



# CASHFLOWSTORY

**Rebeccas Coffee 2018**

**Prepared for Rebeccas Coffee  
05 December 2018**

# Data

## Reporting Period

Period End	30-06-2015	30-06-2016	30-06-2017	30-06-2018
Period Length (months)	12	12	12	12

## Profit & Loss

Revenue	3,400,000	5,000,000	5,800,000	6,612,000
Gross Margin (\$)	865,000	1,300,000	1,650,000	1,917,500
Operating Profit	360,000	467,000	625,000	701,300
Net Profit (After Tax)	195,400	280,000	350,000	410,000

## Other Information

Depreciation & Amortisation	74,000	100,000	100,000	100,000
Interest Paid	50,000	100,000	150,000	176,000
Extraordinary Income/Expenses	0	0	0	0
Distributions/Dividends	45,400	180,000	100,000	150,000

## Balance Sheet

### Assets

Total Assets	2,700,000	3,600,000	4,450,000	5,014,000
Cash	160,000	75,000	0	0
Accounts Receivable	570,000	900,000	1,200,000	1,443,000
Inventory	600,000	920,000	1,250,000	1,550,000
Total Current Assets	1,500,000	2,100,000	2,500,000	3,064,000
Fixed Assets	1,000,000	1,400,000	1,800,000	1,800,000

### Liabilities

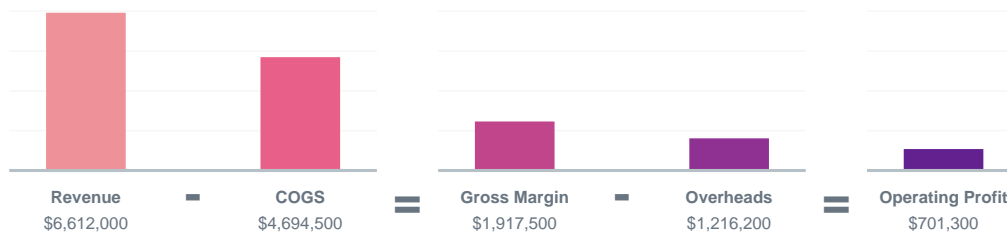
Total Liabilities	2,000,000	2,800,000	3,400,000	3,704,000
Accounts Payable	300,000	450,000	500,000	590,000
Total Current Liabilities	800,000	1,600,000	2,150,000	2,454,000

### Funding

Bank Loans - Current	400,000	1,000,000	1,450,000	1,643,000
Bank Loans - Non Current	1,000,000	1,200,000	1,200,000	1,200,000

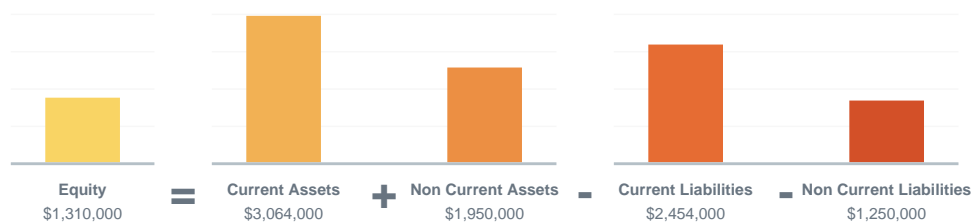
# Summary

## Your Profit Story



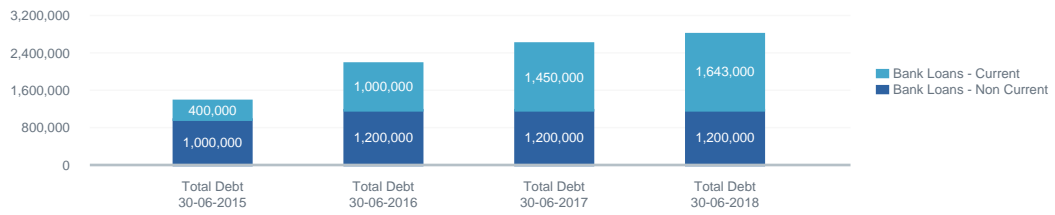
	Current Period	Movement
Revenue	6,612,000	+812,000
Gross Margin %	29.00	+0.55
Operating Profit %	10.61	-0.17
Net Profit %	6.20	+0.17

## Your Balance Sheet Story



	Current Period	Movement
Accounts Receivable Days	79.66	+4.14
Inventory Days	120.51	+10.57
Accounts Payable Days	45.87	+1.90
Working Capital Days	154.30	+12.82

