

- * I have provided a simple DCF Model for this exercise
- * Basic Discounted Cash Flow Model Exercise.xls
- * The image is also available as an image file

Year End	December								
rear Cnd	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	2019	2020	2021	2022	2023	2024	2025	2026	
Growth Assumption									
Forecast EBT									
Plus									
Depreciation			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
Interest Expense			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
TBC									
TBC									
TBC Total			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
TOTAL			20.00	20.00	20.00	20.00	20.00	20.00	
Less									
Capitalised Items									
Exceptional Items									
TBC									
TBC									
TBC TBC									
100									
Cash Flow before Interest and Taxes (A)			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
Income Tax (B)									
30%			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
Cash Flow before Interest and After Tax (A-B)			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
Sust in the service interest and rater last (A-D)			20.00	20.00	20.00	20.00	20.00	20.00	
Sustaining Capital Expenditure									
Tax Shield on Sustaining Capex									
Working Capital Investment									
Discontinuos Control Standard Control					85.00	85.00			
Discretionary Cash Flow from Operations, before Interest and After Taxes			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
High Value	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	2019	2020	2021	2022	2023			2026	
Discount Rate	0.00%			1	2	3	4	5	
Bi					50.00			55.55	
Discretionary Cash Flow from Operations, before Interest and After Taxes				£0.00	£0.00	£0.00	£0.00	£0.00	
Discount Factor				100%	100%	100%	100%	100%	
Discounted Cash Flow				£0.00	£0.00	£0.00	£0.00	£0.00	
								£0.00	
Low Value									
Discount Rate	0.00%			1	2	3	4	5	
arrangement receive	0.0010							-	
Discretionary Cash Flow from Operations, before				£0.00	£0.00	£0.00	£0.00	£0.00	
Interest and After Taxes				4000	4000	4000	4000	4000	
Discount Factor				100%	100%	100%	100%	100%	
Discounted Cash Flow				£0.00	£0.00	£0.00	£0.00	£0.00	
								£0.00	
Terminal Value		Low		High					
Cash Flow before Interest and Tax	Yr 5	£0.00		£0.00					
waster to the service interest and tak		20.00		20.00					
Income Tax on Forecast EBIT		£0.00		£0.00					
Cash flow before interest and after taxes		£0.00		£0.00					
Less: Sustaining capital expenditures									
Tax shield on sustaining capital expenditures									
Discretionary cash flow before interest and after taxes		£0.00		£0.00					
		20.00		20.00					
Capitalization multiple									
Capitalized discretionary cash flow		£0.00		£0.00					
before interest and after taxes									
Discounted value of tax shield on the unamortized cost of capital									
Discounted value of tax shield on the unamortized cost of capital				£0.00					
		£0.00							
unamortized cost of capital Value as at:									
unamortized cost of capital		£0.00		100%					
unamortized cost of capital Value as at: Discounted factor		100%							
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date		100% £0.00		€0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date		100% £0.00 £0.00		£0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow		100% £0.00		€0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow		100% £0.00 £0.00 Low		£0.00 £0.00 High					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow Total DCF Value		100% £0.00 £0.00 Low £0.00		£0.00 £0.00 High £0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow		100% £0.00 £0.00 Low		£0.00 £0.00 High					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow Total DCF Value Cost of Equity		100% £0.00 £0.00 Low £0.00		£0.00 £0.00 High £0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow Total DCF Value Cost of Equity LT Treasury Bonds (Risk Free Rate)		100% £0.00 £0.00 Low £0.00		£0.00 £0.00 High £0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow Total DCF Value Cost of Equity LT Treasury Bonds (Risk Free Rate) Equity Risk Premium		100% £0.00 £0.00 Low £0.00		£0.00 £0.00 High £0.00					
unamortized cost of capital Value as at: Discounted factor Residual value as at the Valuation Date Plus Cash Flow Total DCF Value Cost of Equity LT Treasury Bonds (Risk Free Rate)		100% £0.00 £0.00 Low £0.00		£0.00 £0.00 High £0.00					

- * The cells highlighted in green are the input cells for the model
- * The values for these cells are provided in the second spreadsheet
- * DCF Model Exercise Inputs.xls

DCF Valuation								
Year End	December		F	F	-	-	-	F
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
County Assumption	2019	2020	2021	2022	2023	2024	2025	2026
Growth Assumption Forecast EBT								
Porecast ED1								
Plus								
Depreciation			£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Discretionary cash flow before interest and after taxes		£0.00		£0.00				
, ,		20.50						
Capitalization multiple								
Capitalized discretionary cash flow		£0.00		£0.00				
before interest and after taxes								
Discounted value of tax shield on the								
unamortized cost of capital								
february et		****		C0.00				
/alue as at:		£0.00		£0.00				
Discounted factor		100%		100%				
		10076						
Residual value as at the Valuation Date		£0.00		£0.00				
Plus Cash Flow		£0.00		£0.00				
		Low		High				
Total DCF Value		£0.00		£0.00				
Cont of Faults		Law		Utada		-		
Cost of Equity		Low		High				
T Treasury Bonds (Risk Free Rate)								
Equity Risk Premium								
Beta								
Cost of Equity		0.00%		0.00%				
1		3.22.14						

2019	2020	2021	2022	2023	2024	2025	2026
		£1.70	£1.94	£2.20	£2.48	£2.80	£3.17
	Low		High				
			9				
	5.00%		5.00%				
	6.00%		6.00%				
	1.10		1.35				
	12		15				
	2019	Low 5.00% 6.00%	Low 5.00% 6.00%	£1.70 £1.94 Low High 5.00% 6.00% 1.10 1.35	£1.70 £1.94 £2.20 Low High 5.00% 6.00% 1.10 1.35	£1.70 £1.94 £2.20 £2.48 Low High 5.00% 6.00% 1.10 1.35	£1.70 £1.94 £2.20 £2.48 £2.80 Low High 5.00% 6.00% 1.10 1.35

* To complete the exercise/project simply use these values to update the DCF model and complete your DCF Valuation

- * To check your work, I have provided a completed version of the DCF model
- * Please do not open this until you have done the exercise
- * Then use it to check your results.

- * Once you have completed the exercise, you can try changing some of the key valuation metrics
 - * Risk Free Rate
 - * Equity Risk Premium
 - * Beta
 - * Capitalisation Multiple
- * To see the impact on the valuation

