**FAST**<sup>©</sup>

Finance and Accounting Simulation Tool



### FAST Workbook



### Start-up of Aquasail

### **FINANCING**

Aquasail's shareholders provide 14,000 to the company

→ Equity: 14,000

Financial institution grants a loan of 24,000

→ Bank Ioan: 24,000

### Conditions of the bank loan

Contractual term: 8 years

Repayments: 3,000 (per year, Dec. 31)

Interest: 10% (per year)

### **INVESTMENTS**

Aquasail invests in property, plant & equipment:

 $\rightarrow$  Land: 4,000

→ Buildings: 8,000

→ Machinery: 4,800

Depreciation table		
	Buildings	Machinery
Acquisition value	8,000	4,800
Expected lifetime	20 years	4 years
Annual depreciation	400	1,200
Quarterly depreciation	100	300



### Budget Aquasail

	Year 1	Year 2	
Budgeted costs			
Direct labour costs per boat	500		
Raw materials per boat	1,000	•••	
Services per quarter	800		
Depreciations per quarter	400		
Purchase of raw materials			
Quarter I (Q I)	4,000		
Quarter II (Q II)	6,000		
Quarter III (Q III)	4,000		
Quarter IV (Q IV)	4,000		
Payment terms suppliers	Year 1, QI & 0	QII : Cash on delivery	
(only for suppliers of raw materials;	Year 1, QIII & QIV - Year 2 : 1 quarter payment delay		
labour and services are always paid cash on delivery)			
Production schedule	4 boats/quarter	2 boats/quarter	
Sales price per boat	2,200		
Sales	Total sales : 11 boats	Total sales : boats	
Quarter I	4 boats	boats	
Quarter II	3 boats	boats	
Quarter III	2 boats	boats	
Quarter IV	2 boats	boats	
Payment terms customers	Year 1, Q I – Q III : Cash on delivery		
	Year 1, Q IV & Year 2 : 1 quarter payment delay		
Profit distribution	No dividend payments; all profits are retained		
Other changes in the second year		(extra debt repayment)	



### Cash Book Aquasail (Cash Flow Statement)

Cash inflow	Cash inflow		Cash outflow	
Description	Amount	Description	Amount	
Equity				·····
Bank debt				
		Land		·
		Buildings		
		Machinery		·
			L 	



### Balance Sheet Aquasail

Assets	5	Equity & Liabilities	
Cash		Equity Capital	
Total Assets		Total Equity & Liabilities	

Assets	1	Equity & Liabilitie	s
Cash		Equity Capital	
		Long term liabilities Bank debt	
Total Assets		Total Equity & Liabilities	

Assets	Equity & Liabilities	<b>i</b>
Land	 Equity Capital	
Buildings	 Сарітаі	
Machinery	 Long term liabilities Bank debt	
Cash		
Total Assets	 Total Equity & Liabilities	



### Cash Book (Cash Flow Statement) Aquasail YEAR 1

21,200

Cash at start

	Cash inflow	Cash outflow	Cash balance		
		R. M. Q1			
Quarter I		Labour			
Qua		Services			
	Sales Q1				
_					
=		R. M. Q2			
Quarter II		Labour			
Qua		Services			
	Sales Q2				
=		Labour			
Quarter III		Services			
đ	Sales Q3				
_					
ۃ >		R. M. Q3			
Quarter IV		Labour			
ਰੱ		Services			
	Cash at en	d			

### Cash Book Aquasail – 31/12 YEAR 1

Cash balance

Cash at end

Cash inflow	Cash outflow	Cash balance
	Interests	
	Repayment	
	Taxes	



### Profit & Loss Statement Aquasail – YEAR 1

### **Operating Revenues**

					l
	QI	Q II	Q III	QIV	
Sales					

### **Operating Costs**

	QI	Q =	Q III	QIV
Raw materials used				
Labour costs				
Services				
Depreciations				
Total cost of production				
+ / - Inventory changes finished goods	0	::	:	
Cost of goods sold				

Operating Profit (EBIT)	 	 	

FULL YEAR



### Profit & Loss Statement Aquasail – YEAR 1 (ctd.)

Operating Profit (EBIT)	
- Interest Costs	
Profit/Loss Before Tax	
- Taxes (40%)	
Profit/Loss After Tax	

### Balance Sheet Aquasail – 31/12 YEAR 1

Assets	Equity & Liabil	ities
Fixed Assets	 Shareholders' Equity	
Land	 Capital	
Buildings	 Retained profits	
Machinery		
Current Assets	 Liabilities	
Inventories	Long term debt	
- Raw materials	 Bank debt	
- Finished goods		
Accounts receivable	 Current debt	
Cash	 Bank debt	
	Accounts payable	
Total Assets	 Total Equity & Liabilities	



### Cash Book (Cash Flow Statement) Aquasail YEAR 2

		Cash at star	t (10,200 -9,000)	1,200	
	Cash inf	low	Cash outflow		Balance
	Sales Q4				
Quarter I			R. M. Q4		
Qua			Labour		<i>:::</i>
	l		Services		<del>:</del>
	Sales Q5		-		
er =	sales Q5		R. M. Q5		
Quarter II			Labour		
			Services		
<b>≡</b>	Sales Q6		-		
Quarter III			R. M. Q6		:
ð			Labour		
			Services		
>	Sales Q7				<u></u>
Quarter IV			R. M. Q7		
Qua			Labour		
	l		Services		
Cash at end					
Cash Book Aquasail – 31/12 YEAR 2					
		Cash balar	nce		
	Cash infl	ow	Cash outflow		Balance
			Interests		
			Taxes		
			Repayment		
		Cash at en	nd		



