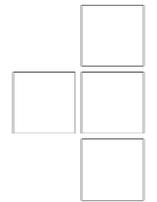


SEEBACHER-METHOD®

Corporate Planning

Numerical Examples, Approach



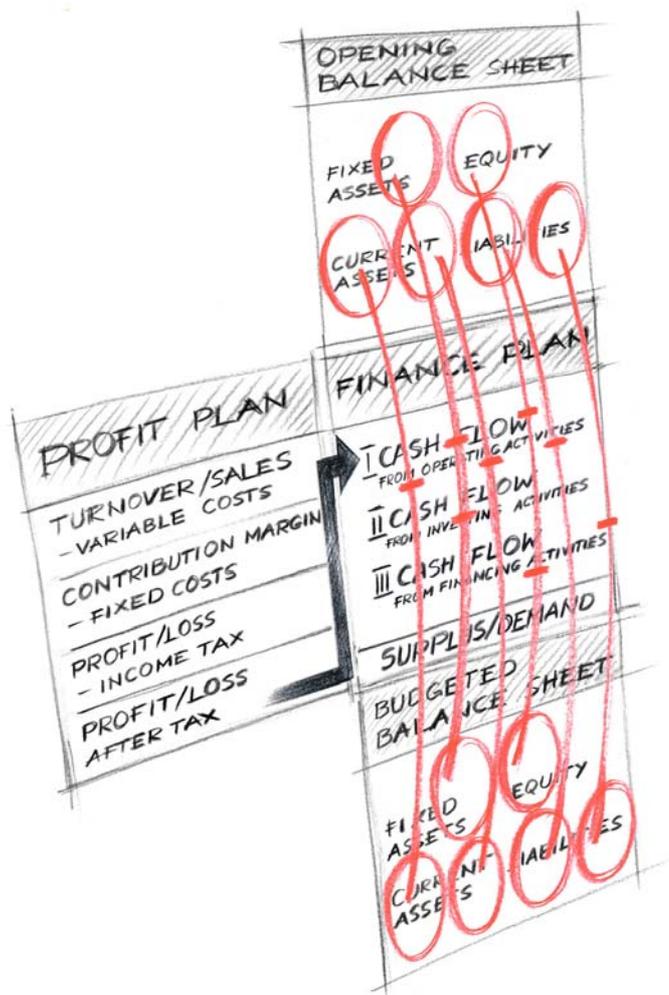
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CORPORATE PLANNING – NUMERICAL EXAMPLES

The numerical examples provided on www.seebacher-method.com to download referring to Corporate Planning are to clarify the connection between profit plan, finance plan and budgeted balance sheet – the big picture:



The numerical examples are based on a simplified structure of the balance sheet and also on a simplified structure of profit plan and finance plan.

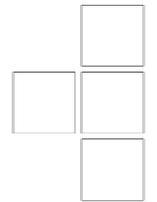
The simplified structure of the numerical examples according to the design of the example contains the following items:

<u>Assets</u>	<u>Liabilities</u>
Fixed assets	Equity
Inventory	Provisions
Receivables	Liabilities
Bank account	Bank loan
Cash	

In the simplified structure of the profit plan which is used in the numerical examples, the costs are divided into fixed and variable costs. The following five main cost or expense types are used as a basis: material (variable costs), personnel, depreciation, other expenses and interest (fixed costs each).

The presentation is simplifying in so far as items such as other income, income from participation etc are left aside. Other income is supplemented in the numerical examples according to demand in addition to the items mentioned in the profit plan.

In the numerical examples there is no differentiation between costs arising from internal managerial accounting and expense from external-oriented financial accounting. Costs and expenses are identical.



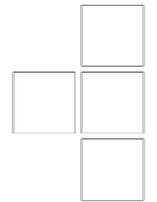
The following structure of the profit plan has been derived for the numerical examples:

Turnover / Sales
- Variable costs
<hr/>
= Contribution margin
<hr/>
- Fixed costs
Personnel
Depreciation
Other costs
Interest
<hr/>
= Profit before tax
<hr/>
- Tax
<hr/>
= Profit after tax
<hr/>

Based on the profit after tax from the profit plan which is taken as the basis for the finance plan the following simplified structure results for the finance plan: (there are little variations according to each numerical example)

Profit after tax
+ Depreciation
± Provision
± Provision for taxation
± Receivables
± Liabilities
± Inventory
- Investments
± Bank loan
+ Capital increase
- Dividend
<hr/>
= Surplus / Demand
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We can speak of a simplification as only the most important items of the finance plan are presented and as there is no presentation of subtotals such as cash flow from operating activities, investing activities or financing activities.



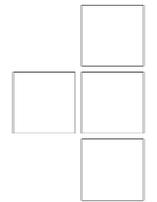
NUMERICAL EXAMPLES TO DOWNLOAD

At the moment the following numerical examples can be downloaded from www.seebacher-method.com:

Example 1: Investment

Example 2: Financing

Example 3: Provision



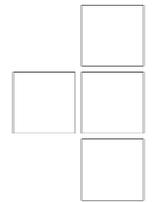
APPROACH

The numerical examples referring to corporate planning which can be downloaded from www.seebacher-method.com are always based on an opening balance sheet for a business year. Building on it profit plan, finance plan and budgeted balance sheet are generated.

The profit plans which form the basis for the examples always build on a profit or loss of 0. A possible profit or loss does not arise before the business activities described have been incorporated into the connection between profit plan, finance plan and budgeted balance sheet.

The basic finance plans which build on the results of the basic profit plans, take the results of the respective profit plans as the starting point and either do not contain any further changing value items (as long as they do not include any depreciation, provisions etc which have to be corrected in the finance plan in order to cover the liquidity aspect) or they contain depreciations which were included in the profit plan but which have to be corrected in the finance plan because the depreciation don't become effective as a payment. In these cases, the basic finance plan which begins with a result of 0 from the basic profit plan, leads to a surplus of cash as result of the finance plan.

The basic budgeted balance sheets can be derived from the opening balance sheet corrected by the respective changing values which are presented in the finance plans. If a depreciation is included in the finance plan for example it will reduce the fixed assets in the budgeted balance sheet and so will lead to a surplus of cash as result of the finance plan. Subsequently the surplus increases the bank account in the budgeted balance sheet.



Every numerical example contains an empty answer sheet for putting in the answer steps.

Please, incorporate the business activity described in the respective assignment of tasks into the existing connection of profit plan, finance plan and budgeted balance sheet.

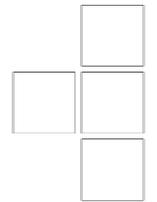
In the framework of the compilation, please, consider presenting the respective business activities according to the order of their origin in the profit plan and/or in the finance plan in a first step.

In this context, please, consider that each result of the profit plan (profit or loss) must be transferred as a new basis into the finance plan.

When the profit plan is finished, and derived from it, also the finance plan has been finished please, compile the budgeted balance sheet as a last step including the connections between opening balance sheet, finance plan and budgeted balance sheet. Please, remember throughout this step that every figure in the finance plan changes an item of the balance sheet from the opening balance sheet towards the budgeted balance sheet.

After transferring all changing values from the finance plan into the budgeted balance sheet both sides of the balance sheets must show identical sum totals.

In contrast to the numerical examples referring to balance sheet and profit/loss account which can also be downloaded, the numerical examples referring to profit plan, finance plan and budgeted balance sheet must take taxes into consideration – taxes on income (income tax, corporate income tax, trade tax) as well as VAT.



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