages of budgets

- Budgets can be seen as pressure devices imposed by management
- Waste may arise as managers adopt the view: "better spend it or we will lose it”
- Responsibility versus controlling
- Managers may overestimate costs so that they will not be blamed in the future should they overspend

Disadvantages of budgets

- Staff time devoted to budgets carries a real opportunity cost
- Errors and inaccuracies will always remain since it is impossible to predict the future
- Budgets involve and affect people, they may cause conflict

Cash Flow forecasts

Cash flow forecasts

Predict the net cash flows of a business over a future period of time

They estimate

- Cash inflows into the bank account
- Outflows out of the bank account

The cash flow forecasting represents a key aspect of financial management of a business
It helps plan its future in order to avoid a crisis of liquidity, which may lead to the business becoming insolvent.

Cash flow forecasts

Act as

- Guide for meeting goals and objectives
- Evaluative tool for assessing progress and profitability

Cash flow forecasts

The cash flow statements are important for

- Identifying potential shortfalls in cash balances in advance - an "early warning system"
- Making sure that the business can afford to pay suppliers and employees
- Spotting problems with customer payments
- Financial planning - are similar to preparing business budgets
- The external stakeholders (such as banks – for a business loan)

PLANNING, BUDGETING & FORECASTING

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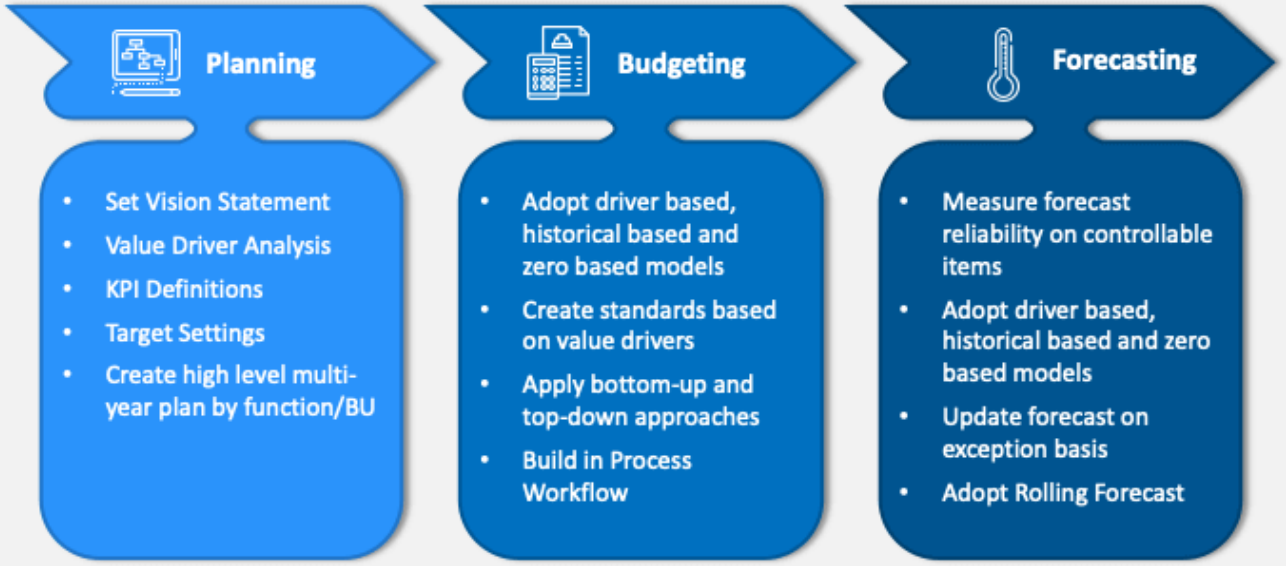


