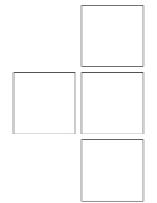


SEEBACHER-METHOD®

# Corporate Planning

---

Investment, Financing, Bank Account

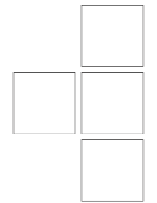


## TABLE OF CONTENTS

---

Assignment of tasks	page 3
Basic data	page 5
Answer form	page 6
Answer key step 1-4/4	page 7
Annotation to the answer key	page 8

Please note that despite careful processing all data, annotations, presentations and calculations in the example given are made without warranty and that the author or the publisher refuse to accept any liability.



## ASSIGNMENT OF TASKS

---

In the enterprise in the example given an investment is planned for the beginning of the business year. The sum to be invested amounts to 500,000. The investment object is to be paid totally from the existing bank account. The depreciation period of the object is 10 years.

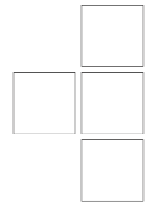
On the page following the next opening balance sheet, as well as profit plan, finance plan and budgeted balance sheet of the enterprise are presented before considering the above mentioned business activities.

Based on the context of profit plan, finance plan and budgeted balance sheet the following numerical connections between profit plan, finance plan and budgeted balance sheet can be seen even before considering the activity presented above:

The depreciation of 150,000 included in the framework of the fixed costs of the profit plan, has a negative effect on the profit of the enterprise. This effect is corrected with a positive mathematical sign in the finance plan as there is no payment in cash. For this reason, with a profit or loss of 0 in the profit plan a surplus of cash of 150,000 occurs simultaneously in the finance plan.

The depreciation of 150,000 which is presented in the finance plan reduces the value of the fixed assets in the budgeted balance sheet, the surplus of cash of 150,000 from the finance plan increases the bank account in the budgeted balance sheet.

Please, present in what way the investment and the further activities quoted in connection with the investment affect profit plan, finance plan and budgeted balance sheet of the enterprise.



SEEBACHER-METHOD®

Should a profit arise it must be taxed with a tax rate on income of 30%. There are no taxes prepaid.

**BASIC DATA**

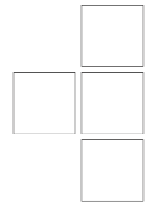
---

Opening Balance Sheet			
Fixed assets	900.000	Equity	500.000
Inventories	500.000	Liabilities	500.000
Receivables	500.000	Bank loan	1.500.000
Bank account	600.000		
<b>Assets</b>	<b>2.500.000</b>	<b>Equity and Liabilities</b>	<b>2.500.000</b>

Profit Plan	
<b>Turnover / Sales</b>	<b>5.000.000</b>
<b>Variable costs</b>	<b>-2.500.000</b>
<b>Contribution margin</b>	<b>2.500.000</b>
<b>Fixed costs</b>	<b>-2.500.000</b>
Personnel	-1.500.000
Depreciation	-150.000
Other costs	-750.000
Interest	-100.000
<b>Profit / Loss before tax</b>	<b>0</b>
Tax	0
<b>Profit / Loss after tax</b>	<b>0</b>

Finance Plan	
<b>Profit / Loss after tax</b>	<b>0</b>
Depreciation	150.000
Provision	0
Tax provision	0
Receivables	0
Liabilities	0
Inventories	0
Investments	0
Bank loan	0
Dividend	0
<b>Surplus / Demand</b>	<b>150.000</b>

Budgeted Balance Sheet				
→ Fixed assets	900.000		Equity	500.000
Depreciation	-150.000	750.000	Liabilities	500.000
Inventories	500.000		Bank loan	1.500.000
Receivables	500.000			
Bank account	600.000			
→ Surplus / Demand	150.000	750.000		
<b>Assets</b>	<b>2.500.000</b>		<b>Equity and Liabilities</b>	<b>2.500.000</b>



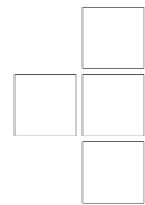
ANSWER FORM

---

Opening Balance Sheet			
Fixed assets	900.000	Equity	500.000
Inventories	500.000	Liabilities	500.000
Receivables	500.000	Bank loan	1.500.000
Bank account	600.000		
<b>Assets</b>	<b>2.500.000</b>	<b>Equity and Liabilities</b>	<b>2.500.000</b>

