

Prepared for ABC Manufacturing Ltd
using BMIM Cash Flow tools
01.12.2017

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	YE2015	YE 2016	YE 2017
Period Length (months)	12	12	12

P&L			
Revenue	£526,155	£531,687	£518,234
CoGS	£334,556	£340,657	£324,842
Gross Profit	£191,599	£193,392	£191,030
EBIT (earning before interest and tax)	£75,936	£76,735	£86,760
Net Profit (after tax)	£70,652	£76,042	£85,209

Other Information			
Depreciation & Amortisation	£8,900	£9,083	£9,078
Interest Paid	£563	£693	£756
Other Income/Expenses	£0	£0	£0
Dividends	£55,000	£60,000	£82,000

Balance Sheet			
Assets			
Cash at bank and in hand	£2,000	£1,564	£9,717
Trade Debtors	£0	£30,089	£35,188
WIP	£0	£24,225	£37,333
Total Current Assets	£0	£65,720	£82,238
Fixed Assets	£0	£27,405	£61,593
Total Assets	£0	£93,125	£143,831

Liabilities			
Trade Creditors	£0	£57,237	£65,490
Total Current Liabilities	£0	£84,226	£102,897
Total Liabilities	£0	£91,138	£106,635

Funding			
Bank Loans - current	£15,000	£11,955	£27,899
Bank Loans - non current	£3,174	£3,174	£3,738

Your Cash Flow Improvement Summary

Your business details

Industry: Services

Time Period: 12

For your next £1 of sales:

£0.36

marginal cash flow

Your business cycle:

-7

days cash cycle

Revenue

£518,234

Gross margin	36.86%	Debtors days	24.78
Net profit	16.74%	Stock days	41.95
Investment in working capital	1.36%	Creditors days	73.59

Direct costs

£324,842

My Money Multiplier for CEOs

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

Effect £

Overheads

£104,270

Price Increase	1%	£4,830
Volume Increase	1%	£1,840
CoGS reduction	1%	£3,903

Debtors

£35,188

Overheads reduction	1%	£1,043
Debtors days reduction	1	£1,420
Reduction in Stock days	1	£890

Stock

£37,333

Increase in creditors days	1	£890
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Creditors

£65,490

Total Change to cash flow **£14,816**

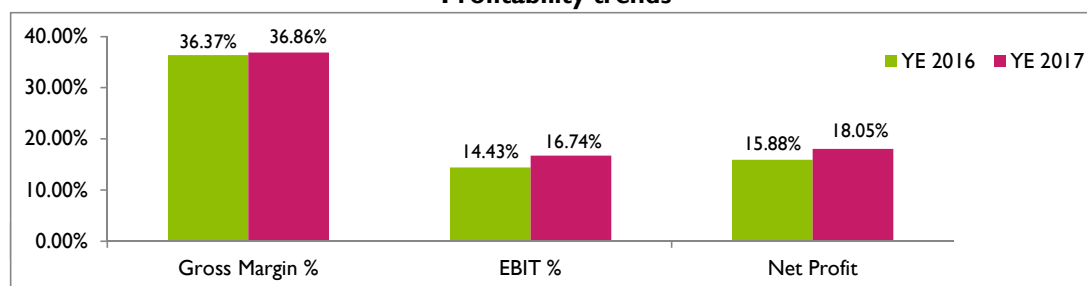
Your Profitability Cash flow perspective

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

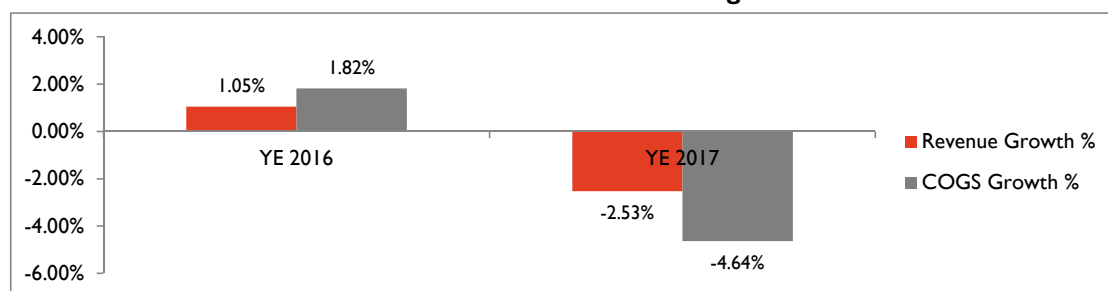
Area I - Profitability	YE 2016	YE 2017	Change
Revenue	£531,687	£518,234	-2.53%
Revenue Growth %	1.05%	-2.53%	-340.65%
COGS %	64.07%	62.68%	-2.17%
Gross Margin %	36.37%	36.86%	1.34%
Overheads %	21.94%	20.12%	-8.30%
EBIT %	14.43%	16.74%	16.00%
EBITDA	£85,818	£95,838	11.68%
Net Profit	15.88%	18.05%	13.65%

