

BANKING



Tutorial 3 – Credit Application

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14 October 2020

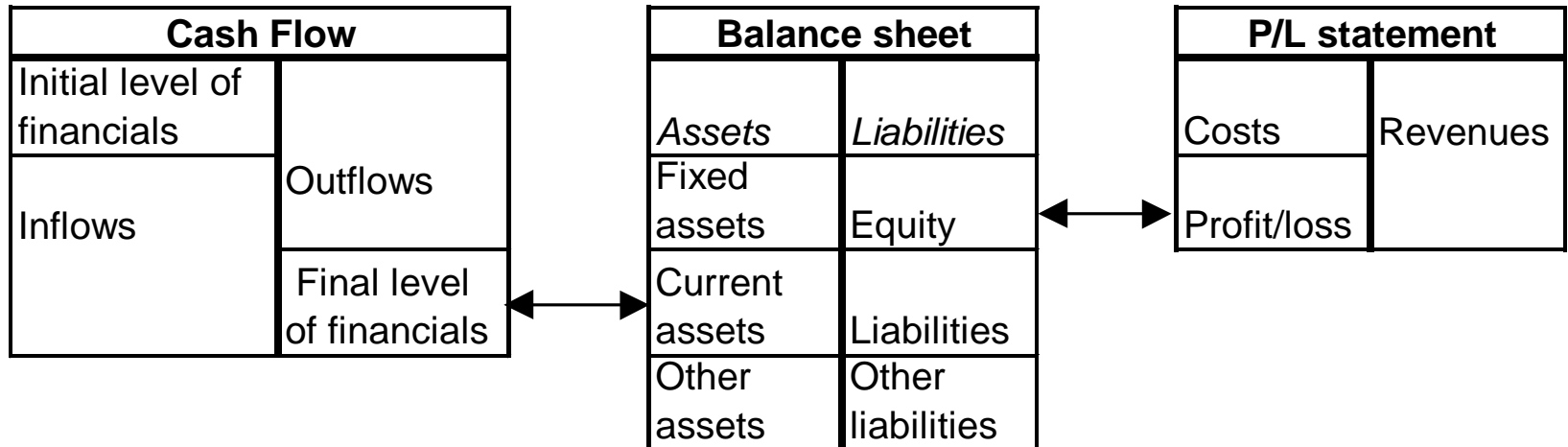
Contents

1. Recapitulation of financial statements
2. Recommended procedure
3. Deadlines & form & evaluation
4. Recommended structure of CA
5. Useful sources
6. Case study – Prague Airport