## Your Cash Flow Story



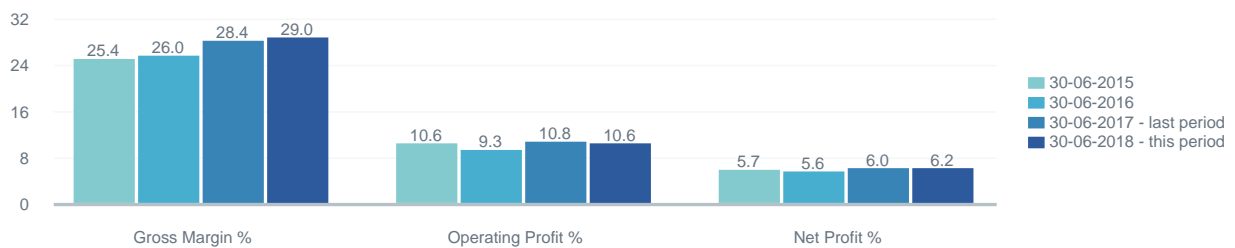
	Current Period	Movement
<b>Cash</b>	0	0
<b>Bank Loans - Current</b>	1,643,000	+193,000
<b>Bank Loans - Non Current</b>	1,200,000	0
<b>Net Cash Flow</b>	-193,000	N/A

# Chapter 1

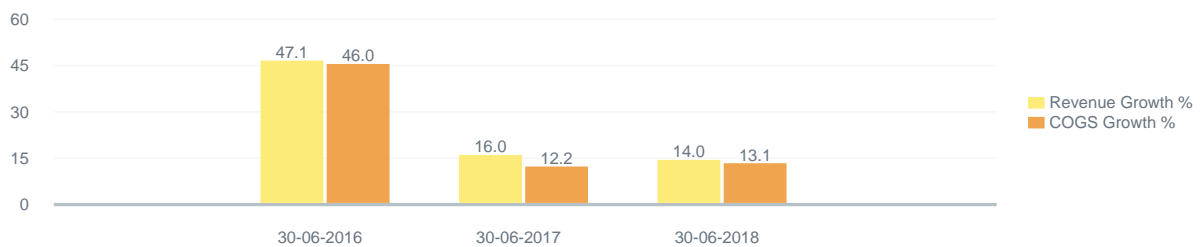
## Profitability

Revenue	Gross Margin	Operating Profit	Retained Profit
<b>6,612,000</b>	<b>1,917,500</b>	<b>701,300</b>	<b>260,000</b>
up by 812,000	up by 267,500	up by 76,300	up by 10,000

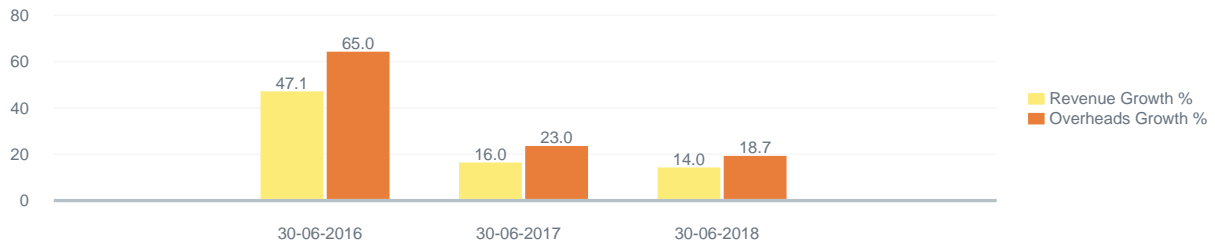
## Profitability Trends



## Revenue Growth vs COGS Growth



## Revenue Growth vs Overheads Growth



## Profitability Ratios

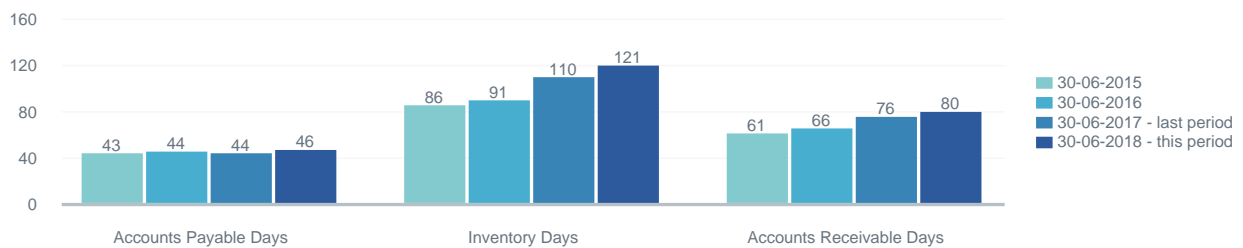
Chapter 1 - Profitability	30-06-2017 12 months	30-06-2018 12 months	Movement
Revenue	5,800,000	6,612,000	812,000
Revenue Growth %	16.00	14.00	-2.00
Gross Margin	1,650,000	1,917,500	267,500
Gross Margin %	28.45	29.00	0.55
Overheads	1,025,000	1,216,200	191,200
Overheads %	17.67	18.39	0.72
Operating Profit	625,000	701,300	76,300
Operating Profit %	10.78	10.61	-0.17
EBITDA	725,000	801,300	76,300
Net Profit	350,000	410,000	60,000
Net Profit %	6.03	6.20	0.17
Retained Profit	250,000	260,000	10,000
Interest Cover	4.17	3.98	-0.19

