# F&CA

Financial statements and ratios

# Outline

- Financial statements
  - Balance sheet
  - Income statement
  - Statement of cash flow

- Ratios
  - Liquidity
  - Asset management
  - Debt management
  - Profitability
  - Market value
  - Dupont analysis

# Financial statements

The manager's primary goal is to maximize the shareholder's wealth. As a consequence, the main objective is to bring the value of the company up. This value is usually based on the stream of cash flows the firm will generate in the future. But to make decisions to improve such an estimation, the manager must analyze past financial statements

**Annual Report**

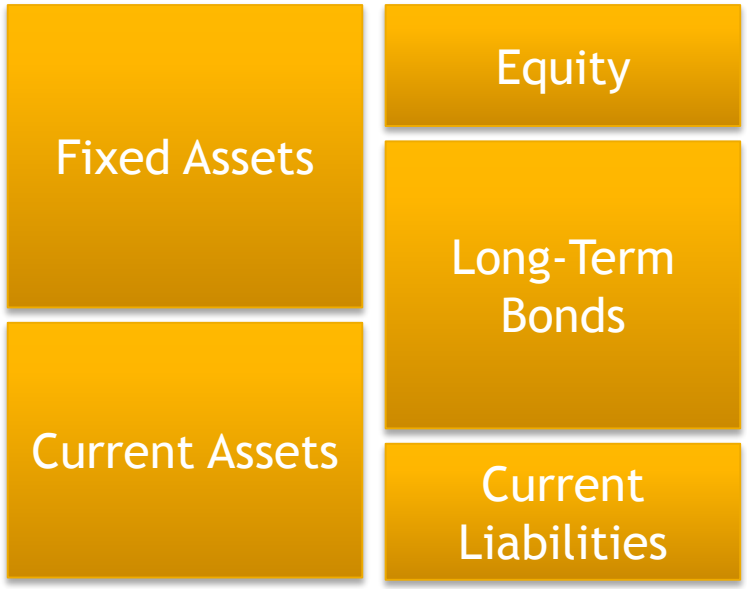
This is probably one of the most important reports in a corporation. This report includes: the balance sheet, the income statement and the statement of cash flows. These statements give an accounting picture of the firm's operations and financial positions.

# Financial Statements: Balance Sheet

The **Balance Sheet** represents snapshots of its financial position on the very last day of each year. Take into account that this picture changes daily as inventories are bought and sold, fixed assets are added or retired or financing activities (bank loans or investors capital calls) are increased or paid down.

in thousand ('000)

| | | | |
|---|---|---|---|
| | | Common Stock | 8.500 |
| | | Other (Reserves, etc) | 2.200 |
| Fixed Assets | 31.150 | Net Income | 400 |
| Acc. Depreciat. | 3.346 | **Equity** | **11.100** |
| **Net Fixed Assets** | **27.804** | | |
| | | **Liabilities (Debt, etc)** | **16.733** |
| Inventories | 492 | | |
| Receivables | 2.108 | Payables | 949 |
| Cash | 703 | Accruals | 2.325 |
| **Current Assets** | **3.303** | **Current Liabilities** | **3.274** |
| | | | |
| **Total Assets** | **31.107** | **Total Eq. & Liab.** | **31.107** |



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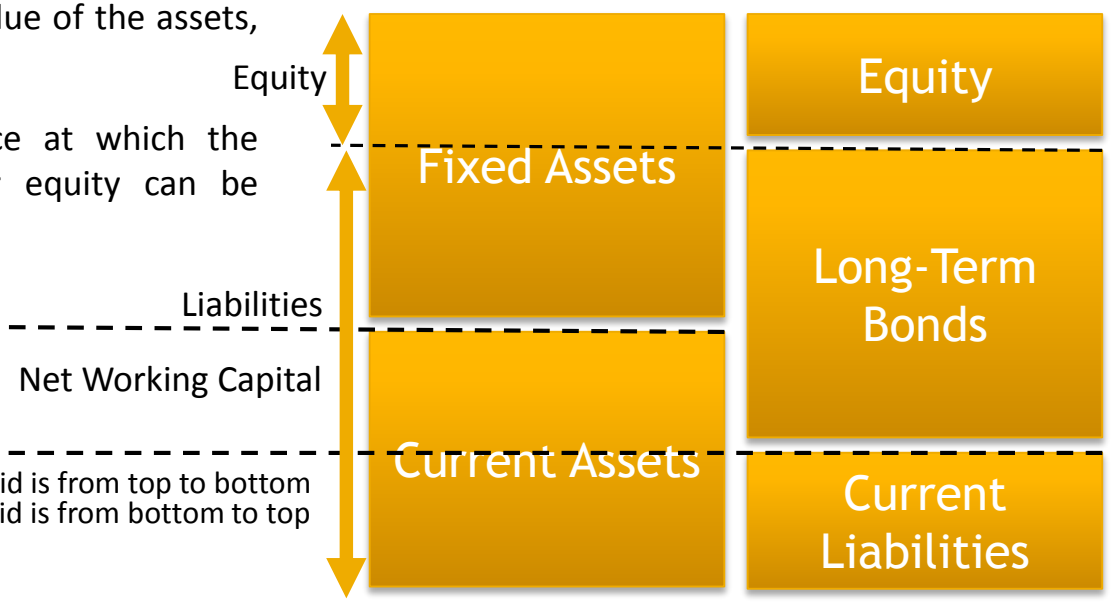
| | |
|---|---|
| **Net working capital** | Current Assets minus Current Liabilities (Usually positive for a healthy firm) |
| **Liquidity** | Speed and ease of conversion to cash without significant loss of value (avoids financial distress) |
| **Debt versus Equity** | Shareholders' equity = Assets – Liabilities |
| **Book value** | the balance sheet value of the assets, liabilities, and equity |
| **Market value** | true value; the price at which the assets, liabilities, or equity can be bought or sold |




**Spanish PGC**: increasing liquidity and when due to be paid is from top to bottom
**GAAP**: increasing liquidity and when due to be paid is from bottom to top

# Financial Statements: Income statement

The **Income Statement** (the writing or the "diary" within the Balance sheet) shows the financial performance of the company over a period of time (usually one year, even though it can be also prepared monthly or quarterly). This is NOT a snapshot. The Income Statement reflects performance DURING the period

**Income Statement Equation**: Net Income = Revenue - Expenses

Report revenues first and then deduct any expenses for the period

Top Line -- **Revenues**

Depreciation is one of the special accounts that will not require cash

**Expenses**

End result = **Net Income** = "Bottom Line"