I. Recapitulation of financial statements

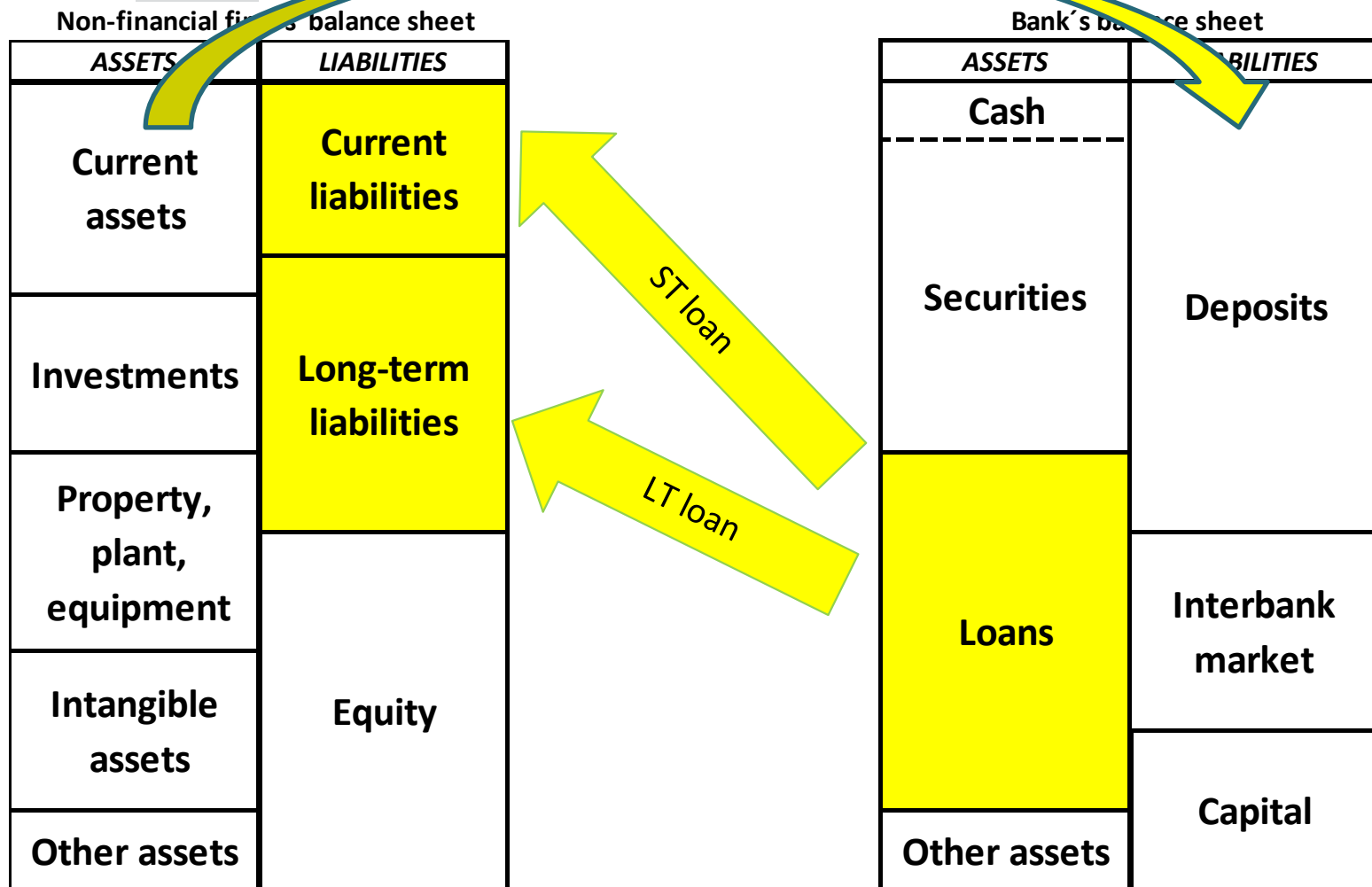
Relationships



If still lost – Additional Seminar on Friday, October 16, 11:00 - ZOOM

I. Recapitulation of financial statements

Interaction between the statements



2. Corporate governance in loan granting process

- **The Credit Application** is prepared by **Business department** of the **Bank** (Relationship manager, Account manager, Front-office business unit.....). The data sources are
 - (1) the potential client/borrower (incl. e.g. his official tax record)
 - (2) all available relevant information from all different independent sources (public sources, news, databases (private, public) etc.)

The relationship manager has „strong incentive“ to grant the loan (his reward is based on e.g. amount of loans granted).

The Appraisal of the Credit Application is prepared by the **Risk management department of the bank** – independent unit, no direct incentive to grant the loan. Risk management **challenges** the Credit Application, searches for hidden risks, „less optimistic view“.

The Risk management decided about the loan or a body that is in hierarchy above these units (for biggest loans – Board of Directors decides)



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2. Recommended procedure – Credit Application (CA)

1. Make a team consisting of 3 students
2. Choose a company, collect business and financial data
3. Provide both non-financial and financial analysis for the last 3 years (2017-2019)
4. Make a business plan for the min. next 3 years (2020-2022), preferably 5 (depends on the project)
5. With or without the COVID-19 impact (you choose)
6. Prepare a new project (new investment, acquisition of competitor/customer etc.)
7. Decide on project financing (external and internal sources) -> credit financing is needed at least partially!
8. Implement the project into the business plan
9. Prepare a credit application (text (.pdf) and excell sheets (with figures))

2. Recommended procedure - Credit Appraisal (CAR)

- After submitting your own CA, your team will be assigned random CA of your colleagues to prepare Credit appraisal (CAR).
- Each team will evaluate the quality of CA from the point of view of the Risk management.
- Each chapter will be critically reviewed and evaluated (you can use this structure)
 - Is the financial and non-financial analysis correct, all relevant points discussed and correctly assessed ?
 - Is the project feasible, projection realistic ?
 - Is the financial projection realistic, cash flow covers the repayments ? etc.
 - Are the excel sheets attached correct ?
 - **No descriptions, but clear and realistic assessment !!!**

2. Recommended procedure - Credit Appraisal (CAR)

Keep in mind:

- **CA** is prepared by the business department motivated by the amount and number of loans granted
- **CAR** is prepared by risk management department – its goal is to keep **PD** low !

The final outcome of **CAR** :

Project can be

Accepted

Accepted with recommended changes

Rejected

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3. Deadlines & form & evaluation

Deadlines & form – Credit application (CA)

1. Selection of a company - registration via Moodle until October 20 at the latest
2. **Submission of CA – November 25**
3. CA is to be uploaded to Moodle
4. Could be written either in Czech, Slovak, English (English is preferable)

Team – 3 members

- ✓ President / communicator (e-mails)
- ✓ 2 Vice-Presidents / Richeliue (no e-mails!!!)

