

JOHN VAN SLYKE JR.

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CONFIDENTIAL DISCUSSION DRAFT

# User Manual

## PLANYSR Template

### Pro Forma Financial Model

Lotus 1-2-3 v. 1a

For Student Use Only  
Field Studies in  
Entrepreneurial Management  
Harvard Business School

**HARVARD**  
BUSINESS SCHOOL



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COMPANY CONFIDENTIAL

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P L A N Y R

FINANCIAL PLANNING AND ANALYSIS TEMPLATES

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**SECTION I**

**OVERVIEW OF PLANYS**

OVERVIEW OF PLANYR

PLANYR refers to a series of Lotus 1-2-3 spreadsheet templates designed to assist in financial planning and analysis. All of the templates are located in a single 1-2-3 worksheet and accommodate a seven-year time horizon. Using PLANYR on the IBM PC requires a minimum of 256k of internal memory. Note: Users of the PLANYR templates are assumed to have a general familiarity with the operation and terminology of Lotus 1-2-3.

Each worksheet is divided into six sections:

- (1) the Planning Proforma Assumptions (Part I and II),
- (2) the Proforma Income Statement,
- (3) the Proforma Balance Sheet,
- (4) the Sources and Uses of Funds Statement,
- (5) the Proforma Financial Ratio Analysis, and
- (6) the Proforma Financial Summary.

Within the worksheet, information is organized by rows and columns. The rows represent financial variables while the columns represent annual accounting periods. A special column, BEGIN, is designated to hold the starting value for each row. Period 1 is the first period after BEGIN. The figure on page 2 contains a map of the worksheet showing the location of each template. Appendix A contains a listing of the row locations of all variables.

To use the templates, values need only be entered into the Proforma Assumptions Section (Part I and Part II) of the worksheet. ALL OTHER VALUES IN THE WORKSHEET ARE CALCULATED USING THE INFORMATION FOUND IN THIS SECTION.

To calculate or recalculate the worksheet, use the special function key, F9. The F9 key signals 1-2-3 to recalculate the entire spreadsheet which takes approximately 2-3 minutes. While the worksheet is calculating, the CIRC indicator may appear in the bottom right hand corner of your screen (next to the CALC indicator). This indicates that circular calculations are being performed and is no cause for alarm.

Six standard reports can be printed and eighteen graphs displayed using the print macro included with PLANYR. The print macro always uses the current values contained in the worksheet to create reports and graphs. Therefore, when changes are made, the worksheet should be recalculated before reports are printed or graphs displayed.

OVERVIEW OF PLANYR

LAYOUT OF PLANYR WORKSHEET

A	B	C	D	E	F	G	H	I
	BEGIN	YR-1	YR-2	YR-3	YR-4	YR-5	YR-6	YR-7
Assumptions I Rows 103 - 146								
Assumptions II Rows 150 - 193								
Income Statement Rows 197 - 242								
Balance Sheet Rows 246 - 300								
Sources & Uses Rows 304 - 362								
Financial Ratios Rows 366 - 404								
Financial Summary Rows 408 - 463								

MACROS

- <ALT> A / Print Macro -- To print reports and display graphs  
<ALT> B / Change Macro -- To make global changes to report and column headings.  
<ALT> C / Scale Macro -- To change the scale of the worksheet

KEY VARIABLES

Cell A99 -- Scale Variable (controlled with Scale Macro)

<u>Row #</u>	<u>Variable</u>	<u>Row #</u>	<u>Variable</u>
	<u>Assumptions:</u>		
114	Net Sales		
	<u>Income Statement:</u>		
208	Gross Profit	223	Profit Bef. Interest and Taxes
219	Net Operating Profit	237	Net Profit (loss) After Taxes
	<u>Balance Sheet:</u>		
261	Total Current Assets	287	Total Current Liabilities
266	Net Fixed Assets	289	Long-term Debt
271	Net Intangible Assets	290	Other Noncurrent Liabilites
273	Other Assets	297	Shareholders' Equity
275	Total Assets	299	Total Liabilities and Equity
	<u>Sources and Uses of Funds:</u>		
359	Change in Net Working Capital		

## OVERVIEW OF PLANYR

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PLANYR is intended to serve as a starting point for your work. You will find that, using the commands of 1-2-3, the templates can easily be modified to suit your specific needs.

