

Prepared for ABC Manufacturing Ltd
using BMIM Cash Flow tools
01.11.2018

HOW TO USE: Replace the yellow shaded values in the **Your numbers** table below with your own numbers from your Financial Statements. When you are finished go to the next tabs to see the summary results.

To use this tool monthly, input MTD rolling 12 months numbers. To use this tool quarterly, input QTD rolling 12 months numbers.

Note: This version of the tool is suitable for services industry only. For all other businesses except services, please use a different version.

Your numbers

Reporting Period			
Year End	YE2016	YE 2017	YE 2018
Period Length (months)	12	12	12

P&L			
Revenue	£531,687	£518,234	£565,613
CoGS	£340,657	£324,842	£385,129
Gross Profit	£193,392	£191,030	£180,484
EBIT (earning before interest and tax)	£76,735	£86,760	£47,440
Net Profit (after tax)	£76,042	£85,209	£47,440

Other Information			
Depreciation & Amortisation	£8,900	£9,083	£7,346
Interest Paid	£563	£693	£756
Other Income/Expenses	£0	£0	£0
Dividends	£55,000	£60,000	£40,000

Balance Sheet			
Assets			
Cash at bank and in hand	£1,564	£9,717	£11,823
Trade Debtors	£30,089	£35,188	£24,629
WIP	£24,225	£37,333	£20,022
Total Current Assets	£65,720	£82,238	£132,530
Fixed Assets	£27,405	£61,593	£54,247
Total Assets	£93,125	£143,831	£186,777

Liabilities			
Trade Creditors	£57,237	£65,490	£94,147
Total Current Liabilities	£84,226	£102,897	£102,333
Total Liabilities	£91,138	£106,635	£102,897

Funding			
Bank Loans - current	£11,955	£27,899	£3,304
Bank Loans - non current	£3,174	£3,728	£564

Your Cash Flow Improvement Summary

Your business details

Industry: Services

Time Period: 12

For your next £1 of sales:

£0.41

marginal cash flow

Your business cycle:

-54

days cash cycle

Revenue

£565,613

Gross margin

31.91%

Debtors days

15.89

Net profit

8.39%

Stock days

18.98

Investment in working capital

-8.75%

Creditors days

89.23

Direct costs

£385,129

My Money Multiplier for CEOs

The impact adjustments of 1% and 1 day are making on your cash flow

Effect £

Overheads

£133,044

Price Increase

1%

£5,410

Volume Increase

1%

£2,300

CoGS reduction

1%

£4,793

Debtors

£24,629

Overheads reduction

1%

£1,330

Debtors days reduction

1

£1,550

Reduction in Stock days

1

£1,055

Stock

£20,022

Increase in creditors days

1

£1,055

Creditors

£94,147

Total Change to cash flow

£17,493

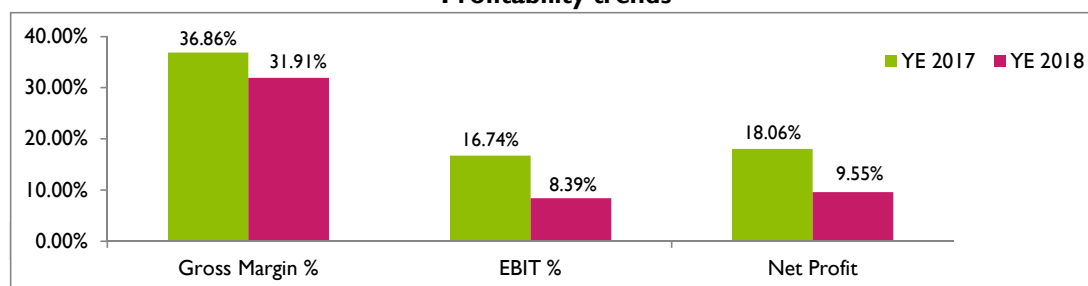
Your Profitability Cash flow perspective

Please note that the metrics in bold are your key Profitability metrics you should use frequently to monitor your profitability health.