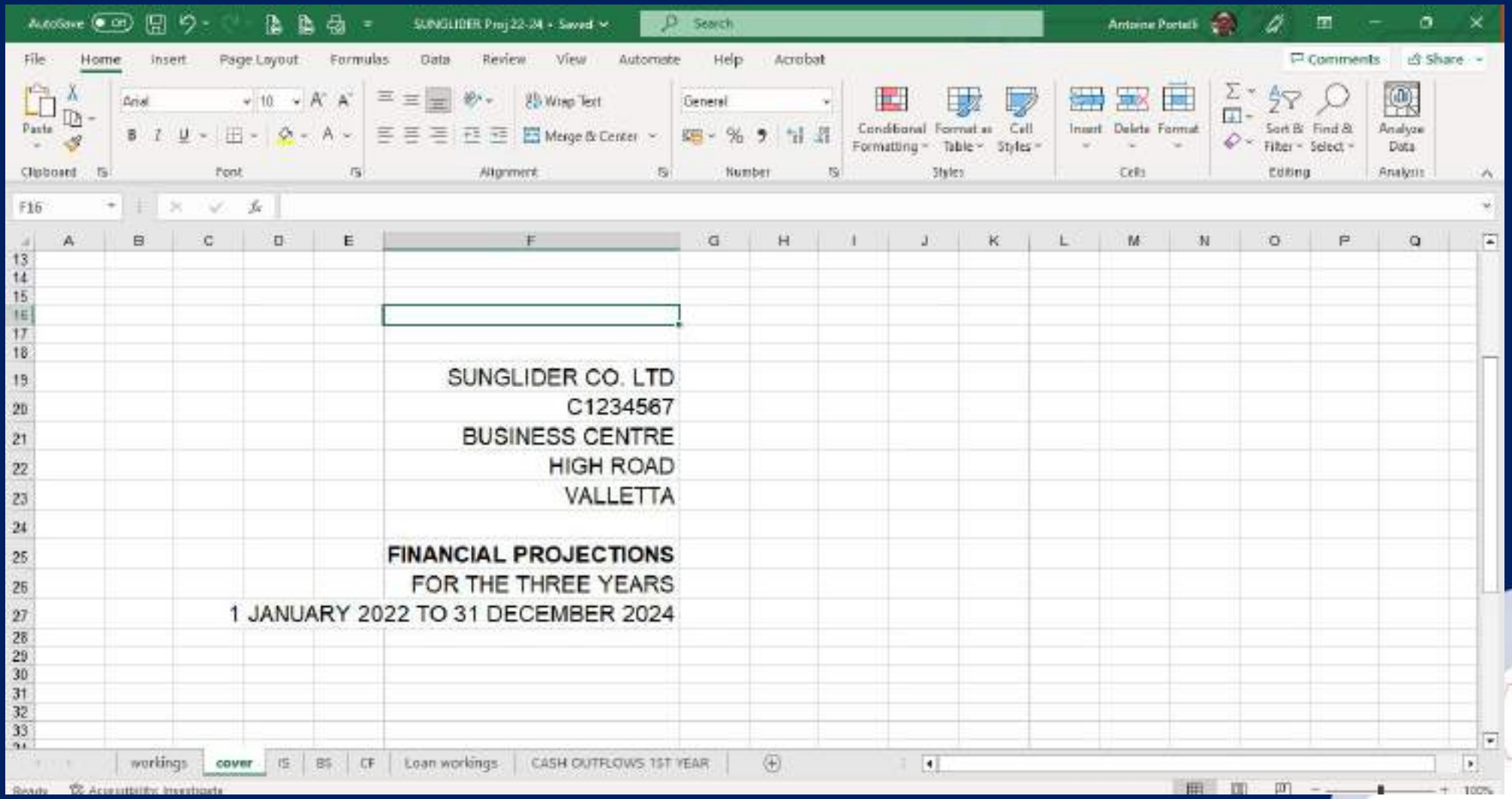
Effective Planning, Budgeting & Forecasting

- Usually prepared around Quarter 4 for the following year
- 7 Key steps
  1. Start with Strategic Goals
  2. Determine the Methodology
  3. Build in Flexibility
  4. Make it a Collaborative Process
  5. Use Scenario Modelling
  6. Monitor -> Forecast -> Adjust
  7. Sharpen the Tools

Practical 3-Year Budget

A Practical Example

			SUNGLIDER CO. LTD	
			C1234567	
			BUSINESS CENTRE	
			HIGH ROAD	
			VALLETTA	
			FINANCIAL PROJECTIONS	
			FOR THE THREE YEARS	
1 JANUARY 2022 TO 31 DECEMBER 2024				


SUNGLIDER CO. LTD
C1234567
BUSINESS CENTRE
HIGH ROAD
VALLETTA
FINANCIAL PROJECTIONS
FOR THE THREE YEARS
1 JANUARY 2022 TO 31 DECEMBER 2024
workings
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Loan workings
CASH OUTFLOWS 1ST YEAR