Further Note: When using Lotus 1-2-3 on your personal computer, work should frequently be saved to a disk file. Personal computers are very susceptible to power fluctuations which can wipe out main memory and with it, work in progress. Saving your worksheet periodically during a terminal session, therefore, protects you from both hardware and human error.



**SECTION II**

**SAMPLE OUTPUT**

## SAMPLE OUTPUT

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### SAMPLE OUTPUT

PLANYSR produces standard output consisting of six reports and eighteen graphs. Using the capabilities of 1-2-3, any number of additional reports and graphs can be created.

### REPORTS

Each of the six standard reports is described below. An example of each report follows.

#### The Proforma Income Statement

This report shows the actual and/or anticipated revenues, expenses, and profits for the company during a specified period of time.

#### The Proforma Balance Sheet

This report shows the resulting financial position, assets and liabilities, and equity at the end of each period.

#### The Sources and Uses of Funds Statement

This report shows the flow of funds as revealed by changes in the beginning and ending balance sheet.

#### The Proforma Financial Ratio Analysis Report

This report displays key financial ratios which can be used to assess a company's overall performance, profitability, liquidity, financial leverage, and utilization of capital.

#### The Proforma Financial Summary Report

This report consolidates information found in the other reports into a single, one-page report which can be used as an exhibit in an executive summary of a business or other financial presentations.

#### The Planning Proforma Assumptions Report

This report shows the input assumptions used to generate the reports and graphs.

XYZ Electronics Corporation  
 Proforma Income Statement  
 (\$ Thousands, Annual Basis)  
 Version of 12-13-84 3:30 PM

	<u>BBGN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Net Sales	\$0	\$1,284	\$4,145	\$6,589	\$8,560	\$10,120	\$12,800	\$13,500
Cost of Sales/Services	0	616	1,865	2,965	3,595	4,048	5,120	5,130
Gross Profit	0	668	2,280	3,624	4,965	6,072	7,680	8,370
General & Administrative Costs	0	819	1,462	2,899	3,128	4,152	4,192	4,203
Selling Costs	0	364	707	929	1,228	1,606	1,740	1,775
Research and Development (Expensed)	0	20	40	100	250	300	300	300
All Other Overhead Costs	0	15	15	15	15	15	15	15
Depreciation	0	36	121	164	193	221	250	279
Amortization	0	0	10	20	30	30	30	30
Total Operating Expenses	0	1,254	2,356	4,128	4,844	6,324	6,527	6,601
Net Operating Profit	0	(586)	(76)	(504)	121	(252)	1,153	1,769
Other Income	0	150	250	300	450	500	500	500
Profit Bef. Interest and Taxes	0	(436)	174	(204)	571	248	1,653	2,269
Add: Interest Income - Investments	0	0	91	94	93	126	173	284
Less: Interest on Short Term Debt	0	24	48	61	62	58	73	73
Less: Interest on Long Term Debt	0	84	70	56	42	14	0	0
Profit (Loss) Before Taxes	0	(544)	147	(226)	559	301	1,753	2,479
Less: Loss Carry Forward Applied	0	0	147	0	559	64	0	0
Income Tax Provision	0	0	0	0	0	115	853	1,207
Less: Investment Tax Credits	0	0	0	0	0	20	20	20
Net Income Taxes	0	0	0	0	0	95	833	1,187
Net Profit (loss) After Taxes	0	(544)	147	(226)	559	206	919	1,292
Less: Dividends	0	0	0	0	0	0	0	65
Addition to Retained Earnings	\$0	(\$544)	\$147	(\$226)	\$559	\$206	\$919	\$1,227

XYZ Electronics Corporation  
 Proforma Balance Sheet  
 (\$ Thousands, Annual Basis)  
 Version of 12-13-84 3:30 PM