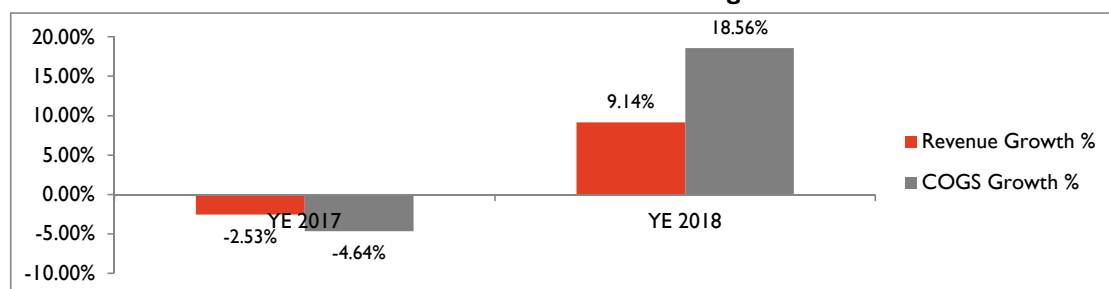
Area I - Profitability	YE 2017	YE 2018	Change
Revenue	£518,234	£565,613	9.14%
Revenue Growth %	-2.53%	9.14%	-461.32%
COGS %	62.68%	68.09%	8.63%
Gross Margin %	36.86%	31.91%	-13.43%
Overheads %	20.12%	23.52%	16.91%
EBIT %	16.74%	8.39%	-49.90%
EBITDA	£95,843	£54,786	-42.84%
Net Profit	18.06%	9.55%	-47.11%

COGS Growth %	-4.64%	18.56%	-499.76%
Overheads Growth %	-8.30%	14.46%	-274.29%
	21.94%		

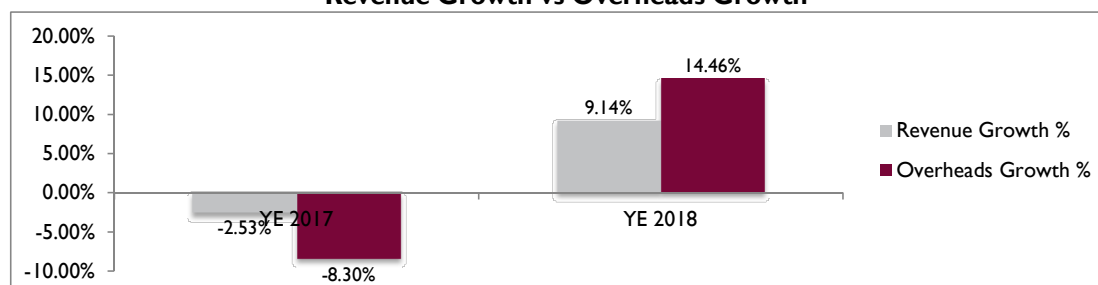
Profitability trends



Revenue Growth vs Direct Costs growth



Revenue Growth vs Overheads Growth



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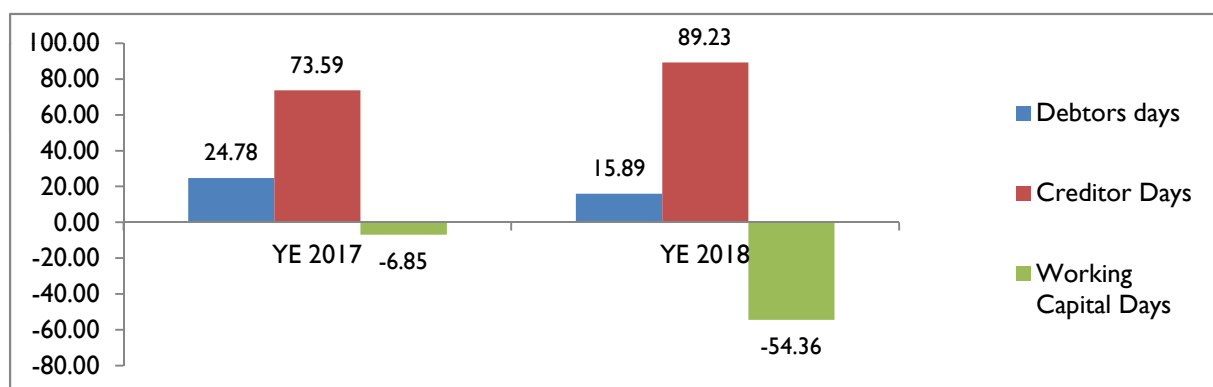
Your Working Capital Cash flow perspective

Please note that the metrics in bold are your Working Capital key metrics you should use in your business

Area 2 - Woking Capital	YE 2017	YE 2018	Change
Debtors Days	24.78	15.89	-35.87%
Stock Days	41.95	18.98	-54.76%
Creditors Days	73.59	89.23	21.25%
Working Capital Days	-6.85	-54.36	693.03%
Working Capital %	1.36%	-8.75%	-745.00%
Marginal Cashflow	0.36	0.41	14.52%
Current Ratio	0.80	1.30	62.04%