# Chapter 2

## Working Capital

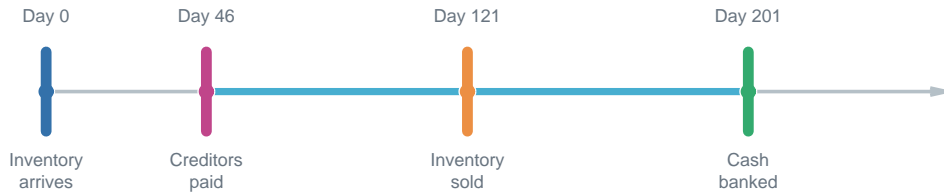
Accounts Receivable	Inventory	Accounts Payable	Working Capital
<b>1,443,000</b>	<b>1,550,000</b>	<b>590,000</b>	<b>2,403,000</b>
up by 243,000	up by 300,000	up by 90,000	up by 453,000

## Working Capital Trends



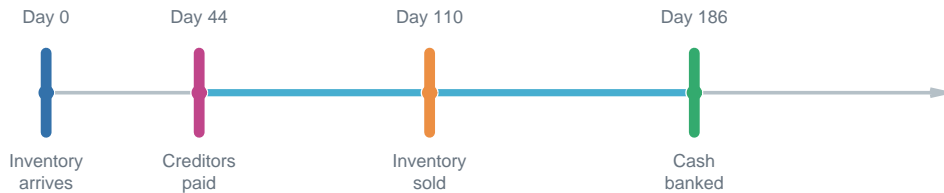
## Working Capital Timeline

### This Period



**154**  
Working Capital Days

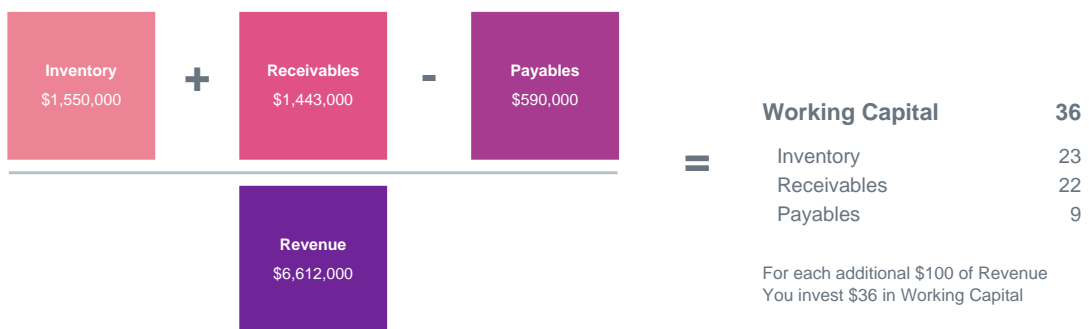
### Last Period



**-186,596**  
Cash Impact

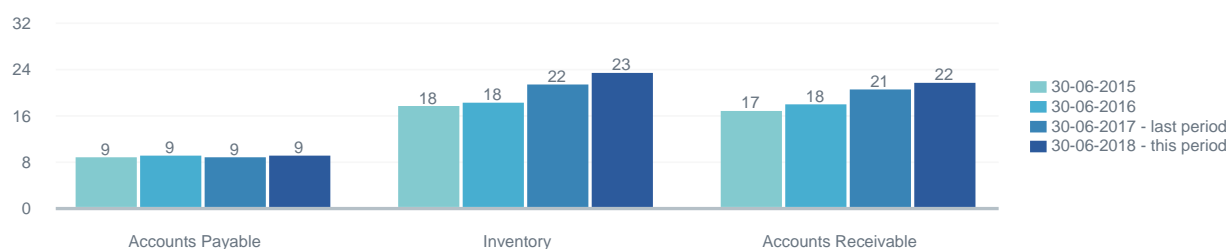
**141**  
Working Capital Days

## Working Capital per \$100

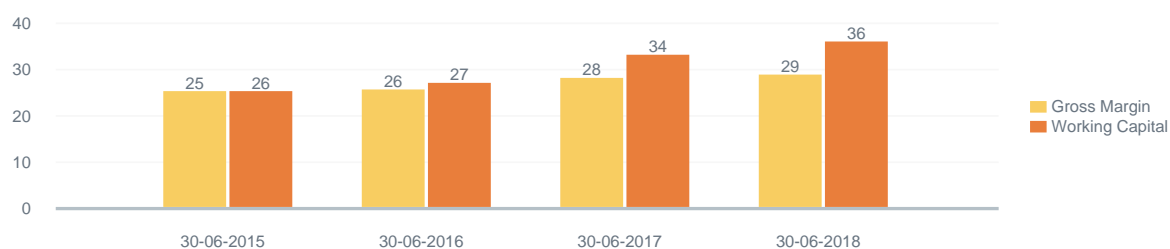