	<u>BEGIN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<b>ASSETS</b>								
Cash on Hand	\$0	\$100	\$250	\$300	\$400	\$400	\$400	\$400
Short Term Investments	1,500	777	875	576	1,113	1,400	2,440	3,868
Accounts Receivable	0	107	345	549	713	843	1,067	1,125
Inventory	0	90	200	329	399	394	498	428
Other Current Assets	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>1,500</b>	<b>1,074</b>	<b>1,671</b>	<b>1,755</b>	<b>2,626</b>	<b>3,036</b>	<b>4,404</b>	<b>5,820</b>
Total Fixed Assets & Improvements	0	250	850	1,150	1,350	1,550	1,750	1,950
Less: Accum. Depreciation	0	36	157	321	514	736	986	1,264
<b>Net Fixed Assets</b>	<b>0</b>	<b>214</b>	<b>693</b>	<b>829</b>	<b>836</b>	<b>814</b>	<b>764</b>	<b>686</b>
Total Intangible Assets	0	50	100	150	150	150	150	150
Less: Accum. Amortization	0	0	10	30	60	90	120	150
<b>Net Intangible Assets</b>	<b>0</b>	<b>50</b>	<b>90</b>	<b>120</b>	<b>90</b>	<b>60</b>	<b>30</b>	<b>0</b>
Other Assets (Net)	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$1,500</b>	<b>\$1,338</b>	<b>\$2,454</b>	<b>\$2,703</b>	<b>\$3,552</b>	<b>\$3,911</b>	<b>\$5,199</b>	<b>\$6,506</b>
<b>LIABILITIES AND EQUITY</b>								
Short-Term Bank Debt	\$0	\$200	\$300	\$406	\$516	\$579	\$732	\$734
Accounts Payable	0	153	341	768	1,027	1,265	1,421	1,428
Dividends Payable	0	0	0	0	0	0	0	0
Income Taxes Payable	0	0	0	0	0	19	167	237
Accrued Compensation Payable	0	30	61	103	123	156	168	169
Other Current Liabilities	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>383</b>	<b>701</b>	<b>1,277</b>	<b>1,666</b>	<b>2,019</b>	<b>2,488</b>	<b>2,568</b>
Long-Term Debt	600	600	500	400	300	100	0	0
Other Non-Current Liab.	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>600</b>	<b>983</b>	<b>1,201</b>	<b>1,677</b>	<b>1,966</b>	<b>2,119</b>	<b>2,488</b>	<b>2,568</b>
Common Stock + Paid in Capital	900	900	1,650	1,650	1,650	1,650	1,650	1,650
Retained Earnings	0	(544)	(398)	(624)	(64)	142	1,061	2,288
<b>Shareholders' Equity</b>	<b>900</b>	<b>356</b>	<b>1,252</b>	<b>1,026</b>	<b>1,586</b>	<b>1,792</b>	<b>2,711</b>	<b>3,938</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,500</b>	<b>\$1,338</b>	<b>\$2,454</b>	<b>\$2,703</b>	<b>\$3,552</b>	<b>\$3,911</b>	<b>\$5,199</b>	<b>\$6,506</b>

XYZ Electronics Corporation  
Sources and Uses of Funds  
(\$ Thousands, Annual Basis)  
Version of 12-13-84 3:30 PM