Dividends paid to shareholders
Addition to retained earnings

Bottom Line -- **difference between revenues and expenses**

| in thousand ('000) | |
|---|---|
| Net Sales | 25.300 |
| COGS | 3.795 |
| **Gross Profits** | **21.505** |
| Fixed Costs | 18.600 |
| **EBITDA** | **2.905** |
| Depreciation | 1.246 |
| **EBIT** | **1.659** |
| Interests | 1.088 |
| **EBT** | **571** |
| Taxes | 171 |
| **Net Income** | **400** |
| Less: Preferred stock dividends | |
| **Net income available to common stockholders** | |

Operating Income

Financing and tax considerations

# Financial Statements: Income statement

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**Marginal vs. Average tax rates**

**Tax Liability on $4,000,000**

| Corporate Tax Rates Taxable Income Levels | | | | Taxable Income | Tax Liability |
|---|---|---|---|---|---|
| $ - | $ 50.000 | *15%* | $ 50.000 | $ 7.500 |
| $ 50.001 | $ 75.000 | *25%* | $ 25.000 | $ 6.250 |
| $ 75.001 | $ 100.000 | *34%* | $ 25.000 | $ 8.500 |
| $ 100.001 | $ 335.000 | *39%* | $ 235.000 | $ 91.650 |
| $ 335.001 | $ 10.000.000 | *34%* | $ 3.665.000 | $ 1.246.100 |
| $ 10.000.001 | $ 15.000.000 | *35%* | | |
| $ 15.000.001 | $ 18.333.333 | *38%* | | |
| $ 18.333.334 | - | *35%* | | |
| | | | **$ 4.000.000** | **$ 1.360.000** |

Average Rate = 34%
Marginal Rate = 34%

**Marginal**: % tax paid on the next dollar earned
**Average** – total tax bill / taxable income

If considering a project that will increase taxable income by $1 million, which tax rate should you use in your analysis?

| in thousand ('000) | |
|---|---|
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Operating Income

Financing and tax considerations

# Cash flow

**I. The cash flow identity**

Cash flow from assets = Cash flow to creditors (bondholders)
+ Cash flow to stockholders (owners)

**II. Cash flow from assets**

Cash flow from assets = Operating cash flow
− Net capital spending
− Change in net working capital (NWC)

where

Operating cash flow = Earnings before interest and taxes (EBIT)
+ Depreciation − Taxes

Net capital spending = Ending net fixed assets − Beginning net fixed assets
+ Depreciation

Change in NWC = Ending NWC − Beginning NWC

**III. Cash flow to creditors (bondholders)**

Cash flow to creditors = Interest paid − Net new borrowing

**IV. Cash flow to stockholders (owners)**

Cash flow to stockholders = Dividends paid − Net new equity raised

✓One of the most important pieces of information derived from financial statements

✓Our focus: how cash is generated from utilizing assets and how it is paid to those who finance the asset purchase.

**table 2.4** | **Statement of Cash Flows for DPH Tree Farm, Inc.**

**DPH TREE FARM, INC.**
**Statement of Cash Flows for Year Ending December 31, 2012**
**(in millions of dollars)**

| | 2012 |
|---|---|
| **A. Cash flows from operating activities** | |
| Net income | $90 |
| Additions (sources of cash): | |
| Depreciation | 13 |
| Increase in accrued wages and taxes | 5 |
| Increase in accounts payable | 5 |
| Subtractions (uses of cash): | |
| Increase in accounts receivable | −5 |
| Increase in inventory | −11 |
| Net cash flow from operating activities | $97 |
| **B. Cash flows from investing activities** | |
| Subtractions: | |
| Increase in fixed assets | −$68 |
| Increase in other long-term assets | 0 |
| Net cash flow from investing activities | −$68 |
| **C. Cash flows from financing activities** | |
| Additions: | |
| Increase in notes payable | $ 0 |
| Increase in long-term debt | 5 |
| Increase in common and preferred stock | 0 |
| Subtractions: | |
| Pay preferred stock dividends | −10 |
| Pay common stock dividends | −25 |
| Net cash flow from financing activities | −$30 |
| **D. Net change in cash and marketable securities** | −$ 1 |

# Example: cash-flow U.S. Corporation

| Balance Sheet | | | | | |
|---|---|---|---|---|---|
| Assets | | | Liabilities & Owners' Equity | | |
| | 2009 | 2010 | | 2009 | 2010 |
| Current Assets | | | Current Liabilities | | |
| Cash | $104 | $160 | Accounts Payable | $232 | $266 |
| Accounts Receivable | 455 | 688 | Notes Payable | 196 | 123 |
| Inventory | 553 | 555 | Total | $428 | $389 |
| Total | $1,112 | $1,403 | | | |
| Fixed Assets | | | | | |
| Net Fixed assets | $1,644 | $1,709 | Long-term debt | $408 | $454 |
| | | | Owners' equity | | |
| | | | Common stock and | | |
| | | | paid-in surplus | 600 | 640 |
| | | | Retained earnings | 1,320 | 1,629 |
| | | | Total | $1,920 | $2,269 |
| Total assets | $2,756 | $3,112 | Total Liabilties & Owners Equity | $2,756 | $3,112 |

| U.S. Corporation | | |
|---|---|---|
| Income Statement | | |
| Net sales | | $1,509 |
| Cost of goods sold | | 750 |
| Depreciation | | 65 |
| Earnings before interest and taxes | | $694 |
| Interest Paid | | 70 |
| Taxable income | | $624 |
| Taxes | | 212 |
| Net Income | | $412 |
| Dividends | $103 | |
| Addition to retained earnings | $309 | |

- **CFFA = OCF – NCS - ΔNWC**

  OCF = EBIT + depreciation – taxes

  = $694 + 65 – 212 = **$547**

  NCS = ending net FA– beginning net FA + depreciation

  = $1709 – 1644 + 65 = **$130**

  ΔNWC = ending NWC – beginning NWC

  = ($1403 – 389) – ($1112 – 428) = **$330**
- **CFFA = 547 – 130 – 330 = $87**

# Example: cash-flow U.S. Corporation

| U.S. Corporation | | | | | |
|---|---|---|---|---|---|
| Balance Sheet | | | | | |
| Assets | | | Liabiities & Owners' Equity | | |
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- **CFFA = CF/CR + CF/SH**

  CF/CR = interest paid – net new borrowing

  = $70 – ($454 – 408) = **$24**

  CF/SH = dividends paid – net new equity

  = $103 – ($640 – 600) = **$63**

- **CFFA = $24 + $63 = $87**

# Outline

- Financial statements
  - Balance sheet
  - Income statement
  - Statement of cash flow
  - Statement of retained earnings