## Investment in Working Capital per \$100



## Gross Margin vs Working Capital per \$100



## Working Capital Ratios

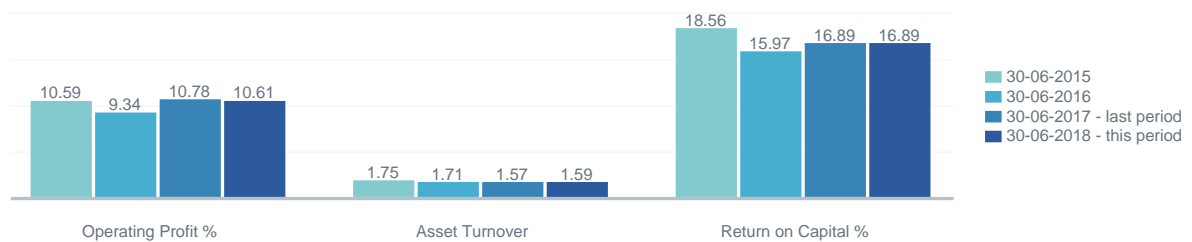
Chapter 2 - Working Capital	30-06-2017 12 months	30-06-2018 12 months	Movement
Accounts Receivable Days	75.52	79.66	4.14
Inventory Days	109.94	120.51	10.57
Accounts Payable Days	43.98	45.87	1.90
Working Capital Days	141.48	154.30	12.82
Working Capital	1,950,000	2,403,000	453,000
Working Capital per \$100	33.62	36.34	2.72
Working Capital Turnover	2.97	2.75	-0.22
Marginal Cash Flow	-5.17	-7.34	-2.17
Current Ratio	1.16	1.25	0.09

# Chapter 3

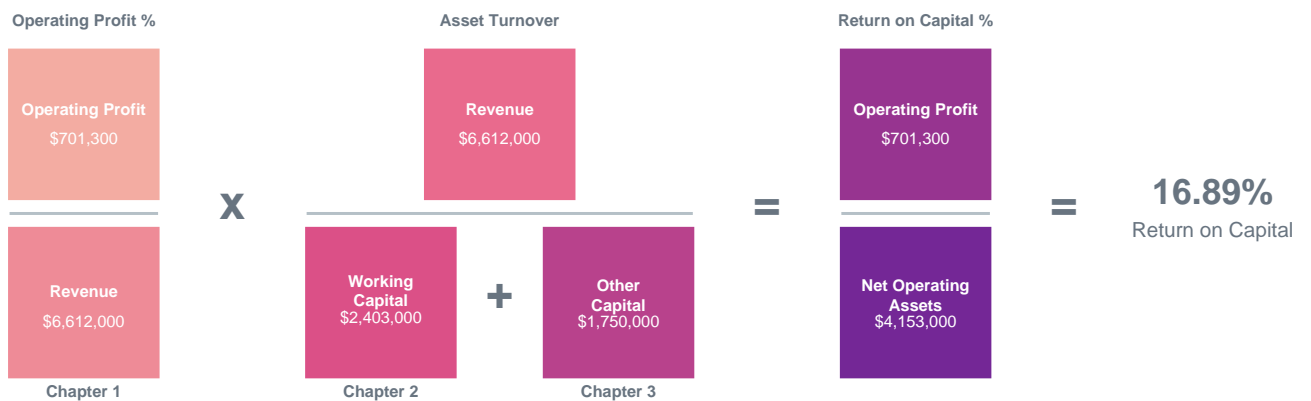
## Other Capital

Fixed Assets	Other Assets	Other Liabilities	Other Capital
1,800,000	221,000	271,000	1,750,000
-	up by 21,000	up by 21,000	-