Gross Margin for next 1 GBP of sale	36.86%	31.91%
Your Gap	35.51%	40.66%

Working Capital Days

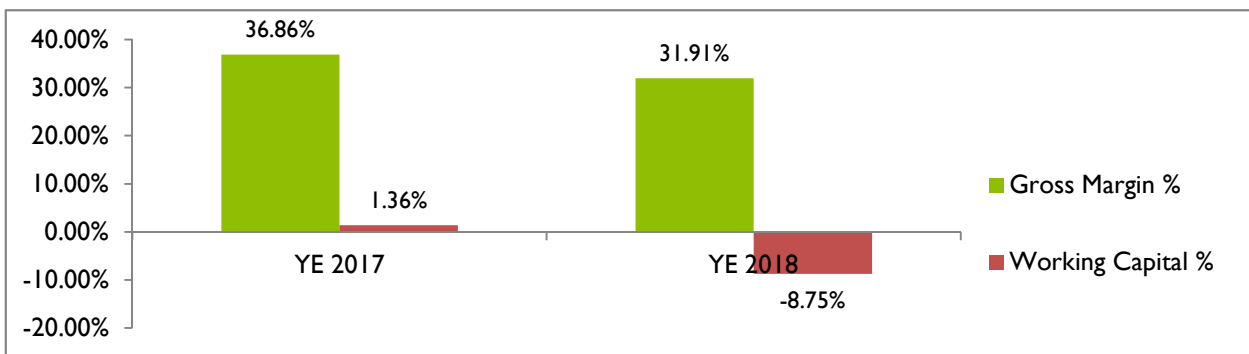


Your Working Capital Timeline

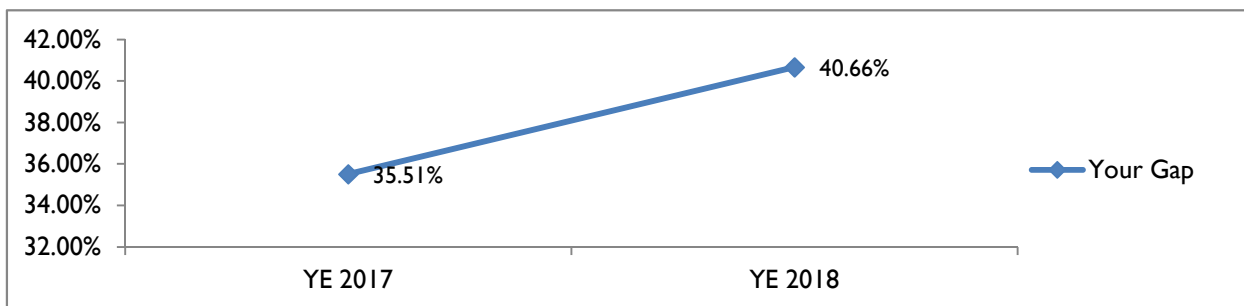
Process		YE 2017	YE 2018
Project closed	on day	0	0
Project completed	on day	42	18.98
Creditors paid	on day	74	89
Cash banked	on day	67	35
Your business cash cycle (days)		-7	-54

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Gross Margin vs Working Capital



Your Gap



Glossary

Debtors Days - the lower the number of days, the faster your clients are paying.

Inventory Days - less days mean you are very efficient at completing projects or selling the stock from the day you buy them.

Creditors Days - more days mean you are paying your creditors slower (you might be very good at negotiating good credit terms with your suppliers).

Working Capital Days - less days means that you are converting your working capital into sales faster (either selling your stock faster or your projects). It means you are more efficient. More sales, all things being equal, lowers the number of working capital days.

Marginal Cash flow - this ratio tells you how much cash is left for overheads and profit, after you have covered your direct costs. Negative marginal cash flow means that you are carrying more Stock/WIP or you are collecting slower. In this case more sales will lead to less profit.