3. Deadlines & form & evaluation

Deadlines & form

1. the teams will be assigned CA for appraisal by December 2
2. **Submission of CAR – December 16**
3. CA and CAR results in Moodle – beginning of January at the latest
4. CAR is to be uploaded to Moodle
5. Could be written either in Czech, Slovak, English (English is preferable)

3. Deadlines & form & evaluation

Evaluation

Credit application

Part	No of pages	Max. pts
Basic info, non-financial analysis	~ 4	3
Financial analysis	~ 8	6
Business plan (without the project)	~ 5	3
Project (incl. description of financing)	~ 5	3
Implementation of the project in the business plan	~ 5	3
Structure and format of CA		2
Total	Max 30	20

Credit appraisal

Max 7

10

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4. Highly 😊 recommended structure of CA

PDF Format

1. Basic information about the company, non-financial analysis
 2. Financial analysis
 3. Business plan of the company (without the project), 2020-
 4. Project (incl. loan financing)
 5. Implementation of the project into the business plan
- +

Excel (5 excel sheets)

1. Balance sheet, P/L and ratio analysis (2017 – 2019)
2. Balance sheet, P/L **projection without the project**
3. Balance sheet, P/L **projection of the project**
4. Balance sheet, P/L **projection of the whole firm with the project**
5. Loan repayment schedule

4. Recommended structure of CA

I. Basic information about the company

Reliable and stable company
with strong management ?

1. Name, legal status, address, identification number, basic history
2. Ownership structure, parent, subsidiaries, sister companies
3. Management, organisation structure, employees

4. Recommended structure of CA

1. Non-financial analysis

Good products, stable relationships with customers and suppliers, positive outlook for business....?

1. Business sector, entry barriers, degree of competition, main competitors, market position
2. Products, diversification, seasonality, substitutes and new products, production
3. Consumers, suppliers (diversification of)
4. Relationship with banks, government bodies, institutions, regulation of the industry etc.
5. **SWOT analysis**

4. Recommended structure of CA

2. Financial analysis – financial statements

Reliable financial statements?

1. Profit/loss (P/L) analysis - main revenues and costs, sales development, value added, profitability, sensitivity of sales, variable costs, fixed costs, foreign exchange (FX) risk, competitors' comparison
2. Balance sheet (B/S) analysis - main assets and liabilities, capital structure, indebtedness, inventories, account receivables (A/R), account payables (A/P), state payables, tangible and intangible assets, competitors comparison, off-balance sheet items
3. Cash flow (CF) analysis - stability, sustainability

4. Recommended structure of CA

2. Financial analysis – ratio analysis

Strong financial performance?

1. Financial analysis = a tool for an analysis of company's performance and comparison with a relevant business sector, comparison to peers
2. Depended on accounting figures
3. Pay attention to non-recurring items (extraordinary items such as gains or losses from sale of a subsidiary or associated with new accounting policy)
4. Ratio analysis – profitability, liquidity, turnover, debt ratios
5. Du Pont diagram



4. Recommended structure of CA

2. Financial analysis – Comments to financial statements and ratio analysis

Relevant comments, analytical comments/thoughts
are of great importance!

High weight in evaluation!

4. Recommended structure of CA

3. Business plan for 2020-2022/2024

Realistic business plan !

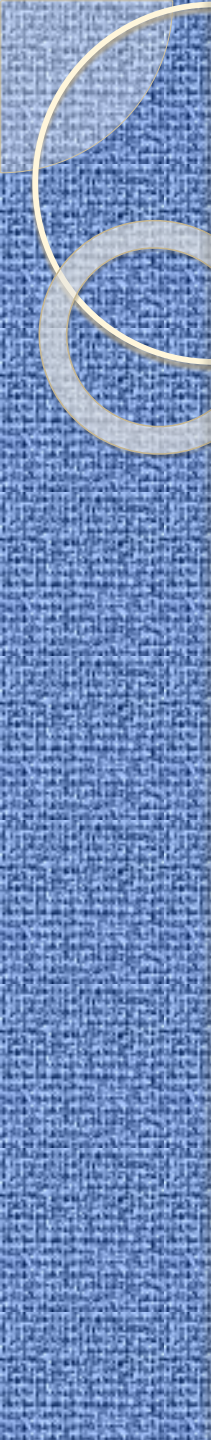
1. Prepare a business plan for next 3 - 5 years
2. Undertake the following steps:
 - ❖ Build the revenue forecast
 - ❖ Forecast the P&L statement
 - ❖ Forecast the balance sheet
 - ❖ *Note - use excess cash and/or new debt to balance the balance sheet!*

4. Recommended structure of CA

4. Project

Feasible and sustainable project!

1. Choose a project (new production investment, cost-cutting investment, acquisition of competitor/customer/supplier etc.)
2. Make a financial projection (balance sheet and P&L) for the project using a bank credit/loan (at least partially)
3. Prepare an instalment plan for the bank credit (postponed principal payment, quarterly payments etc.)
4. Think about the proper interest rate for the credit (e.g. 12M PRIBOR + margin etc.)
5. SWOT analysis of the project

- 
4. Recommended structure of CA
 5. Implementation of the project into the business plan

Careful implementation!