- Ratios
  - Liquidity
  - Asset management
  - Debt management
  - Profitability
  - Market value
  - Dupont analysis

# Ratios

## Some considerations

**Why using ratios?**

- Internal uses
  - Performance evaluation – compensation and comparison between divisions
  - Planning for the future – guide in estimating future cash flows
- External uses
  - Creditors
  - Suppliers
  - Customers
  - Stockholders

**Problems using ratios**

Conglomerates
No readily available comparables
Global competitors
Different accounting procedures
Different fiscal year ends
Differences in capital structure
Seasonal variations and one-time events

**Benchmarking**

Ratios need to be compared to something
Time-Trend Analysis
How the firm's performance is changing through time
Internal and external uses
Peer Group Analysis
Compare to similar companies or within industries

# Standardized Financial Statements

- Common-Size Balance Sheets: All accounts = percent of total assets (%TA)
- Common-Size Income Statements: All line items = percent of sales or revenue (%SLS)
- Standardized statements are useful for:
  - Comparing financial information year-to-year
  - Comparing companies of different sizes, particularly within the same industry

**Ratio analysis:**

✓Allow for better comparison through time or between companies

✓Used both internally and externally

✓For each ratio, ask yourself:

What the ratio is trying to measure

Why that information is important

# Categories of Financial Ratios

- Liquidity ratios or Short-term solvency: Relationship between firm's liquid (current) assets and current liabilities
- Financial leverage ratios or Long-term solvency ratios: Measure how much debt (financial leverage) versus equity a firm uses to finance assets
- Asset management or Turnover ratios: Measure efficiency of firm's asset use (Inventory, Accounts receivable, Fixed assets, Accounts payable management)
- Profitability ratios: Show the combined effect of liquidity, asset management and debt management on firm's operating results
  - Closely monitored by investors
  - Stock prices react very quickly to unexpected changes in these ratios
- Market value ratios: Reflect what investors think of the company's future performance and risk

# The most common financial ratios

**TABLE 3.5** **Common financial ratios**

**I. Short-term solvency, or liquidity, ratios**

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$$

$$\text{Cash ratio} = \frac{\text{Cash}}{\text{Current liabilities}}$$

**II. Long-term solvency, or financial leverage, ratios**

$$\text{Total debt ratio} = \frac{\text{Total assets} - \text{Total equity}}{\text{Total assets}}$$

$$\text{Debt-equity ratio} = \text{Total debt} / \text{Total equity}$$

$$\text{Equity multiplier} = \text{Total assets} / \text{Total equity}$$

$$\text{Times interest earned ratio} = \frac{\text{EBIT}}{\text{Interest}}$$

$$\text{Cash coverage ratio} = \frac{\text{EBIT} + \text{Depreciation}}{\text{Interest}}$$

**III. Asset utilization, or turnover, ratios**

$$\text{Inventory turnover} = \frac{\text{Cost of goods sold}}{\text{Inventory}}$$

$$\text{Days' sales in inventory} = \frac{365 \text{ days}}{\text{Inventory turnover}}$$

$$\text{Receivables turnover} = \frac{\text{Sales}}{\text{Accounts receivable}}$$

$$\text{Payables turnover} = \frac{\text{Cost of goods sold}}{\text{Accounts payable}}$$

$$\text{Days' sales in receivables} = \frac{365 \text{ days}}{\text{Receivables turnover}}$$

$$\text{Days' costs in payables} = \frac{365 \text{ days}}{\text{Payables turnover}}$$

$$\text{Total asset turnover} = \frac{\text{Sales}}{\text{Total assets}}$$

$$\text{Capital intensity} = \frac{\text{Total assets}}{\text{Sales}}$$

**IV. Profitability ratios**

$$\text{Profit margin} = \frac{\text{Net Income}}{\text{Sales}}$$

$$\text{Return on assets (ROA)} = \frac{\text{Net income}}{\text{Total assets}}$$

$$\text{Return on equity (ROE)} = \frac{\text{Net income}}{\text{Total equity}}$$

$$\text{ROE} = \frac{\text{Net income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} \times \frac{\text{Assets}}{\text{Equity}}$$

**V. Market value ratios**

$$\text{Price-earnings ratio} = \frac{\text{Price per share}}{\text{Earnings per share}}$$

$$\text{Price-sales ratio} = \frac{\text{Price per share}}{\text{Sales per share}}$$

$$\text{Market-to-book ratio} = \frac{\text{Market value per share}}{\text{Book value per share}}$$

$$\text{EBITDA ratio} = \frac{\text{Enterprise value}}{\text{EBITDA}}$$

# Liquidity ratios

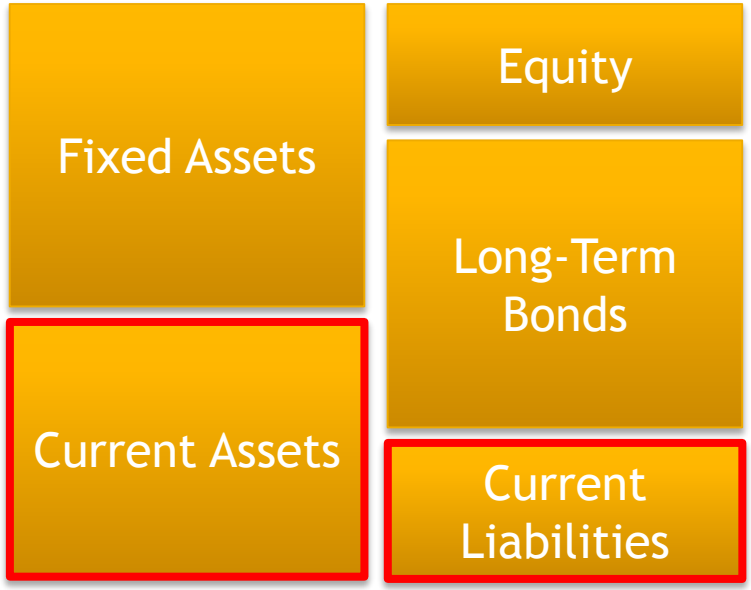
There are only two ways of dying for a company:

1. **Bankruptcy Chapter**: equity below 50% of the share Capital (announced and slow death)
2. **Default** (sudden death is difficult to detect)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} > 1$$

## The Current Ratio

**Liquidity ratios** raise a red flag whenever there's danger of **default**



# Liquidity ratios

There are only two ways of dying for a company:

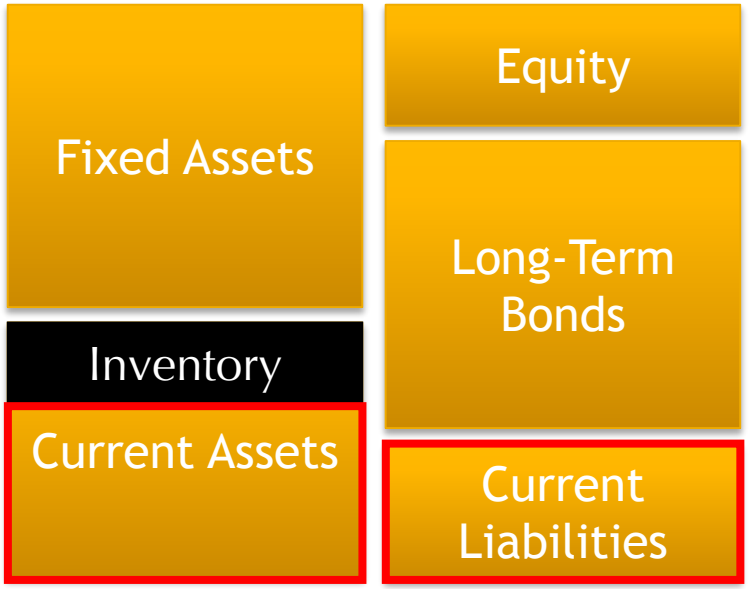
1. **Bankruptcy Chapter**: equity below 50% of the share Capital (announced and slow death)
2. **Default** (sudden death is difficult to detect)

$$\text{Acid Test Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

…again, we compare it to 1

Quick or Acid Test

**Liquidity ratios** raise a red flag whenever there's danger of **default**



There are only two ways of dying for a company:

1. **Bankruptcy Chapter**: equity below 50% of the share Capital (announced and slow death)
2. **Default** (sudden death is difficult to detect)

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

…again, we compare it to 1

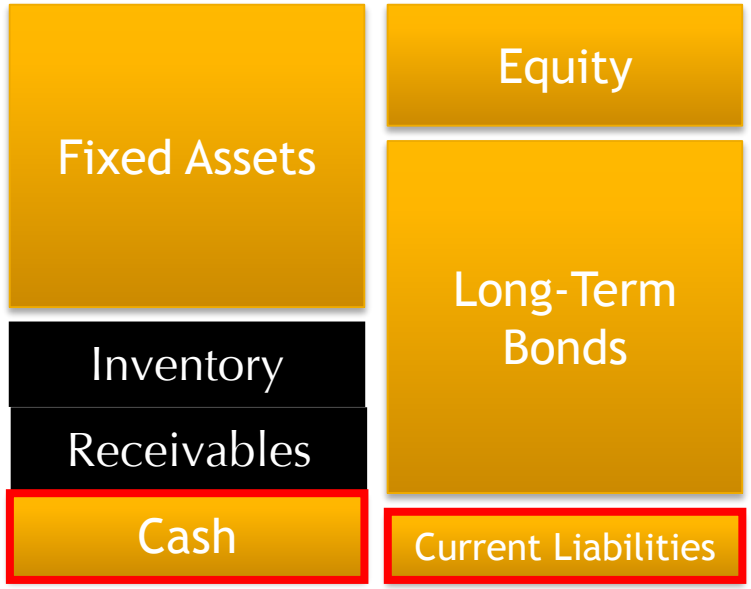
**Liquidity ratios** raise a red flag whenever there's danger of **default**

This situation would be AWESOME

# Outline



Cash Ratio

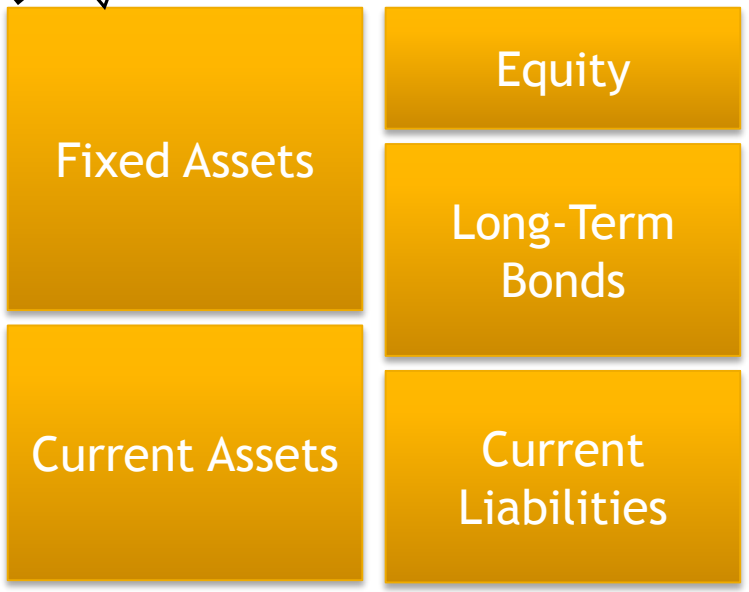


# Asset management ratios

Left-side Balance Sheet Ratios
These ratios explain how managers manage this

… and **how many times** a year they **turn it over** into this

Net Sales
COGS
**Gross Profits**
Fixed Costs
**EBITDA**
Depreciation
**EBIT**
Interests
**EBT**
Taxes
**Net Income**



$$\text{Inventory Turnover} = \frac{\text{COGS}}{\text{Inventories}}$$

$$\text{Payables Turnover} = \frac{\text{COGS}}{\text{Payables}}$$

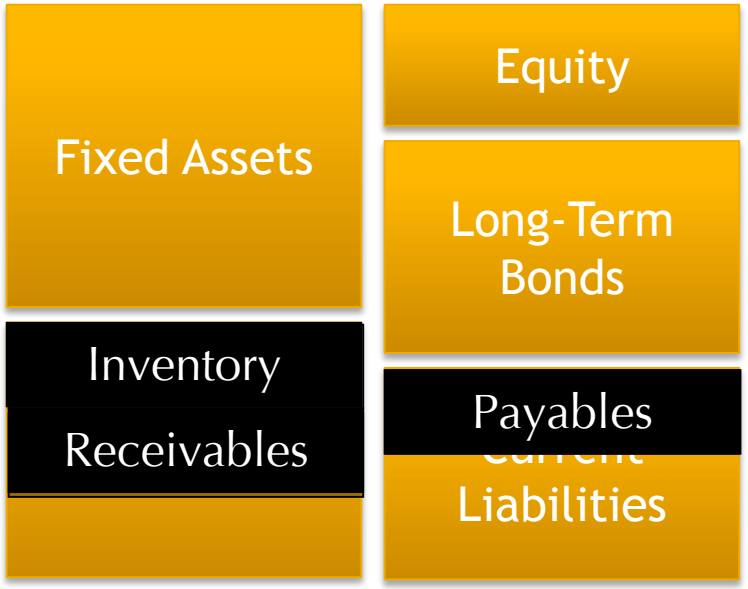
$$\text{Receivables Turnover} = \frac{\text{Sales}}{\text{Receivables}}$$