COGS Growth %	1.82%	-4.64%	-354.58%
Overheads Growth %	-0.19%	-9.05%	4662.32%
	21.98%		

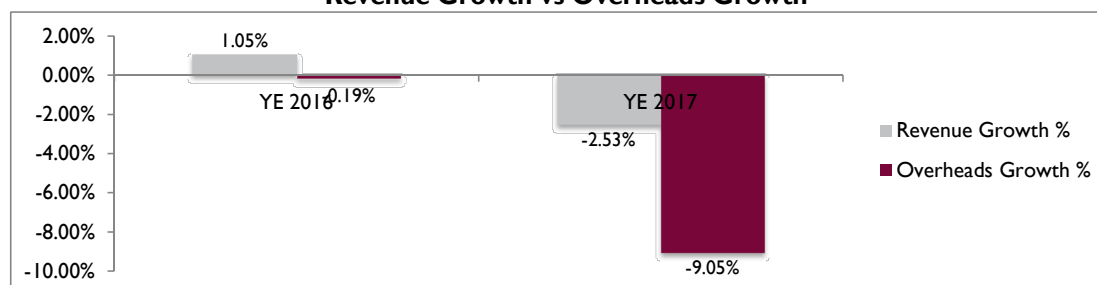
Profitability trends



Revenue Growth vs Direct Costs growth



Revenue Growth vs Overheads Growth



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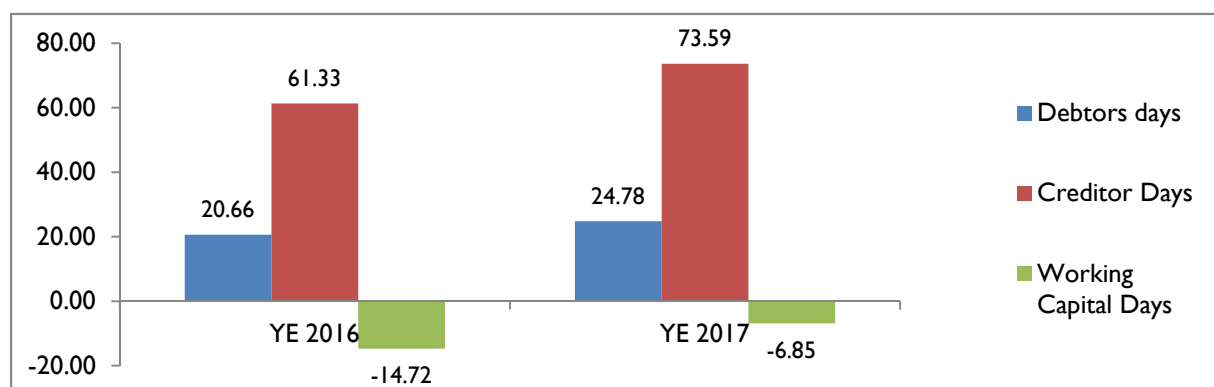
Your Working Capital Cash flow perspective

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

Area 2 - Woking Capital	YE 2016	YE 2017	Change
Debtors Days	20.66	24.78	19.98%
Stock Days	25.96	41.95	61.61%
Creditors Days	61.33	73.59	19.99%
Working Capital Days	-14.72	-6.85	-53.42%
Working Capital %	-0.55%	1.36%	-346.78%
Marginal Cashflow	0.37	0.36	-3.84%
Current Ratio	0.78	0.80	2.43%