## Return on Capital Trends



## Return on Capital %



## Other Capital Ratios

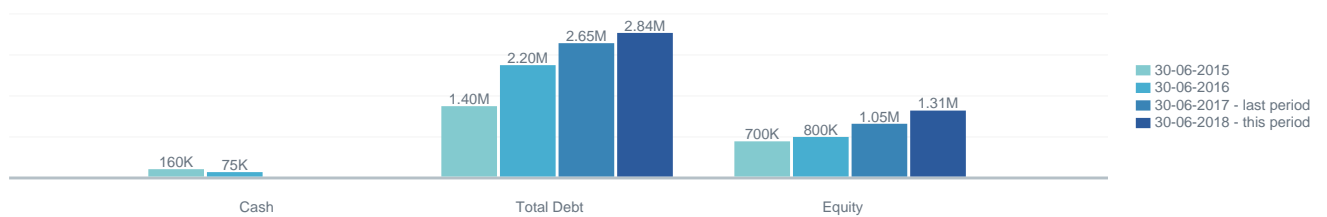
Chapter 3 - Other Capital	30-06-2017 12 months	30-06-2018 12 months	Movement
Other Capital	1,750,000	1,750,000	0
Other Capital %	30.17%	26.47%	-3.71
Other Capital Turnover	3.31	3.78	0.46
Net Operating Assets	64	63	453,000
Net Operating Assets %	63.79%	62.81%	-0.98
Asset Turnover	1.57	1.59	0.02
Return on Capital %	16.89%	16.89%	-0.01
Return on Total Assets %	14.04%	13.99%	-0.06
Return on Equity %	33.33%	31.30%	-2.04

# Chapter 4

## Funding

Cash	Total Debt	Equity	Total Funding
<b>0</b>	<b>2,843,000</b>	<b>1,310,000</b>	<b>4,153,000</b>
-	up by 193,000	up by 260,000	up by 453,000

## Funding Trends

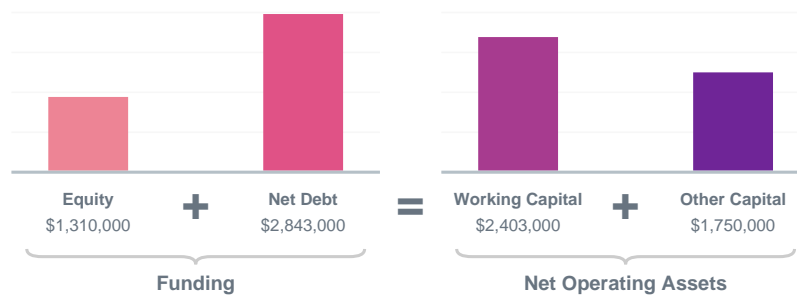


## Your Funding

		+ Cash Flow	- Cash Flow
<b>Chapter 1</b>	Profit	260,000	
<b>Chapter 2</b>	Working Capital Invested		453,000
<b>Chapter 3</b>	Other Capital	0	
	<b>Total</b>	<b>260,000</b>	<b>453,000</b>

Your business requires **\$ 193,000** of borrowings to fund the shortfall

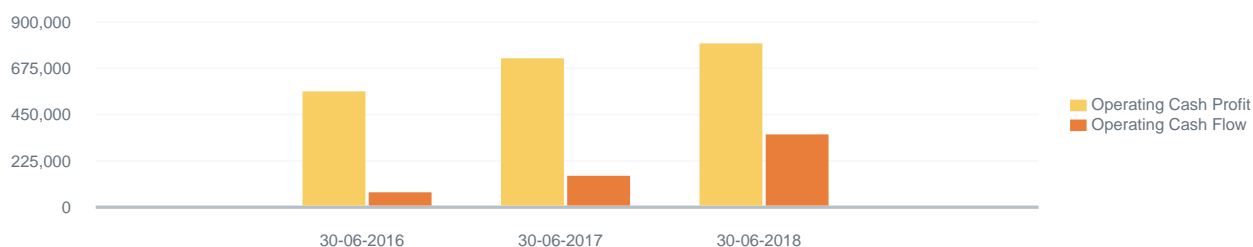
## Your Equation



## Profit vs Cash Flow

Profit		Cash Flow		Variance
Revenue	6,612,000	Cash from Customers	6,369,000	-243,000
COGS	4,694,500	Cash to Suppliers	4,904,500	-210,000
<b>Gross Margin</b>	<b>1,917,500</b>	<b>Gross Cash Profit</b>	<b>1,464,500</b>	<b>-453,000</b>
Overheads excl Depreciation	1,116,200	Overheads excl Depreciation	1,116,200	-
<b>Operating Cash Profit</b>	<b>801,300</b>	<b>Operating Cash Flow</b>	<b>348,300</b>	<b>-453,000</b>
		<b>Other Cash Outflow</b>		
Interest Paid	-176,000	Interest Paid	-176,000	
Tax Paid	-115,300	Tax Paid	-115,300	
Extraordinary Income	0	Extraordinary Income	0	
Distributions/Dividends Paid	-150,000	Distributions/Dividends Paid	-150,000	
Depreciation & Amortisation	-100,000	Fixed Assets Acquired	-100,000	
		Other Net Assets Increased	0	
		Capital Introduced	0	
<b>Retained Profit</b>	<b>260,000</b>	<b>Net Cash Flow</b>	<b>-193,000</b>	

