

written exam comes from here (4-6/30)



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Accounting, Finance & Control

Short Exercises on Accounting-based Indicators

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EXERCISE 1

You are trying to calculate ROE of Wind Ltd for 2018, but you do not have access to the complete Financial Statements. You were able to gather just the following information:

- **Total Assets = 150 mln €**
- **Total Liabilities = 70 mln €**
- **Asset Turnover Ratio (ATR) = 2**
- **Effective tax rate = 35%**
- **CAPEX Coverage = 0.5**
- **Net Profit Margin (NPM) = 10%**



EXERCISE 1

- Total Assets = 150 mln €
- Total Liabilities = 70 mln €
- Asset Turnover Ratio (ATR) = 2
- Effective tax rate = 35%
- CAPEX Coverage = 0.5
- Net Profit Margin (NPM) = 10%

$$ROE = \frac{NET\ PROFIT}{EQUITY} \rightarrow ROE = \frac{30}{80} = 37.5\%$$

$$EQUITY = ASSETS - LIABILITIES = 150 - 70 = 80 \text{ mln€}$$

$$ATR = 2 = \frac{REVENUES}{ASSETS} = \frac{REVENUES}{150} \quad REVENUES = 300 \text{ mln€}$$

$$NPM = 0.1 = \frac{NET\ PROFIT}{REVENUES} = \frac{NET\ PROFIT}{300} \quad NP = 30 \text{ mln€}$$



EXERCISE 2

**You are trying to calculate ROA for Company Alpha in 2019.
You do not have access to the complete Financial Statements,
but just to the following data:**

- **Total Assets = 150 mln€**
- **Total (Current and Non-Current) Liabilities = 80 mln€**
- **Asset Turnover Ratio (ATR) = 2**
- **Corporate tax rate = 35%**
- **Financial Revenues = 2 mln€**
- **Financial Expenses = 7 mln€**
- **ROE = 15%**



EXERCISE 2

- **Total Assets = 150 mln€**
- Total Liabilities = 80 mln€
- **Asset Turnover Ratio (ATR) = 2**
- Corporate tax rate = 35%
- Financial Revenues = 2 mln€
- Financial Expenses = 7 mln€
- ROE = 15%

$$ROA = \frac{EBIT}{ASSETS}$$

EBIT	
+ FIN REV	+ 2
- FIN EXP	- 7
EBT	
- TAXES	35% EBT
NET PROFIT	65% EBT

EXERCISE 2

- **Total Assets = 150 mln€**
- Total Liabilities = 80 mln€
- **Asset Turnover Ratio (ATR) = 2**
- Corporate tax rate = 35%
- Financial Revenues = 2 mln€
- Financial Expenses = 7 mln€
- ROE = 15%

$$ROE = 0.15 = \frac{NP}{EQUITY} = \frac{NP}{(150 - 80)} \quad \text{NET PROFIT} = 10.5 \text{ mln€}$$

$$\text{s (lower case)} \quad 65\% = \frac{NP}{EBT} = \frac{10.5}{EBT} \quad \text{EBT} = 16.15 \text{ mln€}$$

EBIT	21.15
+ FIN REV	+ 2
- FIN EXP	- 7
EBT	16.15
- TAXES	35% EBT
NET PROFIT	65% EBT

$$ROA = \frac{EBIT}{ASSETS}$$

$$ROA = \frac{21.15}{150} \simeq 14. \%$$

Assuming that only the Balance Sheet of the last fiscal year is available, which of the following accounting-based indicators can be computed?

ROE, Net Working
Capital, Quick Ratio

correct

ROE, Quick Ratio,
Asset Turnover Ratio

net profit in equity section!

equity: 1. share capital
2. reserves
3. net profit

ROE, Current Ratio,
CAPEX Coverage

Net Working Capital,
Days Sales
Outstanding, Equity

None of the above