Gross Margin for next 1 GBP of sale	36.37%	36.86%
Your Gap	36.92%	35.51%

Working Capital Days

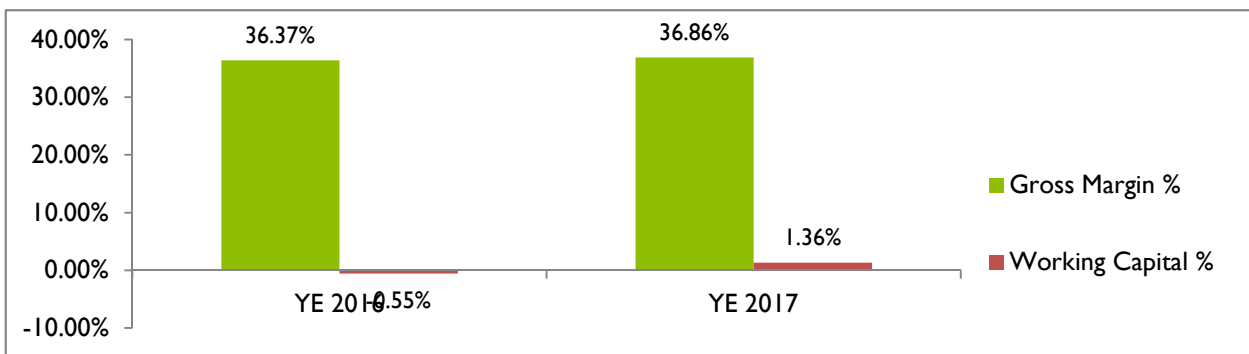


Your Working Capital Timeline

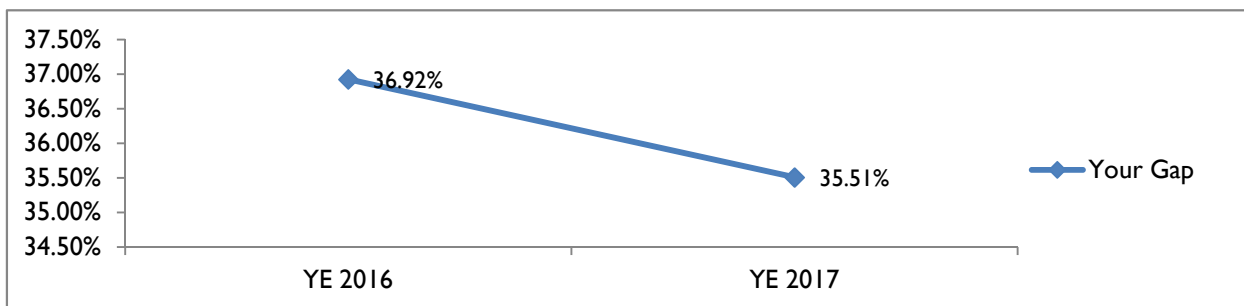
Process		YE 2016	YE 2017
Project closed	on day	0	0
Project completed	on day	26	41.95
Creditors paid	on day	61	74
Cash banked	on day	47	67
Your business cash cycle (days)		-15	-7

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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

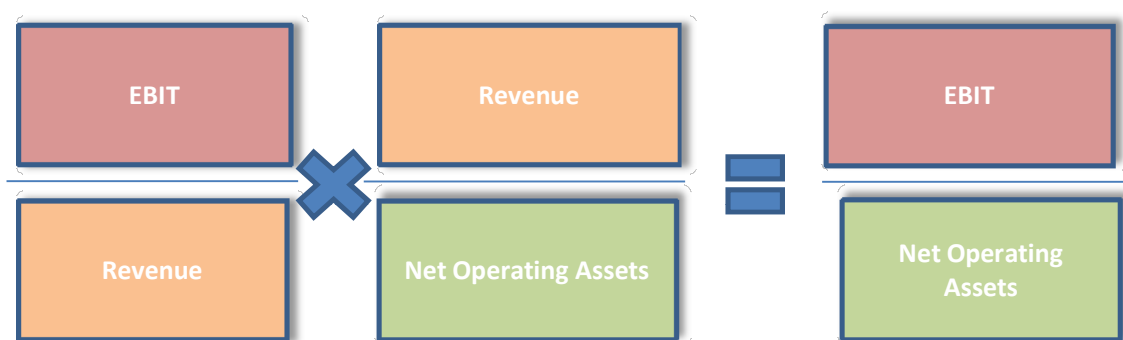
Cash flow perspective

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 2016	YE 2017	Change
Asset Turnover	31.06	7.53	-75.76%
Return on Capital %	448.32%	126.04%	-71.89%
Return on total Assets	82.40%	60.32%	-26.80%
Return on Equity %	3826.98%	229.08%	-94.01%

Net Operating Assets	£17,116	£68,833	302.16%
EBIT	£76,735	£86,760	13.06%

Return on Capital



Return on Capital 126.04%

EBIT change 13.06%
Net Operating Assets change 302.16%

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 2016	YE 2017	Change
Net Debt	£15,129	£31,637	-1.091149448
Net Cash Flow*	£2,609	-£8,355	420.24%
Debt to equity	7.61	0.85	-88.83%
Operating Cash flow	£86,379	£88,246	

Profit vs Cash flow

YE 2016

Profit	Cash flow	Variance
Revenue	£531,687 Cash from customers	£501,598 -£30,089
Direct costs	£340,657 Cash to suppliers	£307,645 -£33,012
Gross margin	£191,030 Gross Cash Profit	£193,953 £2,923

Overheads excl.