Your Financial Returns

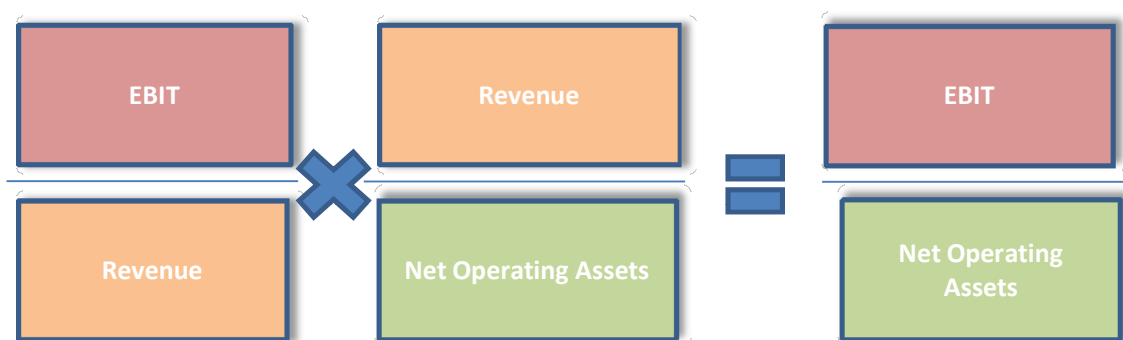
Cash flow perspective

Please note that the metrics in bold are your key Financial Returns metrics and you should use them at least quarterly in your business.

Area 3 - Other Capital	YE 2017	YE 2018	Change
Asset Turnover	7.53	6.45	-14.40%
Return on Capital %	126.06%	54.06%	-57.11%
Return on total Assets	60.32%	25.40%	-57.89%
Return on Equity %	229.08%	56.56%	-75.31%

Net Operating Assets	£68,823	£87,748	27.50%
EBIT	£86,760	£47,440	-45.32%

Return on Capital



Return on Capital 54.06%

EBIT change -45.32%
Net Operating Assets change 27.50%

Interpretation

Net Operating Assets - this is the amount you are spending in Debtors and Inventory (or WIP), as well we fixed assets and other capital. As your creditors are funding some of this amount, through credit terms, you should deduct the value of trade creditors from this amount. The increase or decrease of your net operating assets will depend on your strategy. You should aim to reduce your net operating assets if you want to increase your returns.

Asset turnover - Higher turnover mean you are using your assets more efficiently. When producing products or services and generating sales.

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Return on Capital - a higher ratio is more favourable because it means you are generating more money with the money invested. Your returns should always be higher than the rate at which you are borrowing to fund your assets. If you borrow at 10 percent and can only achieve a return of 5 percent, then you are losing money.

Return on Total Assets - a higher ratio is more favorable to investors because it shows that the company is more effectively managing its assets to produce greater amounts of net income. A positive ratio usually indicates an upward profit trend as well.

Return on Equity - you want to see a high return on equity ratio because this indicates that you are using your funds, or your investors funds effectively. Higher ratios are almost always better than lower ratios.

Your Cash Flow/Funding

Cash flow perspective

Please note that the metrics in bold are your key Funding metrics and you should use them at least quarterly in your business.

Area 4 - Cash Flow/Funding	YE 2017	YE 2018	Change
Net Debt	£31,627	£3,868	0.877699434
Net Cash Flow*	-£8,345	£29,865	457.88%
Debt to equity	0.85	0.05	-94.58%
Operating Cash flow	£88,251	£111,313	

Profit vs Cash flow

YE 2017

Profit	Cash flow	Variance
Revenue	£518,234 Cash from customers	£513,135 -£5,099
Direct costs	£324,842 Cash to suppliers	£329,697 £4,855
Gross margin	£193,392 Gross Cash Profit	£183,438 -£9,954

Overheads excl.

Overheads excl. depreciation	£95,187 depreciation	£95,187 0
EBITDA	£98,205 Operating cash flow	£88,251 -£9,954

Profit vs Cash flow

YE 2018

Profit	Cash flow	Variance
Revenue	£565,613 Cash from customers	£576,172 £10,559
Direct costs	£385,129 Cash to suppliers	£339,161 -£45,968
Gross margin	£180,484 Gross Cash Profit	£237,011 £56,527

Overheads excl.

Overheads excl. depreciation	£125,698 depreciation	£125,698 £0
EBITDA	£54,786 Operating cash flow	£111,313 £56,527

Glossary

Net Debt - this is the value of your total debt (current and non-current). The lower this amount, the less leveraged your business is.

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Net Cash Flow - you should be aiming for a positive change here, as this means that you are generating more cash.

Debt to equity - the higher the ratio, the more leveraged your business is. It is cheaper to finance your business with debt than to give away equity.

Operating Cash Flow - this indicates the cash you are generating from our core operating activities, so the higher this number, the better. Banks use this ratio to work out your ability to repay the debt.

Your Money Multiplier for CEOs

HOW TO USE: Review the numbers below to see which multipliers impact your cash flow and profit most (the numbers are set at 1% and 1 day as default). Replace the values in the yellow shaded values with the % change or days change in your multipliers to see how that is affecting your cash flow and profit during the next 12 months period, starting from today. See how your decisions affect your cash flow and profit. Notice how your cash flow movements compare to profit movements for each multiplier.