WORKINGS				
		2022	2023	2024
REVENUE				
Sales of Equipment, Shelving & Materials		1,300,000	1,300,000	1,430,000
Annual % increase		0%	10%	10%
Total Sales of Equipment		1,300,000	1,430,000	1,573,000
Design Project		1,400,000	1,400,000	1,540,000
Annual % increase		0%	10%	15%
Total New Projects & installations		1,400,000	1,540,000	1,771,000
Servicing & Maintenance		800,000	800,000	880,000
Annual % increase		0%	10%	10%
Total Servicing & Maintenance		800,000	880,000	968,000
Total Sales		**3,500,000**	**3,850,000**	**4,312,000**
Ofice Space Rental Income		**-**	**-**	**-**

COST OF SALES				
Opening Stock		2,025,845	2,300,000	2,200,000
% Mark-Up on equipment		90%	90%	90%
Purchases of Equipment		1,379,418	1,115,789	1,137,368
Closing Stock		2,300,000	2,200,000	2,000,000
Other Direct Costs		135,000	140,000	150,000

PAYROLL				
Managing Director				
Basic Pay		60,000	66,000	72,600
% annual increase		0%	10%	10%
Bonuses		512	512	512
Employer's NI		6,000	6,600	7,260
Total		66,512	73,112	80,372
Employees				
Basic Pay		1,400,000	1,484,000	1,573,040
% annual increase		0%	6%	6%
Overtime		-	-	-
Bonuses		17,424	17,424	17,424
Employer's NI		140,000	148,400	157,304
Total		1,557,424	1,649,824	1,747,768
Employees Additional				
Basic Pay		-	30,000	30,000
% annual increase		0%	0%	6%
Overtime		-	4,327	6,490
Bonuses		-	2,560	2,560
Employer's NI		-	3,000	3,000
Total		-	39,887	42,050
Employee Additional				
Basic Pay		-	-	20,000
% annual increase		0%	0%	0%
Overtime		-	-	4,327
Bonuses		-	-	1,024
Employer's NI		-	-	2,000
Total		-	-	27,351
Employee 4				
Basic Pay		-	-	-
% annual increase		0%	0%	0%
Overtime		-	-	-
Bonuses		-	-	-
Employer's NI		-	-	-
Total		-	-	-
Administration Officer				
Basic Pay		24,000	26,400	29,040
% annual increase		0%	10%	10%
Overtime		-	-	-
Bonuses		512	512	512
Employer's NI		2,400	2,640	2,904
Total		26,912	29,552	32,456
Payroll		**1,650,848**	**1,792,375**	**1,929,997**
avg head cout		81	85	90
Average Annual Gross Salary per Employee		20,380.84	21,086.77	21,444.42

COSTS AND EXPENSES				
Motor Vehicle Costs				
Licences & Insurance		10,000	10,000	10,000
Fuel		16,000	18,400	21,160
Maintenance & Repairs		15,000	15,000	15,000
Total MV Costs		**41,000**	**43,400**	**46,160**
Advertising		60,000	66,000	72,600
Rent		50,000	50,000	50,000
Insurances		18,000	20,700	23,805
Water & Electricity		14,000	15,400	16,940
Travelling & hospitality		7,500	8,250	9,075

Communications				
telephones		3,000	3,300	3,630
Mobile		3,000	3,300	3,630
Internet		2,000	2,200	2,420
Total Communications		**8,000**	**8,800**	**9,680**
Office Administration		20,000	23,000	26,450
Professional fees		30,000	33,000	36,300
Bank Interest		18,258	21,040	21,087

FIXED ASSETS				
Motor Vehicles				
Cost		252,303	282,303	312,303
Additions		30,000	30,000	45,000
total		282,303	312,303	357,303
Depreciation				
Depn Rate		20%	20%	20%
Charge for Year		56,461	62,461	71,461
total		56,461	118,921	190,382
Net Book Value - Motor Vehicles		**225,842**	**193,382**	**166,921**
Land and Buildings				
Cost		3,563,714	3,563,714	3,563,714
Additions		-	-	-
total		3,563,714	3,563,714	3,563,714
Depreciation				
Depn Rate		2%	2%	2%
Charge for Year		71,274	71,274	71,274
total		71,274	142,549	213,823
Net Book Value - Land and Buildings		**3,492,440**	**3,421,165**	**3,349,891**
Total Depreciation		71,274	71,274	71,274
Furniture & Equipment				
Cost		218,378	238,378	238,378
Additions		20,000	-	-
total		238,378	238,378	238,378
Depreciation				
Depn Rate		20%	20%	20%
Charge for Year		47,676	47,676	47,676
total		47,676	95,351	143,027
Net Book Value - Furniture & Equipment		**190,702**	**143,027**	**95,351**
Total Depreciation		175,410	181,410	190,410