1. Prepare an instalment plan for a bank loan (not necessarily an annuity, e.g. increasing repayments, balloon repayment)
2. Use the financial forecast for the project and implement it into the business plan

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5. Useful sources



- ❖ Financial statements including enclosures, annual reports, auditor reports
- ❖ Other relevant sources: tax return form, time structure of account receivables (A/R) and account payables (A/P), off-balance-sheet items
- ❖ Company's webpage, other webpages (www.pse.cz, www.akcie.cz etc.), data room at the IES, libraries (IES, CNB, CERGE etc.)
- ❖ Examples of CAs on Moodle (Alza SK)
- ❖ Blaha Z.S., Jindřichovská I.: Jak posoudit finanční zdraví firmy: finanční analýza pro investory: bankéře, brokery, manažery, podnikatele i drobné akcionáře, Praha Management Press, 3. vydání, 2006
- ❖ Fraser, L. M. and A. Ormiston (2007): Understanding financial statements, Pearson/Prentice Hall, Upper Saddle River, N.J.

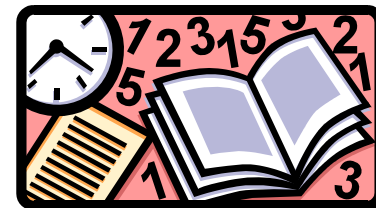
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6. Case study – Prague Airport (PA)

Basic information



- ❖ Prague Airport (PA)
- ❖ Current year = 2003, i.e. past performance for 2001-2003, business plan for 2004-2008
- ❖ **PA intends to build a new terminal worth CZK 500 million that will increase PA sales by 2% p.a.**



6. Case study - PA

Past performance

		2001	2002	2003
+	Gross margin	88	18	20 814
II.	Production	3 266 702	3 377 868	3 746 526
B.	Production related consumption	1 103 371	1 012 278	970 036
+	Value added	2 163 419	2 365 608	2 797 304
C.	Personnel expenses	556 029	633 900	735 901
E.	Amortization and depreciation of intangible and tangible fixed assets	536 278	562 120	585 764
*	Profit or loss on operating activities	900 401	881 112	1 152 124
J.-P.	Financial expenses	221 283	197 734	198 410
N.	<i>Interest expense</i>	136 610	62 805	42 418
*	Profit or loss on financial activities	-147 821	-111 845	152 418
Q.	Tax on profit or loss on ordinary activities	181 575	241 824	372 099
**	Profit or loss on ordinary activities after taxation	571 005	527 443	932 443
*	Extraordinary profit or loss	1 505	1 314	1 369
***	Profit or loss for the year (+/-)	572 510	528 757	933 812
****	Profit or loss before taxation	754 761	771 172	1 305 911

6. Case study - PA

Past performance (Balance sheet)

	2001	2002	2003
TOTAL ASSETS	24,902,448	25,413,244	26,456,109
A. Receivables for stock rec.	0	0	0
B. Fixed assets	23,628,695	23,466,238	23,828,578
B.I. Intangible fixed assets	19,830	28,387	27,529
B.II. Tangible fixed assets	23,608,725	23,437,711	23,800,849
B.III. Long-term financial investments	140	140	200
C. Current assets	1,255,760	1,936,495	2,589,286
C.I. Inventories	21,216	23,721	22,886
C.II. Long-term receivables	0	286,122	280,416
C.III. Short-term receivables	530,038	652,913	753,514
C.IV. Financial assets	704,506	973,739	1,532,470
D. Other Assets	17,993	10,511	38,245

	2001	2002	2003
TOTAL LIABILITIES AND EQUITY	24,902,448	25,413,244	26,456,109
A. Equity	21,453,836	21,753,326	22,665,790
A.I. Registered capital	17,655,722	17,641,102	17,624,835
A.II. Capital Funds	1,403,617	1,403,617	1,403,617
A.III. Funds created from profit	303,722	362,720	421,244
A.IV. Retained earnings	1,518,265	1,817,130	2,282,282
A.V. Profit / (loss) for the year	572,510	528,757	933,812
B. External liabilities	3,155,016	3,625,029	3,721,721
B.I. Reserves	1,155,660	1,631,779	2,150,481
B.II. Long-term liabilities	0	249,876	200,501
B.III. Short-term liabilities	276,059	424,557	327,755
B.IV. Bank Loans and Overdrafts	1,723,297	1,318,817	1,042,984
C. Other liabilities	293,596	34,889	68,598

6. Case study - PA

Build the revenue forecast

- ❖ The revenue forecast is of high importance
- ❖ Based on reliable projections (marketing studies, market analyses, future industry outlook etc.)
- ❖ Identify, define and comment on the basic assumptions – in this PA case - **4% growth of sales** (Production in “All.” in the PA statements)
- ❖ Think about the items that will change with higher sales (production costs, personnel costs etc.)
- ❖ Forecast the rest of the items in the P&L (inflation ?, general economy real growth?)
- ❖ Plan no extraordinary items