$$\text{Fixed Assets Turnover} = \frac{\text{Sales}}{\text{Net Fixed Assets}}$$

$$\text{Total Assets Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

# Asset management ratios

Net Sales
COGS
**Gross Profits**
Fixed Costs
**EBITDA**
Depreciation
**EBIT**
Interests
**EBT**
Taxes
**Net Income**



$$\text{Days of Sales Outstanding} = \frac{\text{Receivables}}{\text{Annual Sales}/365}$$

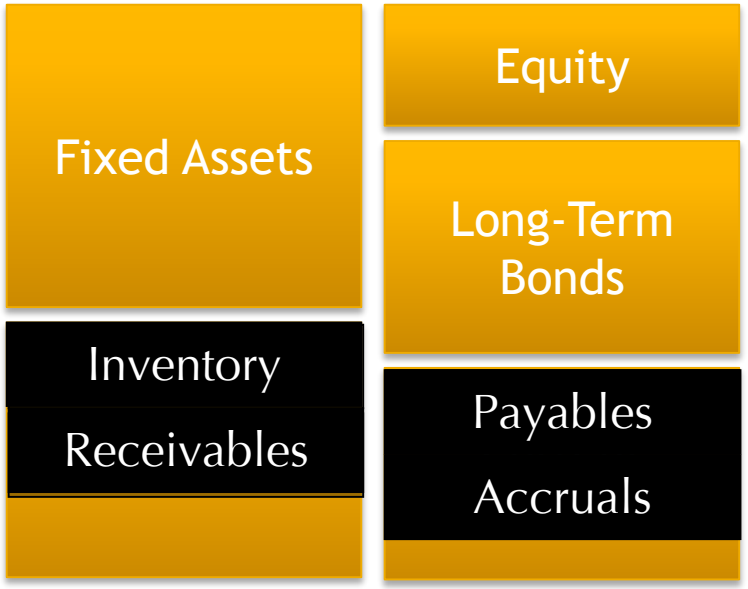
$$\text{Days of Sales in Inventories} = \frac{\text{Inventory}}{\text{Annual COGS}/365}$$

$$\text{Days' costs in Payables} = \frac{\text{Payables}}{\text{Annual COGS}/365}$$

$$\text{Days to Pay Accruals} = \frac{\text{Accruals}}{\text{Annual Fixed Costs}/365}$$

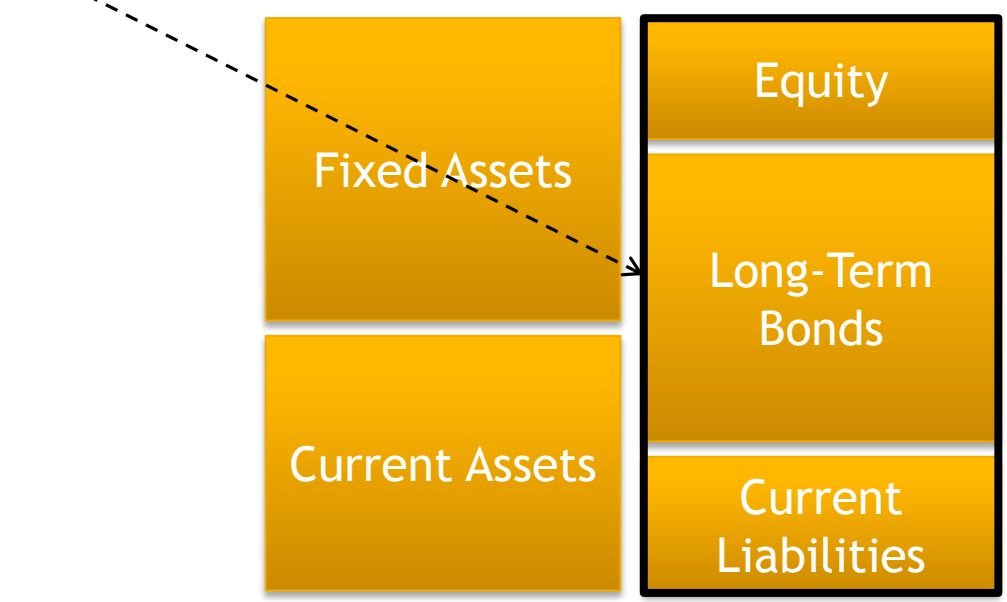
# Asset management ratios

Net Sales
COGS
**Gross Profits**
Fixed Costs
**EBITDA**
Depreciation
**EBIT**
Interests
**EBT**
Taxes
**Net Income**



# Debt management

Right-side Balance Sheet Ratios
These ratios explain how managers manage this

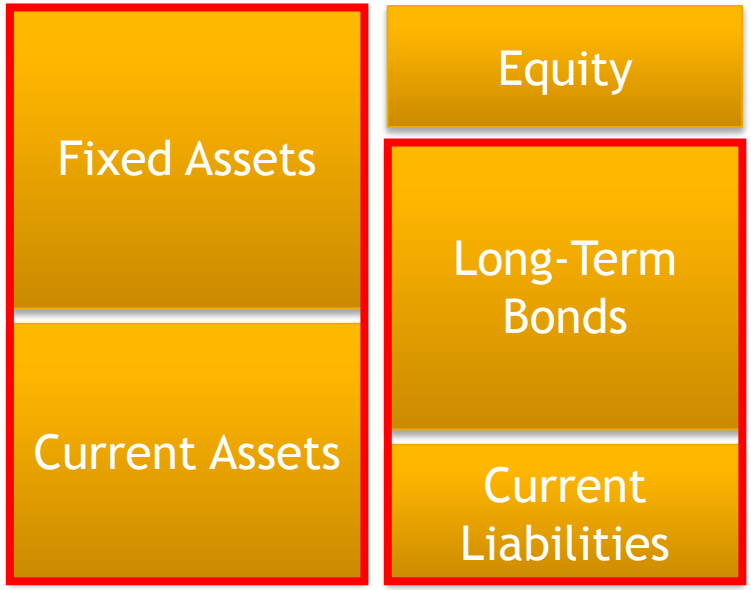


$$\text{Total Debt Ratio} = \frac{\text{Total Assets} - \text{Equity}}{\text{Total Assets}} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