## Operating Cash Profit vs Operating Cash Flow



## Funding Ratios

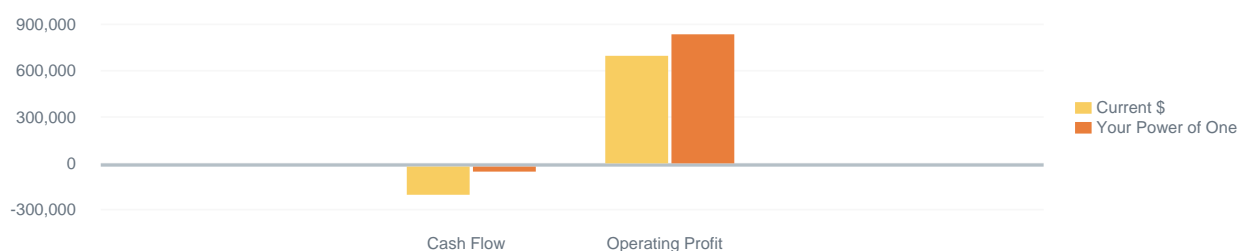
<b>Chapter 4 - Funding</b>	<b>30-06-2017 12 months</b>	<b>30-06-2018 12 months</b>	<b>Movement</b>
Marginal Cash Flow	-5.17	-7.34	-2.17
Operating Cash Flow	145,000	348,300	203,300
Operating Cash Profit	725,000	801,300	76,300
Net Cash Flow	-525,000	-193,000	332,000
Net Debt	2,650,000	2,843,000	193,000
Debt to Equity	2.52	2.17	-0.35
Debt to Capital	0.72	0.68	-0.04
Interest Cover	4.17	3.98	-0.19
Debt Payback	3.66	3.55	-0.11

# Power of One

## Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		-193,000	701,300
<b>Your Power of One</b>			
		Impact on Cash Flow	Impact on Operating Profit
Price Increase %	1 %	51,690	66,120
Volume Increase %	1 %	-4,855	19,175
COGS Reduction %	1 %	56,545	46,945
Overheads Reduction %	1 %	12,162	12,162
Reduction in Accounts Receivable Days	1 days	18,115	
Reduction in Inventory Days	1 days	12,862	
Increase in Accounts Payable Days	1 days	12,862	
<b>Your Power of One Impact</b>		<b>159,381</b>	<b>144,402</b>
<b>Your Adjusted Position</b>			
		Net Cash Flow	Operating Profit
Your Adjusted Position		-33,619	845,702