Your Money Multiplier for CEOs		Net Cash Flow	EBIT
Opening balance start of 2018		£29,865	£47,440
Your Impact of One	please change days or % here	Impact on Cash Flow	Impact on EBIT
Price Increase	1%	£5,410	£5,656
Volume Increase	1%	£2,300	£1,805
CoGS reduction	1%	£4,793	£3,851
Overheads reduction	1%	£1,330	£1,330
Debtors days reduction	1 day	£1,550	
Reduction in Stock days	1 day	£1,055	
Increase in Creditors days	1 day	£1,055	
The Impact of One		£17,493	£12,643
Your Money Multiplier for CEOs		Net Cash Flow	EBIT
Your adjusted position end of 2018		£47,358	£60,083

Business Value Indicator

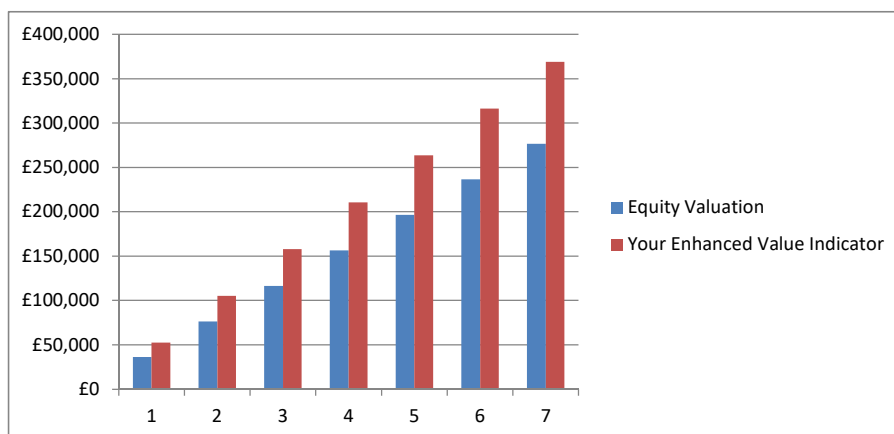
Current Business Value Indicator							
Weighted Average EBITDA	£40,094	£0	£40,094				
Expected Business Value	£0						
EBITDA Multiple	1	2	3	4	5	6	7
EBITDA Basic Valuation	£40,094	£80,188	£120,282	£160,376	£200,470	£240,564	£280,658
Less total debt	£3,868	£3,868	£3,868	£3,868	£3,868	£3,868	£3,868
Equity Valuation	£36,226	£76,320	£116,414	£156,508	£196,602	£236,696	£276,790
Actual Equity	£83,880	£83,880	£83,880	£83,880	£83,880	£83,880	£83,880

Your Value Improvement

Your Impact of One Value Uplift	1	2	3	4	5	6	7
Price Increase	£5,656	£11,312	£16,968	£22,625	£28,281	£33,937	£39,593
Volume Increase	£1,805	£3,610	£5,415	£7,219	£9,024	£10,829	£12,634
CoGS reduction	£3,851	£7,703	£11,554	£15,405	£19,256	£23,108	£26,959
Overheads reduction	£1,330	£2,661	£3,991	£5,322	£6,652	£7,983	£9,313
Profit Impact on Valuation	£12,643	£25,285	£37,928	£50,571	£63,214	£75,856	£88,499
Debtors days reduction	£1,550	£1,550	£1,550	£1,550	£1,550	£1,550	£1,550
Reduction in WIP days	£1,055	£1,055	£1,055	£1,055	£1,055	£1,055	£1,055
Increase in creditors days	£1,055	£1,055	£1,055	£1,055	£1,055	£1,055	£1,055
Cash Impact on Valuation	£3,660	£3,660	£3,660	£3,660	£3,660	£3,660	£3,660
Your Impact of One value uplift	£16,303	£28,945	£41,588	£54,231	£66,873	£79,516	£92,159

Your Business Value Improvement

Your Enhanced Value Indicator							
EBITDA Multiple	1	2	3	4	5	6	7
Equity Valuation	£36,226	£76,320	£116,414	£156,508	£196,602	£236,696	£276,790
Your Impact of One value uplift	£16,303	£28,945	£41,588	£54,231	£66,873	£79,516	£92,159
Your Enhanced Value Indicator	£52,529	£105,265	£158,002	£210,739	£263,475	£316,212	£368,949



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Your Sustainable Growth

Your Sustainable Growth Indicator