# Debt management

## Total Debt or Leverage Ratio

…famous 70%-30% or 60%-40%

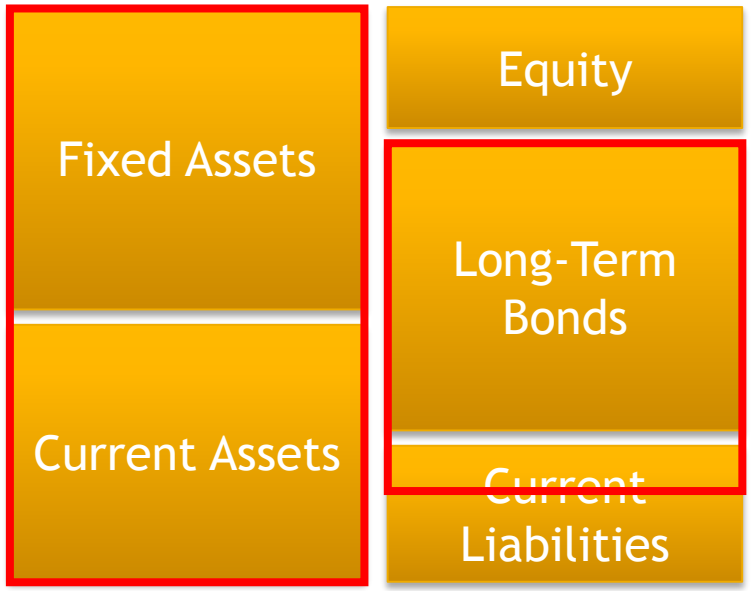


$$\text{Credit Ratio} = \frac{\text{Long term Debt} + \text{Short term Debt}}{\text{Total Assets}}$$

# Debt management

…famous 70%-30% or 60%-40%

Credit Ratio



# Debt management

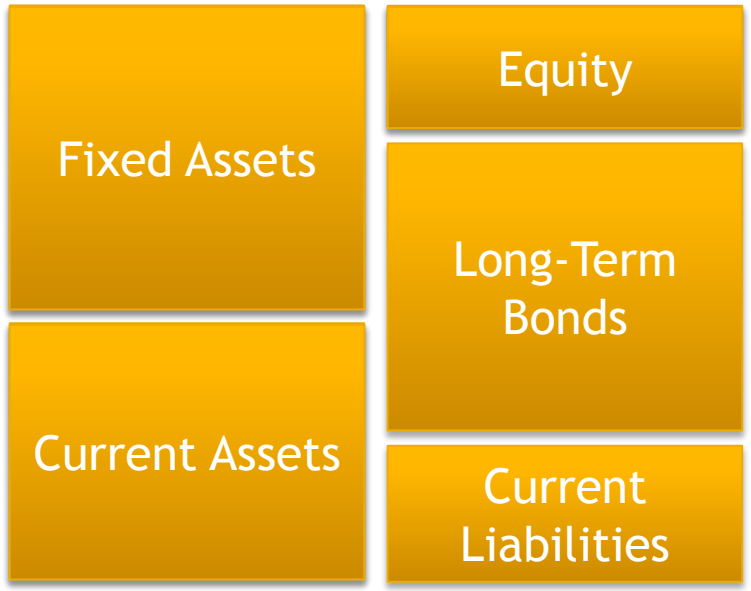
$$\text{Equity Multiplier} = \frac{\text{Total Assets}}{\text{Equity}}$$

$$\text{Capital Intensity} = \frac{\text{Equity}}{\text{Total Assets}}$$

If the Multiplier increases, it means that the Equity becomes smaller when compared to Total Assets…

…which means that Debt is bigger…

…therefore, this ratio is similar to Leverage Ratio (Total Debt Ratio)



# Profitability

$$\frac{\text{Net Income}}{\text{Fixed Assets} + \text{Current Assets}} = \frac{\text{Net Income}}{\cancel{\text{Net Sales}}} \times \frac{\cancel{\text{Net Sales}}}{\text{Fixed Assets} + \text{Current Assets}}$$

| |
|---|
| Net Sales |
| COGS |
| **Gross Profits** |
| Fixed Costs |
| **EBITDA** |
| Depreciation |
| **EBIT** |
| Interests |
| **EBT** |
| Taxes |
| Net Income |

Profit Margin X Total Asset Turnover

R.O.A.

$$\text{Return On Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

R.O.A.

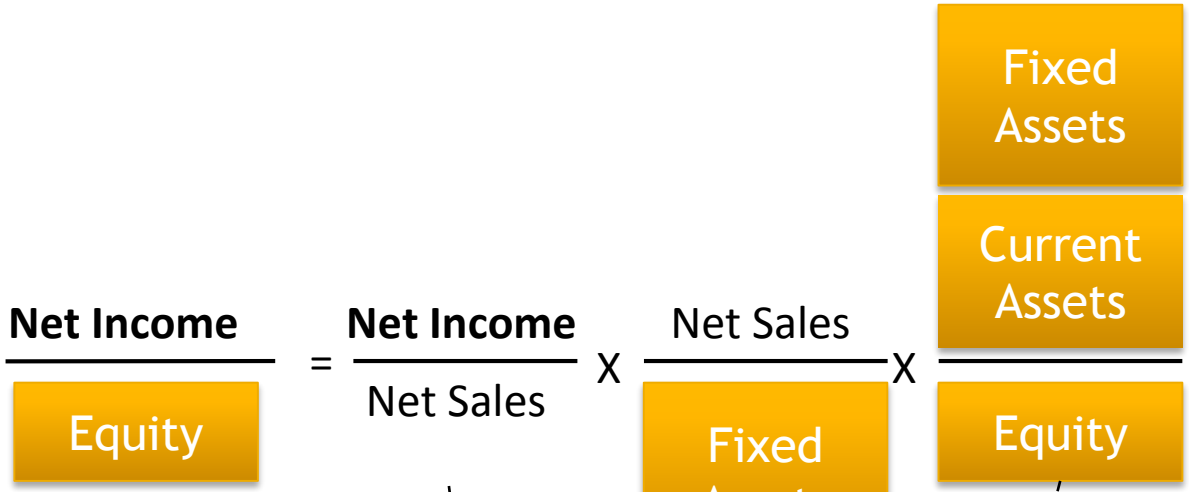
Fixed Assets + Current Assets

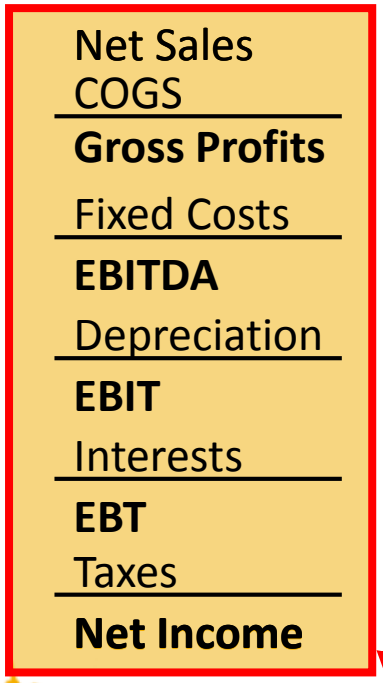
Equity + Long-Term Bonds + Current Liabilities