## Your Power of One Impact





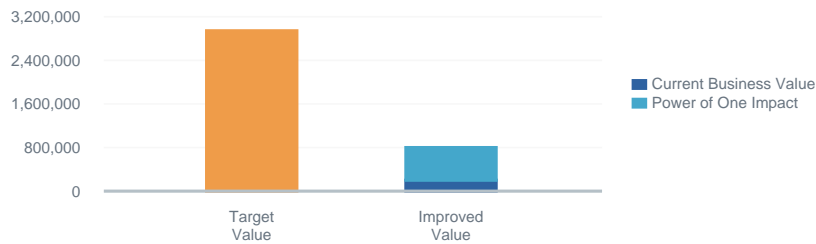
# Business Value Indicator

## Your Business Value

<b>Parameters</b>			
Targeted Business Value	3,000,000		
Profit Multiple	4 +/- 1		
Weighted Average EBITDA			
Adjustment			
Adjusted EBITDA	762,610		
<b>Your Current Business Value Indicator</b>		<b>- 1</b>	<b>+ 1</b>
<b>Profit Multiple</b>	<b>4.00</b>	<b>3.00</b>	<b>5.00</b>
Gross Business Value	3,050,440	2,287,830	3,813,050
Total Debt	2,843,000	2,843,000	2,843,000
<b>Your Current Business Value</b>	<b>207,440</b>	<b>-555,170</b>	<b>970,050</b>
<b>Your Power Of One Value Impact</b>			
<b>Profit Multiple</b>	<b>4.00</b>	<b>3.00</b>	<b>5.00</b>
Price Increase (1%)	264,480	198,360	330,600
Volume Increase (1%)	76,700	57,525	95,875
COGS Reduction (1%)	187,780	140,835	234,725
Overheads Reduction (1%)	48,648	36,486	60,810
<b>Profit Impact on Valuation</b>	<b>577,608</b>	<b>433,206</b>	<b>722,010</b>
Reduction in Accounts Receivable Days (1d)	18,115	18,115	18,115
Reduction in Inventory Days (1d)	12,862	12,862	12,862
Increase in Accounts Payable Days (1d)	12,862	12,862	12,862
<b>Cash Impact on Valuation</b>	<b>43,839</b>	<b>43,839</b>	<b>43,839</b>
<b>Your Power of One Impact</b>	<b>621,447</b>	<b>477,045</b>	<b>765,849</b>
<b>Your Improved Business Value</b>	<b>828,887</b>	<b>-78,125</b>	<b>1,735,899</b>

**Your Improved Value Indicator**

<b>Profit Multiple</b>	<b>4.00</b>	<b>3.00</b>	<b>5.00</b>
Your Current Business Value	207,440	-555,170	970,050
Your Power of One Impact	621,447	477,045	765,849
<b>Your Improved Business Value</b>	<b>828,887</b>	<b>-78,125</b>	<b>1,735,899</b>



**Your Targeted Business Value**

<b>Profit Multiple</b>	<b>4.00</b>	<b>3.00</b>	<b>5.00</b>
Targeted Business Value	3,000,000	3,000,000	3,000,000
Your Current Business Value	207,440	-555,170	970,050
<b>Current Value Gap</b>	<b>-2,792,560</b>	<b>-3,555,170</b>	<b>-2,029,950</b>

**Your Improved Business Value**

<b>Profit Multiple</b>	<b>4.00</b>	<b>3.00</b>	<b>5.00</b>
Targeted Business Value	3,000,000	3,000,000	3,000,000
Improved Business Value	828,887	-78,125	1,735,899
<b>Improved Value Gap</b>	<b>-2,171,113</b>	<b>-3,078,125</b>	<b>-1,264,101</b>

# Sustainable Growth

## Your Sustainable Growth

If you increase your Revenue by + \$ 100

Less COGS of - \$ 71.00

Your Gross Margin will be = \$ 29.00

Less Overheads of - \$ 18.39

Your Operating Profit will be = \$ 10.61

	<u>Less</u>
Extraordinary Income/Expenses	\$ 0.00
Interest Paid	\$ 2.66
Tax Paid	\$ 1.74
Dividends Paid	\$ 2.27

Your Retained Profit will be = \$ 3.94

Your investment in Accounts Receivable will be + \$ 21.82

Your investment in Inventory will be + \$ 23.44

Provided by Accounts Payable of - \$ 8.92

You will require Working Capital of = \$ 36.34

Your Debt to Equity ratio is 2.17:1  
You can borrow \$ 2.17 for each \$ 1 of Retained Profit