Profit Plan	Finance Plan
<b>Turnover / Sales</b>	<b>Profit / Loss after tax</b>
<b>Variable costs</b>	Depreciation
<b>Contribution margin</b>	Provision
<b>Fixed costs</b>	Tax provision
Personnel	Receivables
Depreciation	Liabilities
Other costs	Inventories
Interest	Investments
<b>Profit / Loss before tax</b>	Bank loan
Tax	Dividend
<b>Profit / Loss after tax</b>	<b>Surplus / Demand</b>

Budgeted Balance Sheet	
Fixed assets	Equity
Inventories	Liabilities
Receivables	Bank loan
Bank account	
<b>Assets</b>	<b>Equity and Liabilities</b>



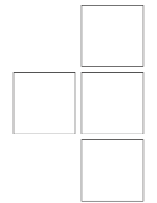
ANSWER KEY STEP 1-4/4

Opening Balance Sheet			
Fixed assets	900.000	Equity	500.000
Inventories	500.000	Liabilities	500.000
Receivables	500.000	Bank loan	1.500.000
Bank account	600.000		
<b>Assets</b>	<b>2.500.000</b>	<b>Equity and Liabilities</b>	<b>2.500.000</b>

Profit Plan			Finance Plan		
Turnover / Sales	5.000.000		<b>Profit / Loss after tax</b>	<b>-50.000</b>	← 3
Variable costs	-2.500.000		Depreciation	150.000	←
Contribution margin	2.500.000		Depr. Investment	50.000	← 2
Fixed costs	-2.550.000		Provision	0	
Personnel	-1.500.000		Tax provision	0	
Depreciation	-150.000		Receivables	0	
2 → Depr. Investment	-50.000	-200.000	Liabilities	0	
Other costs	-750.000		Inventories	0	
Interest	-100.000		Investments	0	
3 → Profit / Loss before tax	-50.000		Investment	-500.000	← 1
Tax	0		Bank loan	0	
3 → Profit / Loss after tax	-50.000		Dividend	0	
			<b>Surplus / Demand</b>	<b>-350.000</b>	← 4

Budgeted Balance Sheet			
Fixed assets	900.000	Equity	500.000
→ Depreciation	-150.000	Profit / Loss after tax	-50.000
1 → Investment	500.000	450.000	← 3
2 → Depr. Investment	-50.000	1.200.000	Liabilities
Inventories	500.000		500.000
Receivables	500.000		Bank loan
Bank account	600.000		1.500.000
4 → Surplus / Demand	-350.000	250.000	
<b>Assets</b>	<b>2.450.000</b>	<b>Equity and Liabilities</b>	<b>2.450.000</b>

<b>Data</b>	
Investment	500.000
Useful life	10
Depreciation	50.000



## ANNOTATION TO THE ANSWER KEY

---

The planned investment of 500,000 has a deteriorating effect on the liquidity in the finance plan of the enterprise. (step 1)

The depreciation amount of 50,000 results from dividing the investment amount of 500,000 by the depreciation period or useful life of the investment object of 10 years.

Due to the additional depreciation amount of 50,000 the fixed cost rise in the profit plan by 50,000. So, the depreciation has a negative effect on the result in the profit plan of the enterprise. At the same time the depreciation is corrected in the finance plan with a positive mathematical sign as it doesn't lead to a payment in cash. (step 2)

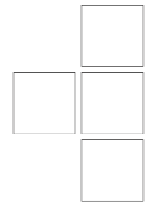
As the profit plan in the example given is based on the assumption of a profit or loss of 0 the increased fixed costs result in a loss amounting to 50,000. This loss of 50,000 which was compiled in the profit plan forms simultaneously the new basis for the finance plan. (step 3)

By the new loss of 50,000 which forms the basis for the finance plan (see step 3), by the existing depreciation of 150,000 (see assignment of tasks), by the new depreciation of 50,000 (see step 2) and by the investment of 500,000 (see step 1) cash requirements of 350,000 arise as a result of the finance plan. (step 4)

All changing values are incorporated from the finance plan into the budgeted balance sheet:

The investment of 500,000 increases the fixed assets in the budgeted balance sheet. (step 1)





The existing depreciation of 150,000 (basic data) and the new depreciation of 50,000 (step 2) reduce the fixed assets in the budgeted balance sheet.

The loss of 50,000 which was transferred from the profit plan to the finance plan reduces the equity in the budgeted balance sheet. (step 3)

The demand for cash as the result of the finance plan reduces the bank account in the balance sheet. (step 4)