RECEIVABLES				
Opening Balance		164,654	536,900	681,450
Sales during Year (incl of VAT)		4,130,000	4,543,000	5,088,160
Closing % of Recevibales		13%	15%	20%
Closing Balance		536,900	681,450	1,017,632
Received during the year		3,593,100	4,398,450	4,751,978
PAYABLES				
Opening Balance		1,936,509	536,104	444,549
Purchases and Expenses during the Year		1,787,013	1,481,832	1,519,095
Closing % of Payables		30%	30%	15%
Closing Balance		536,104	444,549	227,864
Paid during the Year		1,250,909	1,573,386	1,735,780

BANK LOAN				
Principal Amount		1,651,153	-	
Interest rate		4.50%	4.50%	
repayment (years)		20	15	
repayment (months)		240	180	
loan payments		164,148	173,424	173,424
loan interest charged		73,236	70,841	68,337
loan balance at end of year		1,560,241	1,457,658	1,352,571

Bank Loan no1				
Principal Amount	1651153			
Interest rate	4.50%			
repayment (years)	20			
repayment (months)	240			
Loan Value		1,651,153		
interest charge	4.50%			
months of loan	240			
repayment per year		**126,934**	**126,934**	**126,934**
interest due per year		**73,236**	**70,841**	**68,337**
		6,192	5,996	5,792
		6,176	5,980	5,775
		6,160	5,963	5,757
		6,144	5,946	5,739
		6,128	5,929	5,722
		6,111	5,912	5,704
		6,095	5,895	5,686
		6,079	5,878	5,668
		6,063	5,861	5,651
		6,046	5,844	5,633
		6,030	5,827	5,614
		6,013	5,809	5,596
Loan Balance at end of year		1,597,454	1,541,362	1,482,765

CASH FLOWS				
Inflows				
Receivables		3,593,100	4,398,450	4,751,978
Shareholders Contributions		-	-	-
Bank Loan		-	-	-
Total inflows		3,593,100	4,398,450	4,751,978
Outflows				
Payables		1,250,909	1,573,386	1,735,780
Payroll		1,650,848	1,792,375	1,929,997
Expenses & Costs		248,500	286,808	312,050
VAT Net Payments		357,405	466,958	544,434
Taxation		30,000	32,720	55,998
Loan Repayments		164,148	173,424	173,424
Fixed Asset purchases		50,000	30,000	45,000
Total Outflows		3,751,810	4,355,671	4,796,683
Movement in Year		- 158,710	42,779	- 44,705
Opening Balance		- 301,021	- 459,731	- 416,952
Closing Balance		**- 459,731**	**- 416,952**	**- 461,657**
Bank interest on OD	4.80%	18,258	21,040	21,087

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VALLETTA

FINANCIAL PROJECTIONS
FOR THE THREE YEARS
1 JANUARY 2022 TO 31 DECEMBER 2024

STATEMENT OF INCOME

	2022	2023	2024
	€	€	€
Revenue			
Sales of Equipment, Shelving & Materials	1,300,000	1,430,000	1,573,000
Design Project	1,400,000	1,540,000	1,771,000
Servicing & Maintenance	800,000	880,000	968,000
Total Revenue	**3,500,000**	**3,850,000**	**4,312,000**
Cost of Sales			
Purchases of Equipment	1,379,418	1,115,789	1,137,368
Movement in Stock	- 274,155	100,000	200,000
Other Direct Costs	135,000	140,000	150,000
Total Cost of Sales	**1,240,263**	**1,355,789**	**1,487,368**
Gross Profit	**2,259,737**	**2,494,211**	**2,824,632**
Gross Profit Margin	***65%***	***65%***	***66%***
Costs and Expenses			
Payroll	1,650,848	1,792,375	1,929,997
Motor Vehicle Costs	41,000	43,400	46,160
Advertising	60,000	66,000	72,600
Rent	50,000	50,000	50,000
Insurances	18,000	20,700	23,805
Water & Electricity	14,000	15,400	16,940
Travelling & hospitality	7,500	8,250	9,075
Communications	8,000	8,800	9,680
Office Administration	20,000	23,000	26,450
Professional fees	30,000	33,000	36,300
Bank Interest	91,494	91,882	89,424
Depreciation	175,410	181,410	190,410
	2,166,252	**2,334,217**	**2,500,842**
Profit on Operations before Tax	**93,484**	**159,993**	**323,790**
Net Profit Margin	***3%***	***4%***	***8%***
Corporate Tax	**32,720**	**55,998**	**113,326**
Net Profit after Tax	**60,765**	**103,996**	**210,463**