6. Case study - PA

Build the P&L forecast – growth rates

		2002	2003	2004	2005	2006	2007	2008
I.	Revenue from sale of goods	-93.2%	104980.6%	3.0%	3.0%	3.0%	3.0%	3.0%
A.	Cost of goods sold	-95.9%	94427.8%	3.0%	3.0%	3.0%	3.0%	3.0%
+	Gross margin	-79.5%	115533.3%	3.0%	3.0%	3.0%	3.0%	3.0%
II.	Production	3.4%	10.9%	4.0%	4.0%	4.0%	4.0%	4.0%
B.	Production related consumption	-8.3%	-4.2%	0.0%	5.0%	5.0%	5.0%	5.0%
+	Value added	9.3%	18.2%	5.4%	3.7%	3.7%	3.7%	3.7%
C.	Personnel expenses	14.0%	16.1%	5.0%	5.0%	5.0%	5.0%	5.0%
D.	Taxes and charges	10.4%	-23.9%	5.0%	5.0%	5.0%	5.0%	5.0%
E.	Amortization and depreciation of intangible and tangible fixed assets	4.8%	4.2%	5.0%	5.0%	5.0%	5.0%	5.0%
III.	Revenue from sale of intangible and tangible fixed assets and materials	23.2%	-26.2%	5.0%	5.0%	5.0%	5.0%	5.0%
F.	Net book value of intangible and tangible fixed assets and materials sold	18.9%	-19.9%	5.0%	5.0%	5.0%	5.0%	5.0%
IV. - V.	Other operating revenues	122.3%	65.4%	5.0%	5.0%	5.0%	5.0%	5.0%
F.-I.	Other operating expenses	71.6%	13.2%	5.0%	5.0%	5.0%	5.0%	5.0%
*	Profit or loss on operating activities	-2.1%	30.8%	5.9%	1.8%	1.7%	1.6%	1.5%
VI.-XII.	Financial income	16.9%	308.5%	3.0%	3.0%	3.0%	3.0%	3.0%
J.-P.	Financial expenses	-10.6%	0.3%	3.0%	3.0%	3.0%	3.0%	3.0%
N.	Interest expense	-54.0%	-32.5%	3.0%	3.0%	3.0%	3.0%	3.0%
*	Profit or loss on financial activities	-24.3%	-236.3%	3.0%	3.0%	3.0%	3.0%	3.0%
Q.	Tax on profit or loss on ordinary activities	33.2%	53.9%	3.0%	3.0%	3.0%	3.0%	3.0%
**	Profit or loss on ordinary activities after tax	-7.6%	76.8%	7.8%	2.6%	2.5%	2.4%	2.3%
XIII.	Extraordinary gains	-26.2%	-34.4%	0.0%	0.0%	0.0%	0.0%	0.0%
R.	Extraordinary losses	-71.8%	-99.5%	0.0%	0.0%	0.0%	0.0%	0.0%
S.	Tax on extraordinary profit or loss	-12.6%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
*	Extraordinary profit or loss	-12.7%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%
***	Profit or loss for the year (+/-)	-7.6%	76.6%	7.8%	2.6%	2.5%	2.4%	2.3%
****	Profit or loss before taxation	2.2%	69.3%	5.6%	1.9%	1.8%	1.8%	1.7%

6. Case study - PA

The P&L forecast (without the project)

		2004	2005	2006	2007	2008
+	Gross margin	21 438	22 082	22 744	23 426	24 129
II.	Production	3 896 387	4 052 243	4 214 332	4 382 906	4 558 222
B.	Production related consumption	970 036	1 018 538	1 069 465	1 122 938	1 179 085
+	Value added	2 947 789	3 055 786	3 167 612	3 283 394	3 403 266
C.	Personnel expenses	772 696	811 331	851 897	894 492	939 217
E.	Amortization and depreciation of intangible and tangible fixed assets	615 052	645 805	678 095	712 000	747 600
*	Profit or loss on operating activities	1 220 350	1 241 975	1 263 110	1 283 667	1 303 553
J.-P.	Financial expenses	204 362	210 493	216 808	223 312	230 012
N.	Interest expense	43 691	45 001	46 351	47 742	49 174
*	Profit or loss on financial activities	156 991	161 700	166 551	171 548	176 694
Q.	Tax on profit or loss on ordinary activities	372 099	372 099	372 099	372 099	372 099
**	Profit or loss on ordinary activities after taxation	1 005 242	1 031 577	1 057 562	1 083 116	1 108 148
*	Extraordinary profit or loss	1 369	1 369	1 369	1 369	1 369
***	Profit or loss for the year (+/-)	1 006 611	1 032 946	1 058 931	1 084 485	1 109 517
****	Profit or loss before taxation	1 378 710	1 405 045	1 431 030	1 456 584	1 481 616

6. Case study - PA

The BS forecast (without the project)

- ❖ Forecast the balance sheet
- ❖ Note - use excess cash and/or new debt to balance the balance sheet!
- ❖ Playing with numbers!