	<u>BEGIN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<b>FUNDS WERE PROVIDED BY</b>								
Net Addition to Retained Earnings	\$0	\$0	\$147	\$0	\$559	\$206	\$919	\$1,227
Depreciation & Amortization	0	36	131	184	223	251	280	309
Inc: Short Term Bank Debt	0	200	100	106	110	63	153	1
Inc: Accounts Payable	0	153	188	427	259	238	156	7
Inc: Dividends Payable	0	0	0	0	0	0	0	0
Inc: Taxes Payable	0	0	0	0	0	19	148	71
Inc: Accrued Compensation Payable	0	30	31	43	19	33	12	1
Inc: Other Current Liabilities	0	0	0	0	0	0	0	0
Inc: Long-Term Debt Balance	600	0	0	0	0	0	0	0
Inc: Other Non-Current Liabilities	0	0	0	0	0	0	0	0
Inc: Common Stock + Paid in Capitl	900	0	750	0	0	0	0	0
Dec: Cash on Hand	0	0	0	0	0	0	0	0
Dec: Short Term Investments	0	723	0	299	0	0	0	0
Dec: Accounts Receivable	0	0	0	0	0	0	0	0
Dec: Inventory	0	0	0	0	0	6	0	70
Dec: Other Current Assets	0	0	0	0	0	0	0	0
Dec: Fixed Assets & Equipment	0	0	0	0	0	0	0	0
Dec: Intangible Assets	0	0	0	0	0	0	0	0
Dec: Other Assets	0	0	0	0	0	0	0	0
<b>Total Sources</b>	<b>\$1,500</b>	<b>\$1,141</b>	<b>\$1,347</b>	<b>\$1,059</b>	<b>\$1,171</b>	<b>\$816</b>	<b>\$1,668</b>	<b>\$1,686</b>
<b>FUNDS WERE USED FOR:</b>								
Net Loss After Taxes	\$0	\$544	\$0	\$226	\$0	\$0	\$0	\$0
Inc: Cash on Hand	0	100	150	50	100	0	0	0
Inc: Short Term Investments	1500	0	98	0	537	286	1040	1428
Inc: Accounts Receivable	0	107	238	204	164	130	223	58
Inc: Inventory	0	90	110	129	70	0	104	0
Inc: Other Current Assets	0	0	0	0	0	0	0	0
Inc: Fixed Assets and Equipment	0	250	600	300	200	200	200	200
Inc: Net Intangible Assets	0	50	50	50	0	0	0	0
Inc: Other Assets	0	0	0	0	0	0	0	0
Dec: Short Term Bank Debt	0	0	0	0	0	0	0	0
Dec: Accounts Payable	0	0	0	0	0	0	0	0
Dec: Dividends Payable	0	0	0	0	0	0	0	0
Dec: Taxes Payable	0	0	0	0	0	0	0	0
Dec: Accrued Compensation Payable	0	0	0	0	0	0	0	0
Dec: Other Current Liabilities	0	0	0	0	0	0	0	0
Dec: Long Term Debt Balance	0	0	100	100	100	200	100	0
Dec: Other Liabilities	0	0	0	0	0	0	0	0
Dec: Common Stock + Paid in Capitl	0	0	0	0	0	0	0	0
<b>Total Uses</b>	<b>\$1,500</b>	<b>\$1,141</b>	<b>\$1,347</b>	<b>\$1,059</b>	<b>\$1,171</b>	<b>\$816</b>	<b>\$1,668</b>	<b>\$1,686</b>
<b>Change in Net Working Capital</b>	<b>\$1,500</b>	<b>(\$809)</b>	<b>\$278</b>	<b>(\$492)</b>	<b>\$482</b>	<b>\$57</b>	<b>\$899</b>	<b>\$1,336</b>
<b>Cumulative Change</b>	<b>\$1,500</b>	<b>\$691</b>	<b>\$969</b>	<b>\$477</b>	<b>\$960</b>	<b>\$1,017</b>	<b>\$1,916</b>	<b>\$3,252</b>

XYZ Electronics Corporation  
 Proforma Financial Ratio Analysis:  
 (\$ Thousands, Annual Basis)  
 Version of 12-13-84 3:30 PM