Overheads excl. depreciation	£107,574 depreciation	£107,574 0
EBITDA	£83,456 Operating cash flow	£86,379 £2,923

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	£95,192 depreciation	£95,192 £0
EBITDA	£98,200 Operating cash flow	£88,246 -£9,954

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	-£8,355	£86,760

Your Impact of One	please change days or % here	Impact on Cash Flow	Impact on EBIT
Price Increase	1%	£4,830	£5,182
Volume Increase	1%	£1,840	£1,910
CoGS reduction	1%	£3,903	£3,248
Overheads reduction	1%	£1,043	£1,043
Debtors days reduction	1 day	£1,420	
Reduction in Stock days	1 day	£890	
Increase in Creditors days	1 day	£890	
The Impact of One		£14,816	£11,384

Your Money Multiplier for CEOs	Net Cash Flow	EBIT
Your adjusted position end of 2018	£6,461	£98,144

Business Value Indicator

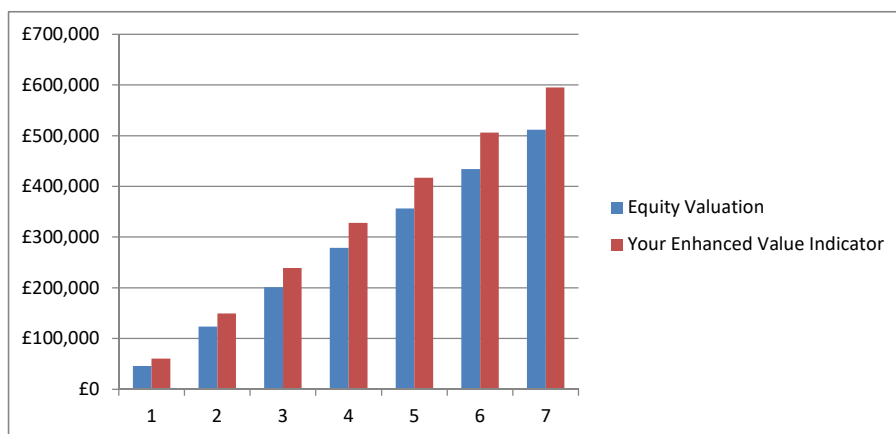
Current Business Value Indicator							
Weighted Average EBITDA	£77,682	£0	£77,682				
Expected Business Value	£0						
EBITDA Multiple	1	2	3	4	5	6	7
EBITDA Basic Valuation	£77,682	£155,364	£233,046	£310,728	£388,410	£466,092	£543,774
Less total debt	£31,637	£31,637	£31,637	£31,637	£31,637	£31,637	£31,637
Equity Valuation	£46,045	£123,727	£201,409	£279,091	£356,773	£434,455	£512,137
Actual Equity	£37,196	£37,196	£37,196	£37,196	£37,196	£37,196	£37,196

Your Value Improvement

Your Impact of One Value Uplift	1	2	3	4	5	6	7
Price Increase	£5,182	£10,365	£15,547	£20,729	£25,912	£31,094	£36,276
Volume Increase	£1,910	£3,821	£5,731	£7,641	£9,552	£11,462	£13,372
CoGS reduction	£3,248	£6,497	£9,745	£12,994	£16,242	£19,491	£22,739
Overheads reduction	£1,043	£2,085	£3,128	£4,171	£5,214	£6,256	£7,299
Profit Impact on Valuation	£11,384	£22,768	£34,151	£45,535	£56,919	£68,303	£79,686
Debtors days reduction	£1,420	£1,420	£1,420	£1,420	£1,420	£1,420	£1,420
Reduction in WIP days	£890	£890	£890	£890	£890	£890	£890
Increase in creditors days	£890	£890	£890	£890	£890	£890	£890
Cash Impact on Valuation	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200
Your Impact of One value uplift	£14,584	£25,967	£37,351	£48,735	£60,119	£71,502	£82,886

Your Business Value Improvement

Your Enhanced Value Indicator							
EBITDA Multiple	1	2	3	4	5	6	7
Equity Valuation	£46,045	£123,727	£201,409	£279,091	£356,773	£434,455	£512,137
Your Impact of One value uplift	£14,584	£25,967	£37,351	£48,735	£60,119	£71,502	£82,886
Your Enhanced Value Indicator	£60,629	£149,694	£238,760	£327,826	£416,892	£505,957	£595,023



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Your Sustainable Growth

Your Sustainable Growth Indicator