	2004	2005	2006	2007	2008
TOTAL ASSETS	27 025 870	27 584 687	28 181 524	28 819 395	29 501 581
A. Receivables for stock rec.	0	0	0	0	0
B. Fixed assets	24 304 605	24 790 153	25 285 412	25 790 576	26 305 845
B.I. Intangible fixed assets	27 529	27 529	27 529	27 529	27 529
B.II. Tangible fixed assets	24 276 866	24 762 403	25 257 651	25 762 804	26 278 060
B.III. Long-term financial investments	210	221	232	243	255
C. Current assets	2 683 020	2 756 290	2 857 867	2 990 574	3 157 492
C.I. Inventories	23 801	24 753	25 744	26 773	27 844
C.II. Long-term receivables	280 416	280 416	280 416	280 416	280 416
C.III. Short-term receivables	783 655	815 001	847 601	881 505	916 765
C.IV. Financial assets	1 595 148	1 636 119	1 704 107	1 801 879	1 932 466
D. Other Assets	38 245	38 245	38 245	38 245	38 245

	2004	2005	2006	2007	2008
TOTAL LIABILITIES AND EQUITY	27 025 870	27 584 687	28 181 524	28 819 395	29 501 581
A. Equity	22 943 946	23 185 906	23 438 298	23 701 578	23 976 223
A.I. Registered capital	17 624 835	17 624 835	17 624 835	17 624 835	17 624 835
A.II. Capital Funds	1 473 798	1 547 488	1 624 862	1 706 105	1 791 410
A.III. Funds created from profit	442 306	464 422	487 643	512 025	537 626
A.IV. Retained earnings	2 396 396	2 516 216	2 642 027	2 774 128	2 912 834
A.V. Profit / (loss) for the year	1 006 611	1 032 946	1 058 931	1 084 485	1 109 517
B. External liabilities	4 013 326	4 330 184	4 674 628	5 049 219	5 456 760
B.I. Reserves	2 365 529	2 602 082	2 862 290	3 148 519	3 463 371
B.II. Long-term liabilities	208 521	216 862	225 536	234 558	243 940
B.III. Short-term liabilities	344 143	361 350	379 417	398 388	418 308
B.IV. Bank Loans and Overdrafts	1 095 133	1 149 890	1 207 384	1 267 754	1 331 141
C. Other liabilities	68 598	68 598	68 598	68 598	68 598

6. Case study - PA

Project details (investment)

- ❖ New terminal worth CZK 500m
- ❖ Depreciation period = 30 years (i.e. yearly depreciation (linear) = CZK 16.667m)
- ❖ Book value after 30 years = 0 (the terminal will be fully depreciated)

Year	2004	2005	2006	...	2033	2034
Annual depreciation		16 667	16 667	...	16 667	16 667
Cumulative depreciation		16 667	33 333	...	483 333	500 000
Netto value of investment	500 000	483 333	466 667	...	16 667	0

6. Case study - PA

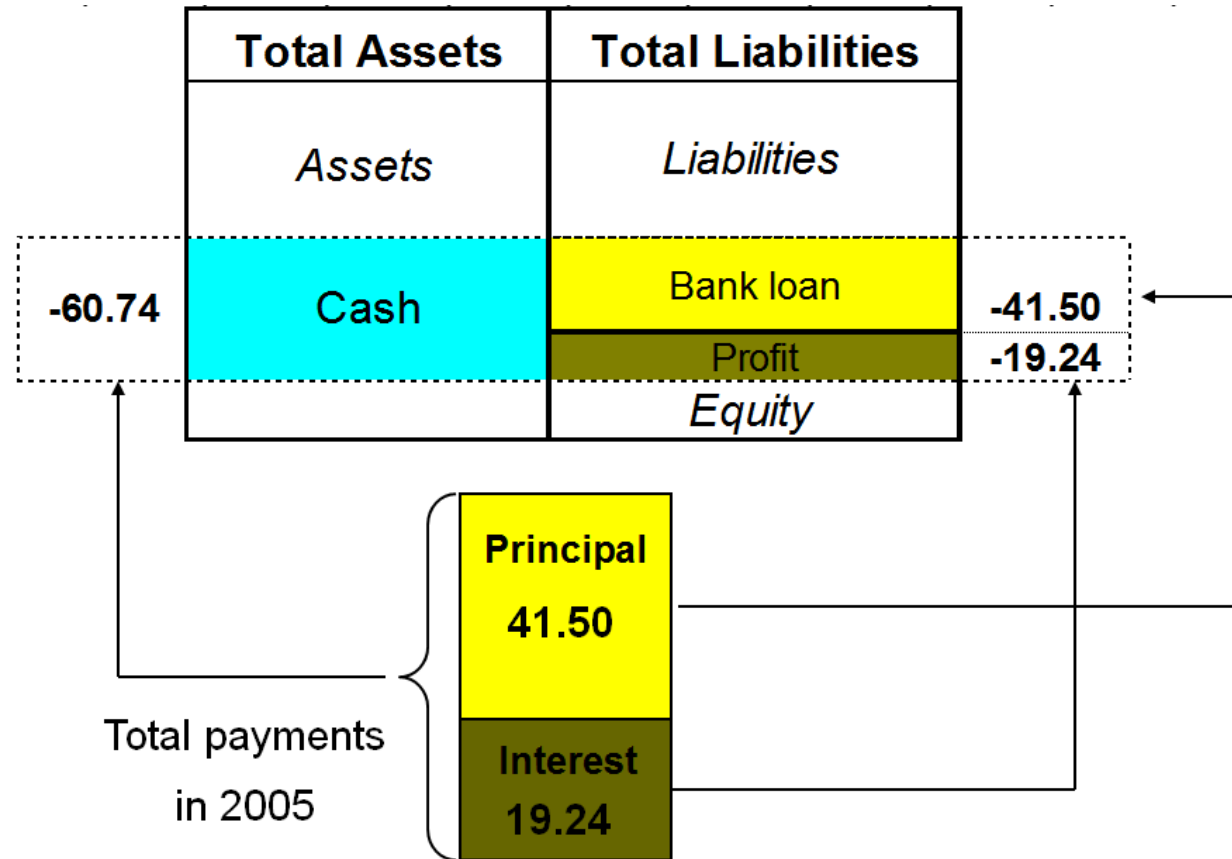
Project details (bank loan)