	<u>BBGIN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<b>Overall Performance Ratios:</b>								
Net Return on Equity	0.00	-153.16	11.72	-22.05	35.29	11.50	33.91	32.81
Net Return on Assets	0.00	-40.69	5.98	-8.37	15.75	5.27	17.68	19.86
<b>Profitability Measures:</b>								
Gross Profit Margin	0.00	52.00	55.00	55.00	58.00	60.00	60.00	62.00
Net Operating Profit	0.00	-45.68	-1.84	-7.64	1.41	-2.49	9.01	13.10
Profit Before Interest and Taxes	0.00	-33.99	4.20	-3.09	6.67	2.45	12.91	16.81
Profit After Taxes	0.00	-42.41	3.54	-3.43	6.54	2.04	7.18	9.57
Operating Income Per Share	\$0.00	(\$6.52)	(\$0.63)	(\$4.20)	\$1.00	(\$2.10)	\$9.61	\$14.74
Net Earnings Per Share	\$0.00	(\$6.05)	\$1.22	(\$1.89)	\$4.66	\$1.72	\$7.66	\$10.77
<b>Utilization of Capital Ratios:</b>								
Asset Turnover per Year	0.00	0.96	1.69	2.44	2.41	2.59	2.46	2.08
Equity Turnover per Year	0.00	3.61	3.31	6.42	5.40	5.65	4.72	3.43
Fixed Asset Turnover per Year	0.00	5.99	5.98	7.95	10.24	12.43	16.75	19.69
<b>Liquidity Ratios:</b>								
Current Ratio	0.00	2.81	2.38	1.37	1.58	1.50	1.77	2.27
Quick Ratio	0.00	2.57	2.10	1.12	1.34	1.31	1.57	2.10
<b>Financial Leverage Ratios:</b>								
Total Assets/Net Worth	1.67	3.76	1.96	2.63	2.24	2.18	1.92	1.65
Debt/Equity Ratio	0.67	2.76	0.96	1.63	1.24	1.18	0.92	0.65
Total Liabilities/Total Assets	0.40	0.73	0.49	0.62	0.55	0.54	0.48	0.39

XYZ Electronics Corporation  
 Proforma Financial Summary  
 (\$ Thousands, Annual Basis)  
 Version of 12-13-84 3:30 PM

	BEGIN	1983	1984	1985	1986	1987	1988	1989
<b>SALES, PROFITS AND WORKING CAPITAL</b>								
Net Sales	\$0	\$1,284	\$4,145	\$6,589	\$8,560	\$10,120	\$12,800	\$13,500
Profit Before Interest and Taxes	\$0	(\$436)	\$174	(\$204)	\$571	\$248	\$1,653	\$2,269
Net Profit(Loss) After Taxes	\$0	(\$544)	\$147	(\$226)	\$559	\$206	\$919	\$1,292
Cash Flow (PAT + Dep + Amort)	\$0	(\$509)	\$278	(\$42)	\$782	\$457	\$1,199	\$1,601
Change in Net Working Capital	\$1,500	(\$809)	\$278	(\$492)	\$482	\$57	\$899	\$1,336
<b>BREAK-EVEN SALES REQUIREMENTS</b>								
To Meet Operating Expenses Only	\$0	\$2,412	\$4,283	\$7,505	\$8,352	\$10,540	\$10,878	\$10,647
To Meet Oper. Exp. + Debt Service	\$0	\$2,620	\$4,680	\$7,899	\$8,704	\$10,994	\$11,167	\$10,765
<b>CAPITALIZATION &amp; VALUE (Ending Balances)</b>								
Cash and S.T. Investments	\$1,500	\$877	\$1,125	\$876	\$1,513	\$1,800	\$2,840	\$4,268
Inventory and Accts/Rec.	0	197	545	879	1,113	1,237	1,564	1,553
All Other Current Assets	0	0	(0)	0	(0)	0	0	0
Net Fixed and All Other Assets	0	264	783	949	926	874	794	686
<b>Total Assets</b>	<b>\$1,500</b>	<b>\$1,338</b>	<b>\$2,454</b>	<b>\$2,703</b>	<b>\$3,552</b>	<b>\$3,911</b>	<b>\$5,199</b>	<b>\$6,506</b>
Short Term Bank Debt	\$0	\$200	\$300	\$406	\$516	\$579	\$732	\$734
All Other Current Liabilities	0	183	401	871	1,150	1,440	1,756	1,834
Long Term Debt	600	600	500	400	300	100	0	0
Other Non-Current Liabilities	0	0	0	0	0	0	0	0
Common Stock + Paid in Capital	900	900	1,650	1,650	1,650	1,650	1,650	1,650
Net Retained Earnings	0	(544)	(398)	(624)	(64)	142	1,061	2,288
<b>Total Liabilities and Equity</b>	<b>\$1,500</b>	<b>\$1,338</b>	<b>\$2,454</b>	<b>\$2,703</b>	<b>\$3,552</b>	<b>\$3,911</b>	<b>\$5,199</b>	<b>\$6,506</b>
Number of New Shares Issued	90,000	0	30,000	0	0	0	0	0
Total Shares Outstanding	90,000	90,000	120,000	120,000	120,000	120,000	120,000	120,000
Avg. Price of New Shares Issued	\$10.00	\$0.00	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Book Value Per Share	\$10.00	\$3.95	\$10.44	\$8.55	\$13.21	\$14.93	\$22.59	\$32.82
Earnings Per Share (Net)	\$0.00	(\$6.05)	\$1.22	(\$1.89)	\$4.66	\$1.72	\$7.66	\$10.77
Dividend per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.54
Market Price/Share	\$0.00	\$0.00	\$9.79	\$0.00	\$55.95	\$25.76	\$114.88	\$161.49
Assumed Price/Earnings Ratio	0	6	8	10	12	15	15	15
<b>Total Market Value of Company</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,174</b>	<b>\$0</b>	<b>\$6,714</b>	<b>\$3,091</b>	<b>\$13,786</b>	<b>\$19,379</b>