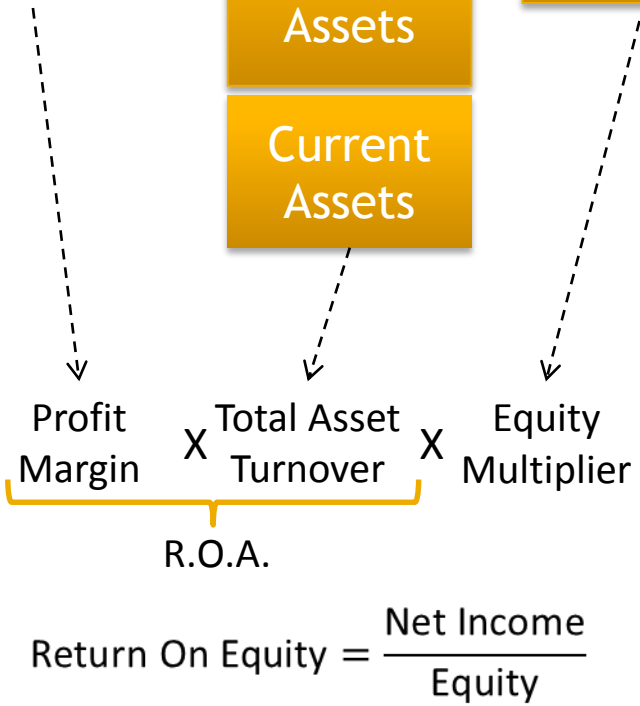
# Using the Dupont identity

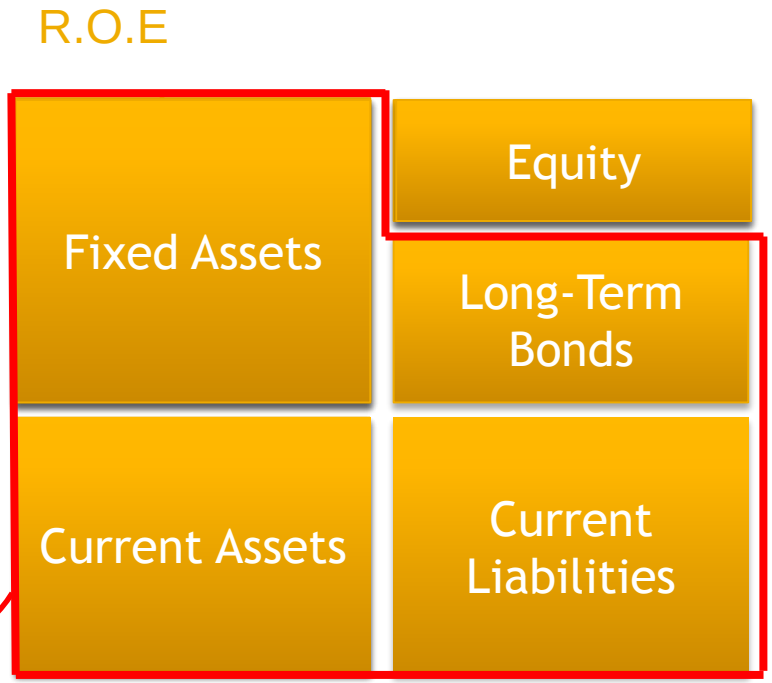
- **ROE = PM * TAT * EM**
  - **Profit margin**
    - Measures firm's operating efficiency
    - How well does it control costs
  - **Total asset turnover**
    - Measures the firm's asset use efficiency
    - How well does it manage its assets
  - **Equity multiplier**
    - Measures the firm's financial leverage
    - EM = TA / TE = 1 + D/E ratio

# Dupont analysis



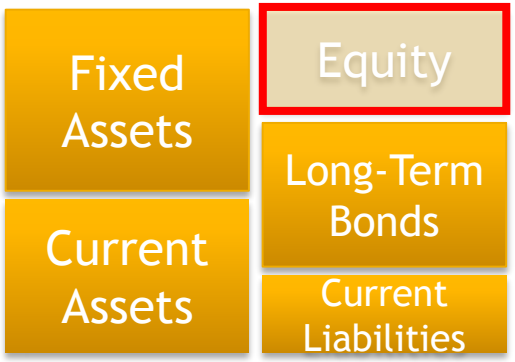




The **book value** of a company is the Equity Value in the Balance Sheet

…but the book value is the COST value of assets (under GAAP), and therefore, it does not record the increase in value over time (e.g. trade-mark)…

…so the REAL value in the **market** is usually higher

Market-to-Book Ratio



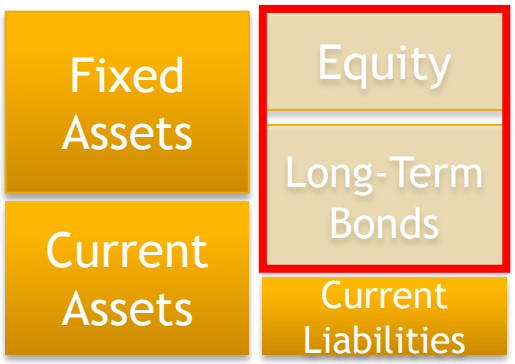

# Market value

The **Enterprise Value** is the total value for both, shareholders and bondholders

The **EBITDA ratio** establishes the relationship between Value and Performance

| in thousand ('000) | |
|---|---|
| Net Sales | 25.300 |
| COGS | 3.795 |
| **Gross Profits** | **21.505** |
| Fixed Costs | 18.600 |
| **EBITDA** | **2.905** |
| Depreciation | 1.246 |
| **EBIT** | **1.659** |
| Interests | 1.088 |
| **EBT** | **571** |
| Taxes | 171 |
| **Net Income** | **400** |