Your capacity to borrow will be = \$ 8.55

You will have a shortfall of = \$ 23.85

## Results & Projections

	30-06-2015 12 months	30-06-2016 12 months	30-06-2017 12 months	30-06-2018 12 months
<b>Profit &amp; Loss</b>				
Revenue	3,400,000	5,000,000	5,800,000	6,612,000
Cost of Goods	2,535,000	3,700,000	4,150,000	4,694,500
<b>Gross Margin</b>	<b>865,000</b>	<b>1,300,000</b>	<b>1,650,000</b>	<b>1,917,500</b>
Overheads	505,000	833,000	1,025,000	1,216,200
<b>Operating Profit</b>	<b>360,000</b>	<b>467,000</b>	<b>625,000</b>	<b>701,300</b>
Extraordinary Income/Expenses	0	0	0	0
Interest Paid	50,000	100,000	150,000	176,000
<b>Net Profit Before Tax</b>	<b>310,000</b>	<b>367,000</b>	<b>475,000</b>	<b>525,300</b>
Tax Paid	114,600	87,000	125,000	115,300
<b>Net Profit</b>	<b>195,400</b>	<b>280,000</b>	<b>350,000</b>	<b>410,000</b>
Dividends Paid	45,400	180,000	100,000	150,000
<b>Retained Profit</b>	<b>150,000</b>	<b>100,000</b>	<b>250,000</b>	<b>260,000</b>
<b>Balance Sheet</b>				
Cash	160,000	75,000	0	0
Accounts Receivable	570,000	900,000	1,200,000	1,443,000
Inventory	600,000	920,000	1,250,000	1,550,000
Other Current Assets	170,000	205,000	50,000	71,000
<b>Current Assets</b>	<b>1,500,000</b>	<b>2,100,000</b>	<b>2,500,000</b>	<b>3,064,000</b>
Fixed Assets	1,000,000	1,400,000	1,800,000	1,800,000
Other Non Current Assets	200,000	100,000	150,000	150,000
<b>Non Current Assets</b>	<b>1,200,000</b>	<b>1,500,000</b>	<b>1,950,000</b>	<b>1,950,000</b>
<b>Total Assets</b>	<b>2,700,000</b>	<b>3,600,000</b>	<b>4,450,000</b>	<b>5,014,000</b>
Accounts Payable	300,000	450,000	500,000	590,000
Bank Loans - Current	400,000	1,000,000	1,450,000	1,643,000
Other Current Liabilities	100,000	150,000	200,000	221,000
<b>Current Liabilities</b>	<b>800,000</b>	<b>1,600,000</b>	<b>2,150,000</b>	<b>2,454,000</b>
Bank Loans - Non Current	1,000,000	1,200,000	1,200,000	1,200,000
Other Non Current Liabilities	200,000	0	50,000	50,000
<b>Non Current Liabilities</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,250,000</b>	<b>1,250,000</b>
<b>Total Liabilities</b>	<b>2,000,000</b>	<b>2,800,000</b>	<b>3,400,000</b>	<b>3,704,000</b>
<b>Equity</b>	<b>700,000</b>	<b>800,000</b>	<b>1,050,000</b>	<b>1,310,000</b>

	<b>30-06-2015</b>	<b>30-06-2016</b>	<b>30-06-2017</b>	<b>30-06-2018</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
<b>Chapter 1 - Profitability</b>				
Revenue	3,400,000	5,000,000	5,800,000	6,612,000
Revenue Growth %	N/A	47.06	16.00	14.00
Gross Margin	865,000	1,300,000	1,650,000	1,917,500
Gross Margin %	25.44	26.00	28.45	29.00
Overheads	505,000	833,000	1,025,000	1,216,200
Overheads %	14.85	16.66	17.67	18.39
Operating Profit	360,000	467,000	625,000	701,300
Operating Profit %	10.59	9.34	10.78	10.61
EBITDA	434,000	567,000	725,000	801,300
Net Profit	195,400	280,000	350,000	410,000
Net Profit %	5.75	5.60	6.03	6.20
Retained Profit	150,000	100,000	250,000	260,000
Interest Cover	7.20	4.67	4.17	3.98
<b>Chapter 2 - Working Capital</b>				
Accounts Receivable Days	61.19	65.70	75.52	79.66
Inventory Days	86.39	90.76	109.94	120.51
Accounts Payable Days	43.20	44.39	43.98	45.87
Working Capital Days	104.39	112.06	141.48	154.30
Working Capital	870,000	1,370,000	1,950,000	2,403,000
Working Capital per \$100	25.59	27.40	33.62	36.34
Working Capital Turnover	3.91	3.65	2.97	2.75
Marginal Cash Flow	-0.15	-1.40	-5.17	-7.34
Current Ratio	1.88	1.31	1.16	1.25
<b>Chapter 3 - Other Capital</b>				
Other Capital	1,070,000	1,555,000	1,750,000	1,750,000
Other Capital %	31.47%	31.10%	30.17%	26.47%
Other Capital Turnover	3.18	3.22	3.31	3.78
Net Operating Assets	1,940,000	2,925,000	3,700,000	4,153,000
Net Operating Assets %	57.06%	58.50%	63.79%	62.81%
Asset Turnover	1.75	1.71	1.57	1.59
Return on Capital %	18.56%	15.97%	16.89%	16.89%
Return on Total Assets %	13.33%	12.97%	14.04%	13.99%
Return on Equity %	27.91%	35.00%	33.33%	31.30%

<b>Chapter 4 - Funding</b>	<b>30-06-2015 12 months</b>	<b>30-06-2016 12 months</b>	<b>30-06-2017 12 months</b>	<b>30-06-2018 12 months</b>
Marginal Cash Flow	-0.15	-1.40	-5.17	-7.34
Operating Cash Flow	N/A	67,000	145,000	348,300
Operating Cash Profit	434,000	567,000	725,000	801,300
Net Cash Flow	N/A	-885,000	-525,000	-193,000
Net Debt	1,240,000	2,125,000	2,650,000	2,843,000
Debt to Equity	2.00	2.75	2.52	2.17
Debt to Capital	0.67	0.73	0.72	0.68
Interest Cover	7.20	4.67	4.17	3.98
Debt Payback	2.86	3.75	3.66	3.55