XYZ Electronics Corporation  
 Major Proforma Assumptions  
 Part I  
 (\$ Thousands, Annual Basis)  
 Version of 12-13-84 3:30 PM

	<u>BEGIN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<b>Income Statement Assumptions</b>								
Net Sales	\$0	\$1,284	\$4,145	\$6,589	\$8,560	\$10,120	\$12,800	\$13,500
Other Income	\$0	\$150	\$250	\$300	\$450	\$500	\$500	\$500
Cost of Sales (% of Sales)	0.0	48.0	45.0	45.0	42.0	40.0	40.0	38.0
Fixed Gen & Admin Expenses	\$0	\$800	\$1,400	\$2,800	\$3,000	\$4,000	\$4,000	\$4,000
Variable G & A Costs (% Sales)	0.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Fixed Selling Costs	\$0	\$300	\$500	\$600	\$800	\$1,100	\$1,100	\$1,100
Variable Sales Costs (% Sales)	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Research and Dev. (Expensed)	\$0	\$20	\$40	\$100	\$250	\$300	\$300	\$300
Other Overhead Expenses 1	\$0	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Other Overhead Expenses 2	\$0	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Other Overhead Expenses 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Overhead Expenses 4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Labor in Selling Costs (%)	0.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Labor in Cost of Sales (%)	0.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Labor in Gen. & Admin. (%)	0.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
<b>Scheduled Investments</b>								
Inventory Level (Specified)	\$0	\$90	\$200	\$0	\$0	\$0	\$0	\$0
Equipment and Fixed Assets	\$0	\$250	\$600	\$300	\$200	\$200	\$200	\$200
Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Research & Dev. (Capitalized)	\$0	\$50	\$50	\$50	\$0	\$0	\$0	\$0
Other Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Working Capital Management Factors</b>								
Minimum Cash Balance (000's)	\$0	\$100	\$250	\$300	\$400	\$400	\$400	\$400
Inventory on Hand (Days)	0	60	45	40	40	35	35	30
Accounts Receivable (Days)	0	30	30	30	30	30	30	30
Accounts Payable (Days)	0	30	30	40	45	45	45	45
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



XYZ Electronics Corporation  
Major Proforma Assumptions  
Part II  
(\$ Thousands, Annual Basis)  
Version of 12-13-84 3:30 PM