EBITDA Ratio





# Market value

# Market value

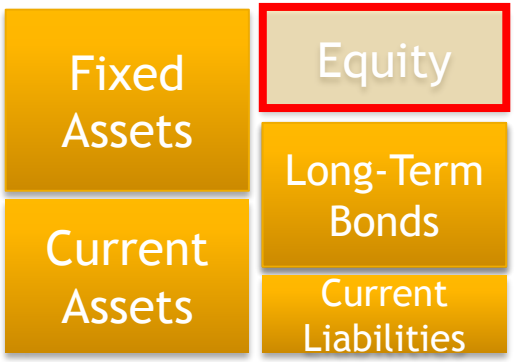
The **Equity Value** is the total value for shareholders

The **Price-Earnings ratio** also establishes the relationship between Value and Performance

This ratio is usually calculated per-share first (divided by the number of shares outstanding)

## Price-Earnings Ratio

| in thousand ('000) | |
|---|---|
| Net Sales | 25.300 |
| COGS | 3.795 |
| **Gross Profits** | **21.505** |
| Fixed Costs | 18.600 |
| **EBITDA** | **2.905** |
| Depreciation | 1.246 |
| **EBIT** | **1.659** |
| Interests | 1.088 |
| **EBT** | **571** |
| Taxes | 171 |
| **Net Income** | **400** |




The **Equity Value** is the total value for shareholders

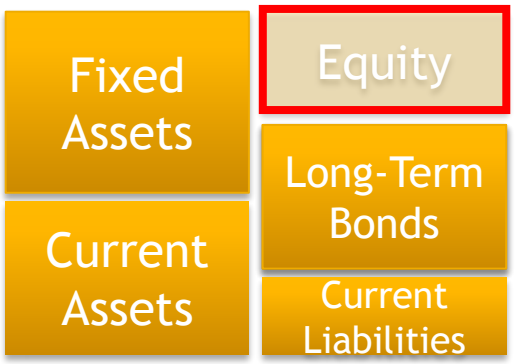
The **Price-sales ratio** also establishes the relationship between Value and Performance

This ratio is usually calculated per-share first (divided by the number of shares outstanding)

# Market value

## Price-Sales Ratio

| in thousand ('000) | |
|---|---|
| Net Sales | 25.300 |
| COGS | 3.795 |
| **Gross Profits** | **21.505** |
| Fixed Costs | 18.600 |
| **EBITDA** | **2.905** |
| Depreciation | 1.246 |
| **EBIT** | **1.659** |
| Interests | 1.088 |
| **EBT** | **571** |
| Taxes | 171 |
| **Net Income** | **400** |




# ANNEX

# Dole Cola Example

| DOLE COLA | | |
|---|---|---|
| 2014 Income Statement | | |
| Net sales | | $ 600 |
| Cost of goods sold | | $ 300 |
| Depreciation | | $ 150 |
| EBIT | | $ 150 |
| Interest paid | | $ 30 |
| Taxable income | | $ 120 |
| Taxes | | $ 41 |
| Net income | | $ 79 |
| | | |
| Dividends | $ 30 | |
| Addtion to retained earnings | $ 49 | |

# Dole Cola
# Operating Cash Flow

| DOLE COLA | | |
|---|---|---|
| 2014 Income Statement | | |
| Net sales | | $ 600 |
| Cost of goods sold | | $ 300 |
| Depreciation | | $ 150 |
| EBIT | | $ 150 |
| Interest paid | | $ 30 |
| Taxable income | | $ 120 |
| Taxes | | $ 41 |
| Net income | | $ 79 |
| | | |
| Dividends | $ 30 | |
| Addtion to retained earnings | $ 49 | |

| DOLE COLA | | |
|---|---|---|
| 2014 Operating Cash Flow | | |
| EBIT | | $ 150 |
| + Depreciation | | $ 150 |
| - Taxes | | $ 41 |
| | | $ 259 |

# Dole Cola
# Net Capital Spending & Change in Net Working Capital

| DOLE COLA | | |
|---|---|---|
| 2014 Net Capital Spending | | |
| Ending Net Fixed Assets | | $ 750 |
| - Beginning Net Fixed Assets | | $ 500 |
| + Depreciation | | $ 150 |
| | | $ 400 |

| DOLE COLA | | |
|---|---|---|
| 2014 Change in Net Working Capital | | |
| 2014 Current Assets | $2,260.0 | |
| 2014 Current Liabilities | $1,710.0 | |
| 2014 Net Working Capital | | $ 550 |
| 2013 Current Assets | $2,130.0 | |
| 2013 Current Liabilities | $1,620.0 | |
| 2013 Net Working Capital | | $ 510 |
| Change in Net Working Capital | | $ 40 |

# Dole Cola
# Cash Flow from Assets

| DOLE COLA | | |
|---|---|---|
| 2014 Cash Flow from Assets | | |
| Operating Cash Flow | | $ 259 |
| - Net Capital Spending | | $ 400 |
| - Change in Net Working Capital | | $ 40 |
| | | $ (181) |

# Dole Cola
# CFFA – Option 2

| DOLE COLA | | |
|---|---|---|
| 2014 Income Statement | | |
| Net sales | | $ 600 |
| Cost of goods sold | | $ 300 |
| Depreciation | | $ 150 |
| EBIT | | $ 150 |
| Interest paid | | $ 30 |
| Taxable income | | $ 120 |
| Taxes | | $ 41 |
| Net income | | $ 79 |
| | | |
| Dividends | $ 30 | |
| Addtion to retained earnings | $ 49 | |

| DOLE COLA | |
|---|---|
| 2014 Cash Flow from Assets | |
| Operating Cash Flow | $ 259 |
| - Net Capital Spending | $ 400 |
| - Change in Net Working Capital | $ 40 |
| | $ (181) |

# Dole Cola
# Cash Flow to Stockholders & Creditors

| DOLE COLA | |
|---|---|
| 2014 Cash Flow to Creditors | |
| Cash Flow from Assets | $ (181) |
| = CF to stockholders | $ 30 |
| + CF to creditors | ??? |

| DOLE COLA | |
|---|---|
| 2014 Cash Flow to Creditors | |
| Interest Paid | |
| - Net New Borrowing | ??? |

# Dole Cola
# Cash Flow to Creditors

| DOLE COLA | | | |
|---|---|---|---|
| 2014 Cash Flow to Creditors | | | |
| Interest Paid | | $ | 30 |
| - Net New Borrowing | ??? | $ | (241) |
| | | $ | (211) |