### Profit & Loss Statement Aquasail – YEAR 2

Operating Revenues				
	QI	QII	QIII	QIV
Sales				
	·	·		'
Operating Costs				
	QI	QII	Q III	QIV
Raw materials used				
Labour costs				
Services				
Depreciations				

Operating Profit (EBIT)
-------------------------

FULL YEAR

Total cost of production

+ / - Inventory changes finished goods

Cost of goods sold



### Profit & Loss Statement Aquasail – YEAR 2 (ctd.)

Operating Profit (EBIT)	
- Interest Costs	
Profit/Loss Before Tax	
- Taxes (40%)	
Profit/Loss After Tax	

### Balance Sheet Aquasail – 31/12 YEAR 2

Assets		Equity & Liabil	ities
Fixed Assets		Shareholders' Equity	
Land		Capital	
Buildings		Retained profits	
Machinery			
Current Assets	•••	Liabilities	•••
Inventories		Long term debt	
- Raw materials		Bank debt	
- Finished goods			
Accounts receivable		Current debt	
Cash		Bank debt	
		Accounts payable	
Total Assets		Total Equity & Liabilities	<b></b>



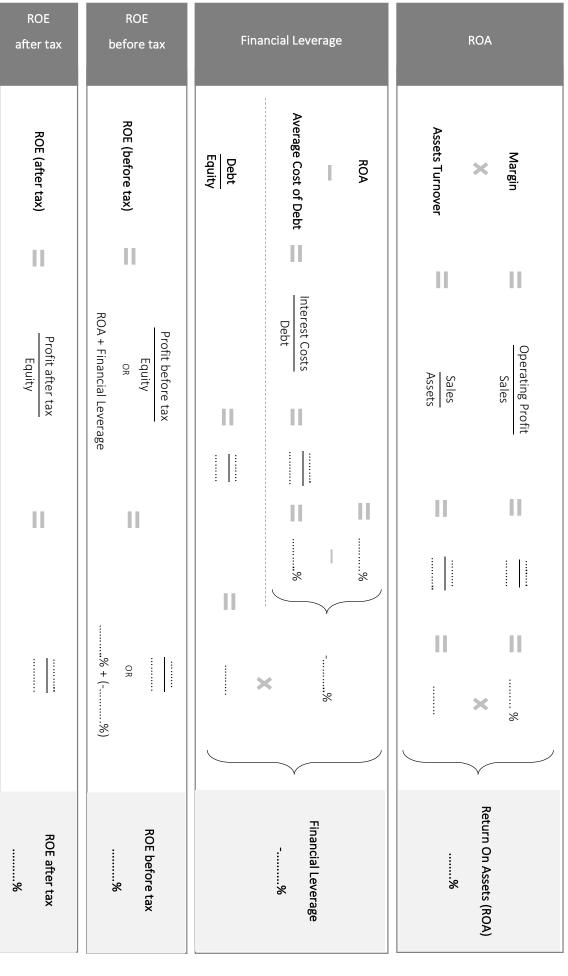
### Aquasail's Liquidity

Working Capital Requirement =  Accounts Receivable + Inventories - Accounts Payable	Working Capital = Current Assets - Current Debt	Acid Test = Accounts Receivable + Cash Current Debt	Current Ratio = Current Assets Current Debt	
+			=	Year 1
+		::   :: : : : : : : : : : : : : : : : :		Year 2

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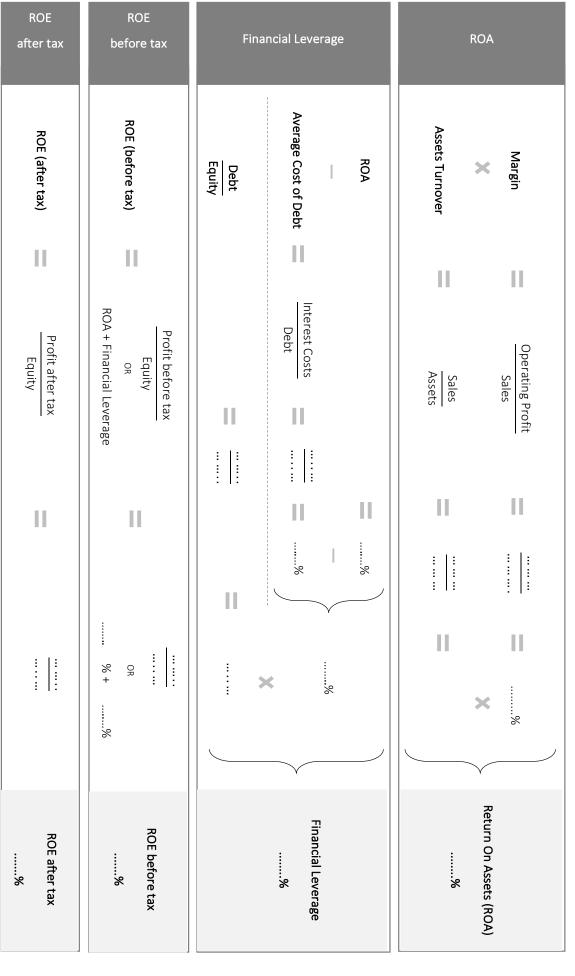
# Aquasail's Profitability — YEAR 1

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# Aquasail's Profitability – YEAR 2

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### Aquasail's Cash Flow

	Year 1	Year 2
Cash flow		
= Revenues – Cash costs		
= Profit (after tax) + Depreciations	= + =	=+ =

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## Aquasail's Solvency

Current Financial Debt Coverage =  Cash Flow  Current Financial Debt	Financial Debt Coverage =  Cash Flow Financial Debt	Debt Ratio =  Debt Assets	
=%	%	=%	Year 1
=%		=%	Year 2