- ❖ Face value = CZK 500m
- ❖ Interest rate = 4% p.a.
- ❖ Maturity = 10 years (31.12.2004 – 31.12.2014)
- ❖ Annuity (CZK 5.062m monthly or CZK 60.747m annually) – just for teaching reasons! Usually a different payment structure (postponed principal payment, quarterly payments etc.)

Year	Installment	Interest expense	Principal paid	Principal left
1	60 747 083	19 244 607	41 502 476	458 497 524
2	60 747 083	17 553 732	43 193 351	415 304 174
3	60 747 083	15 793 969	44 953 114	370 351 059
4	60 747 083	13 962 509	46 784 574	323 566 486
5	60 747 083	12 056 434	48 690 649	274 875 837
6	60 747 083	10 072 701	50 674 381	224 201 455
7	60 747 083	8 008 149	52 738 934	171 462 521
8	60 747 083	5 859 483	54 887 599	116 574 922
9	60 747 083	3 623 278	57 123 805	59 451 117
10	60 747 083	1 295 966	59 451 117	0
Total	607 470 829	107 470 829	500 000 000	0

6. Case study - PA

Project details (e.g. bank loan in financial statements)



6. Case study - PA

Project details (P&L of the project)

- ❖ + 2 % additional growth in sales (*Production*)
- ❖ Higher cost of sales (*Production related consumption*)
- ❖ Higher personnel expenses
- ❖ Depreciation
- ❖ Financial expenses



6. Case study - PA

Project details (P&L of the project)

		2004	2005	2006	2007	2008
I.	Revenue from sale of goods					
A.	Cost of goods sold					
+	Gross margin	0	0	0	0	0
II.	Production		81 045	84 287	87 658	91 164
B.	Production related consumption		27 374	28 469	29 608	30 792
+	Value added	0	53 671	55 818	58 050	60 372
C.	Personnel expenses		972	1 021	1 072	1 125
E.	Amortization and depreciation of intangible and tangible fixed assets		16 667	16 667	16 667	16 667
*	Profit or loss on operating activities	0	36 032	38 130	40 312	42 581
J.-P.	Financial expenses		19 245	17 554	15 794	13 963
*	Profit or loss on financial activities	0	-19 245	-17 554	-15 794	-13 963
Q.	Tax on profit or loss on ordinary activities	0	4 365	4 938	5 884	6 868
**	Profit or loss on ordinary activities after taxation	0	12 423	15 638	18 634	21 750
*	Extraordinary profit or loss	0	0	0	0	0
***	Profit or loss for the year (+/-)	0	12 423	15 638	18 634	21 750
****	Profit or loss before taxation	0	16 788	20 577	24 518	28 618

6. Case study - PA

Project details (BS of the project)

	2004	2005	2006	2007	2008
TOTAL ASSETS	500 000	531 871	527 261	518 314	506 301
A. Receivables for stock rec.	0	0	0	0	0
B. Fixed assets	0	483 333	466 667	450 000	433 333
B.I. Intangible fixed assets	0	0	0	0	0
B.II. Tangible fixed assets	0	483 333	466 667	450 000	433 333
B.III. Long-term financial investments	0	0	0	0	0
C. Current assets	500 000	48 537	60 595	68 314	72 968
C.I. Inventories	0	0	0	0	0
C.II. Long-term receivables	0	0	0	0	0
C.III. Short-term receivables	0	13 148	16 292	17 454	16 854
C.IV. Financial assets	500 000	35 390	44 303	50 860	56 114
D. Other Assets	0	0	0	0	0