SUNGLIDER CO. LTD
C1234567
BUSINESS CENTRE
HIGH ROAD
VALLETTA

FINANCIAL PROJECTIONS
FOR THE THREE YEARS
1 JANUARY 2022 TO 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

	2022	2023	2024
	€	€	€
FIXED ASSETS			
Cost	4,084,395	4,114,395	4,159,395
Depreciation	556,282	737,693	928,103
Net Book Value	3,528,113	3,376,702	3,231,292
CURRENT ASSETS			
Stock	2,300,000	2,200,000	2,000,000
Receivables	536,900	681,450	1,017,632
	2,836,900	2,881,450	3,017,632
TOTAL ASSETS	**6,365,013**	**6,258,152**	**6,248,924**
EQUITY			
Share Capital	300,000	300,000	300,000
Shareholders' Funds	332,916	332,916	332,916
Retained Earnings	1,035,173	1,139,168	1,349,632
	1,668,089	1,772,084	1,982,548
LIABILITIES			
Creditors & Payables	1,391,500	1,299,945	1,083,260
Related Parties Balances	973,054	973,054	973,054
Accruals & Taxation	312,398	338,458	395,833
Bank Loan	1,560,241	1,457,658	1,352,571
Bank dues (Overdraft)	459,732	416,952	461,657
	4,696,924	4,486,067	4,266,375
TOTAL EQUITY & LIABILITIES	**6,365,013**	**6,258,152**	**6,248,923**

SUNGLIDER CO. LTD				
C1234567				
BUSINESS CENTRE				
HIGH ROAD				
VALLETTA				
ANALYSIS OF TOTAL LIABILITIES				
FOR THE THREE YEARS TO END 31 DECEMBER 2024				
LIABILITIES		**2022**	**2023**	**2024**
		€	**€**	**€**
Creditors & Payables		1,391,500	1,299,945	1,083,260
Related Parties Balances		973,054	973,054	973,054
Accruals & Taxation		312,398	338,458	395,833
Bank Loan		1,560,241	1,457,658	1,352,571
Bank dues (Overdraft)		459,732	416,952	461,657
		4,696,924	**4,486,067**	**4,266,375**
CURRENT				
Creditors & Payables		1,391,500	1,299,945	1,083,260
Accruals & Taxation		312,398	338,458	395,833
Bank Loan		164,148	173,424	173,424
Bank dues (Overdraft)		459,732	416,952	461,657
		2,327,778	**2,228,779**	**2,114,174**
NON-CURRENT				
Related Parties Balances		973,054	973,054	973,054
Bank Loan		1,396,093	1,284,234	1,179,147
		2,369,147	**2,257,288**	**2,152,201**

SUNGLIDER CO. LTD
C1234567
BUSINESS CENTRE
HIGH ROAD
VALLETTA

FINANCIAL PROJECTIONS
FOR THE THREE YEARS
1 JANUARY 2022 TO 31 DECEMBER 2024

STATEMENT OF CASHFLOWS

	2022	2023	2024
	€	€	€
Inflows			
Receivables	3,593,100	4,398,450	4,751,978
Total inflows	**3,593,100**	**4,398,450**	**4,751,978**
Outflows			
Payables	1,250,909	1,573,386	1,735,780
Payroll	1,650,848	1,792,375	1,929,997
Expenses & Costs	248,500	286,808	312,050
Net VAT Payments	357,405	466,958	544,434
Taxation	30,000	32,720	55,998
Loan Repayments	164,148	173,424	173,424
Fixed Asset purchases	50,000	30,000	45,000
Total Outflows	**3,751,810**	**4,355,671**	**4,796,683**
Movement in Year	- 158,710	42,779	- 44,705
Opening Balance	- 301,021	- 459,731	- 416,952
Closing Balance	**- 459,731**	**- 416,952**	**- 461,657**

SUNGLIDER CO. LTD
C1234567
BUSINESS CENTRE
HIGH ROAD
VALLETTA

FINANCIAL PROJECTIONS
FOR THE YEAR
1 JANUARY TO 31 DECEMBER 2022

STATEMENT OF CASHFLOWS - MONTHLY

	2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
	€	€	€	€	€	€	€	€	€	€	€	€	€
Inflows													
Receivables	**3,593,100**	184,000	187,260	350,000	250,000	350,000	250,000	275,000	325,000	300,000	350,000	400,000	371,840
Total inflows	**3,593,100**	**184,000**	**187,260**	**350,000**	**250,000**	**350,000**	**250,000**	**275,000**	**325,000**	**300,000**	**350,000**	**400,000**	**371,840**
Outflows													
Payables	**1,250,909**	152,447	64,500	135,000	75,000	85,000	100,000	90,000	75,000	90,000	150,000	115,000	118,962
Payroll	**1,650,848**	115,000	120,000	125,000	130,000	130,000	150,000	140,000	140,848	160,000	140,000	140,000	160,000
Expenses & Costs	**248,500**	22,000	23,000	23,000	20,000	18,000	20,000	20,000	18,000	15,000	15,000	25,500	29,000
Net VAT Payments	**357,405**	-	65,000	-	-	80,000	-	-	70,000	-	-	142,405	-
Taxation	**30,000**	-	-	-	10,000	-	-	-	10,000		-	-	10,000
Loan Repayments	**164,148**	13,679	13,679	13,679	13,679	13,679	13,679	13,679	13,679	13,679	13,679	13,679	13,679
Fixed Asset purchases	**50,000**	-	-	35,000	-	-	-	-	-	15,000	-	-	-
Total Outflows	**3,751,810**	**303,126**	**286,179**	**331,679**	**248,679**	**326,679**	**283,679**	**263,679**	**327,527**	**293,679**	**318,679**	**436,584**	**331,641**
Movement in Year	**- 158,710**	- 119,126	- 98,919	18,321	1,321	23,321	- 33,679	11,321	- 2,527	6,321	31,321	- 36,584	40,199
Opening Balance	**- 301,021**	- 301,021	- 420,147	- 519,066	- 500,745	- 499,424	- 476,103	- 509,782	- 498,461	- 500,988	- 494,667	- 463,346	- 499,930
Closing Balance	**- 459,731**	**- 420,147**	**- 519,066**	**- 500,745**	**- 499,424**	**- 476,103**	**- 509,782**	**- 498,461**	**- 500,988**	**- 494,667**	**- 463,346**	**- 499,930**	**- 459,731**

Group Presentation

- Identify the 5 -7 ratios to be used during the Presentation

- Let’s see which are the Ratios we discussed…

Profitability Ratios

RETURN ON CAPITAL EMPLOYED

$$\frac{\text{Net Profit for the year}}{\text{Equity + Liabilities}} \times 100$$

RETURN ON EQUITY

$$\frac{\text{Net Profit for the year}}{\text{Capital}} \times 100$$

$$\frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100$$

GROSS PROFIT MARGIN

$$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$$

GROSS MARK-UP

Efficiency Ratios

$$\frac{\text{Sales}}{\text{Net Assets}}$$ ASSET TURNOVER

$$\frac{\text{Sales}}{\text{Fixed Assets}}$$ FIXED ASSET TURNOVER

$$\frac{\text{(Opening Stock + Closing Stock) / 2}}{\text{(Cost of Sales) / 365}}$$ AVG. INVENTORY TURNOVER PERIOD

$$\frac{\text{Average trade receivables}}{\text{Credit Sales revenue}} \times 365$$ AVG. RECEIVABLES SETTLEMENT PERIOD

$$\frac{\text{Average trade payables}}{\text{Cost of Sales}} \times 365$$ AVG. PAYABLES SETTLEMENT PERIOD

Liquidity Ratios

CURRENT RATIO
CURRENT ASSETS
CURRENT LIABILITIES

ACID TEST
CURRENT ASSETS - INVENTORIES
CURRENT LIABILITIES

Gearing Ratios

$$\frac{\text{Non-Current Liabilities}}{\text{Share Capital + Reserves + Non-Current Liabilities}} \times 100$$

INTEREST COVER RATIO

$$\frac{\text{Operating Profit before Interest}}{\text{Interest Payable}}$$

Investment Ratios

$$\frac{\text{Total Dividend Paid}}{\text{Number of shares in issue}}$$

DIVIDEND PER SHARE

$$\frac{\text{Profit after tax}}{\text{Number of shares in issue}}$$

EARNINGS PER SHARE

$$\frac{\text{Market value per share}}{\text{Earnings per Share}}$$

PRICE TO
EARNINGS RATIO