	2004	2005	2006	2007	2008
TOTAL LIABILITIES & EQUITY	500 000	531 871	527 261	518 314	506 301
A. Equity	0	12 423	15 638	18 634	21 750
A.I. Registered capital	0	0	0	0	0
A.II. Capital Funds	0	0	0	0	0
A.III. Funds created from profit	0	0	0	0	0
A.IV. Retained earnings	0	0	0	0	0
A.V. Profit / (loss) for the year	0	12 423	15 638	18 634	21 750
B. External liabilities	500 000	519 448	511 623	499 681	484 552
B.I. Reserves	0	0	0	0	0
B.II. Long-term liabilities	0	0	0	0	0
B.III. Short-term liabilities	0	6 848	10 594	7 592	9 019
B.IV. Bank Loans and Overdrafts	500 000	512 600	501 029	492 089	475 533
<i>thereof bank loan</i>	<i>500 000</i>	<i>458 498</i>	<i>415 304</i>	<i>370 351</i>	<i>323 566</i>
C. Other liabilities	0	0	0	0	0

6. Case study - PA

The P&L forecast (with the project)

		2004	2005	2006	2007	2008
+	Gross margin	21 438	22 082	22 744	23 426	24 129
II.	Production	3 896 387	4 133 287	4 298 619	4 470 564	4 649 386
B.	Production related consumption	970 036	1 045 912	1 097 934	1 152 546	1 209 877
+	Value added	2 947 789	3 109 457	3 223 429	3 341 444	3 463 639
C.	Personnel expenses	772 696	812 303	852 918	895 564	940 342
E.	Amortization and depreciation of intangible and tangible fixed assets	615 052	662 471	694 762	728 666	764 266
*	Profit or loss on operating activities	1 220 350	1 278 008	1 301 241	1 323 980	1 346 134
N.	Interest expense	43 691	45 001	46 351	47 742	49 174
*	Profit or loss on financial activities	156 991	142 456	148 998	155 754	162 732
Q.	Tax on profit or loss on ordinary activities	372 099	376 464	377 037	377 983	378 967
**	Profit or loss on ordinary activities after taxation	1 005 242	1 043 999	1 073 201	1 101 750	1 129 898
*	Extraordinary profit or loss	1 369	1 369	1 369	1 369	1 369
***	Profit or loss for the year (+/-)	1 006 611	1 045 368	1 074 570	1 103 119	1 131 267
****	Profit or loss before taxation	1 378 710	1 421 832	1 451 607	1 481 102	1 510 234

6. Case study - PA

The BS forecast (with the project)

	2004	2005	2006	2007	2008
TOTAL ASSETS	26 956 109	27 557 741	28 111 949	28 699 838	29 325 696
A. Receivables for stock receivables	0	0	0	0	0
B. Fixed assets	23 828 578	24 787 938	25 256 819	25 735 412	26 223 910
B.I. Intangible fixed assets	27 529	27 529	27 529	27 529	27 529
B.II. Tangible fixed assets	23 800 849	24 760 199	25 229 070	25 707 651	26 196 138
B.III. Long-term financial investments	200	210	221	232	243
C. Current assets	3 089 286	2 731 558	2 816 884	2 926 181	3 063 541
C.I. Inventories	22 886	23 801	24 753	25 744	26 773
C.II. Long-term receivables	280 416	280 416	280 416	280 416	280 416
C.III. Short-term receivables	753 514	796 802	831 292	865 055	898 359
C.IV. Financial assets	2 032 470	1 630 538	1 680 422	1 754 967	1 857 993
D. Other Assets	38 245	38 245	38 245	38 245	38 245

	2004	2005	2006	2007	2008
TOTAL LIABILITIES AND EQUITY	26 956 109	27 557 741	28 111 949	28 699 838	29 325 696
A. Equity	22 665 790	22 956 369	23 201 544	23 456 932	23 723 328
A.I. Registered capital	17 624 835	17 624 835	17 624 835	17 624 835	17 624 835
A.II. Capital Funds	1 403 617	1 473 798	1 547 488	1 624 862	1 706 105
A.III. Funds created from profit	421 244	442 306	464 422	487 643	512 025
A.IV. Retained earnings	2 282 282	2 396 396	2 516 216	2 642 027	2 774 128
A.V. Profit / (loss) for the year	933 812	1 019 034	1 048 584	1 077 565	1 106 235
B. External liabilities	4 221 721	4 532 774	4 841 807	5 174 309	5 533 770
B.I. Reserves	2 150 481	2 365 529	2 602 082	2 862 290	3 148 519
B.II. Long-term liabilities	200 501	208 521	216 862	225 536	234 558
B.III. Short-term liabilities	327 755	350 990	371 944	387 009	407 407
B.IV. Bank Loans and Overdrafts	1 542 984	1 607 733	1 650 919	1 699 473	1 743 286
C. Other liabilities	68 598	68 598	68 598	68 598	68 598

In your CA please show specifically the line with the Loan for the project



Thanks for your attention.