	<u>BEGIN</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<b>Debt Financing and Interest Rates</b>								
S T Bank Debt Against A/R (%)	0.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
S T Bank Debt Against INV (%)	0.0	0.0	40.0	40.0	40.0	40.0	40.0	40.0
S T Bank Debt (Specified)	\$0	\$200	\$300	\$0	\$0	\$0	\$0	\$0
L T Debt Principal Takedowns	\$600	\$0	\$0	\$0	\$0	\$0	\$0	\$0
L T Debt Principal Repayments	\$0	\$0	\$100	\$100	\$100	\$200	\$100	\$0
Other Non-Current Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Rate — S T Debt (%)	0.00	12.00	16.00	15.00	12.00	10.00	10.00	10.00
Interest Rate — L. T. Debt (%)	0.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Earning Rate on Excess Cash (%)	0.00	11.00	13.00	11.00	10.00	9.00	9.00	9.00
<b>Equity Financing</b>								
New Common Shares Issued	90,000	0	30000	0	0	0	0	0
Price per New Share Issued	\$10.00	\$0.00	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Common Shares Outstanding	90,000	90,000	120,000	120,000	120,000	120,000	120,000	120,000
Required Profit Bef Dividends	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Dividend Payout Rate (%)	0.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Price/Earnings Ratio of Stock	0	6	8	10	12	15	15	15
<b>Tax and Accounting Assumptions</b>								
Depreciable Life — Cap. Assets	7	7	7	7	7	7	7	7
Depreciable Life — Capital Imp.	10	10	10	10	10	10	10	10
Amortization — R & D + Intang	5	5	5	5	5	5	5	5
State Income Tax Rate (%)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Federal Income Tax Rate (%)	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Current Yr. Est. Tax Payment (%)	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Combined State/Federal Rate (%)	48.70	48.70	48.70	48.70	48.70	48.70	48.70	48.70
Tax Loss Carry Forward (Balance)	\$0	\$544	\$398	\$624	\$64	\$0	\$0	\$0

GRAPHS

Each of the eighteen standard graphs is described below. An example of each follows. In addition, at the bottom of each example graph is a table that describes the graph settings used to produce the graph. The following notes apply to the tables at the base of each graph.

- (1) The range for each graph variable is Column B-I.
- (2) The labels for the X-Axis on the graph have been taken from Row 109.
- (3) The second title is always the company name. This can be found in cell A103 of the worksheets and is so indicated by using the symbol: \A103.
- (4) In many cases, the X-Axis title is taken from cell A106. As above, this is indicated by using the symbol: \A106.

Market Value of Company

This graph plots the net sales figures against the total market value of all equity in the company.

Market and Book Value per Share

This graph plots the market value per share against the book value per share.

Liquidity Ratios

This graph plots the current ratio and the quick ratio.

Change in Net Working Capital

This graph plots the change in net working capital against the cumulative change in working capital.

Basic Cash Flow

This graph plots the profit after taxes plus non-cash expenses against depreciation and amortization.

Cash Flow and Working Capital Changes

This graph plots the cash flow (PAT + depreciation + amortization) against the change in net working capital and the cumulative change in net working capital.

## SAMPLE OUTPUT

---

### Profit Margins

This graph plots the gross profit margin, the net operating profit, the profit before interest and taxes, and the profit after taxes.

### Sales and Breakeven Levels

This graph plots the net sales, the sales required to meet operating expenses, and the sales required to meet operating expenses plus debt service.

### Asset Structure

This graph plots the net fixed and all other assets, all other current assets, inventory and accounts receivable, and cash and short-term investments.

### Composition of Current Assets

This graph plots other current assets, inventory, accounts receivable, short-term investments, and cash on hand.

### Liabilities and Equity Structure

This graph plots shareholder's equity, other non-current liabilities, long-term debt, and total current liabilities.

### Composition of Current Liabilities

This graph plots other current liabilities, accrued compensation payable, income taxes payable, dividends payable, accounts payable, and short-term bank debt.

### Financial Leverage Ratios

This graph plots total liabilities/total assets against the debt/equity ratio.

### Debt & Equity Financing

This graph plots common stock & paid in capital, retained earnings, long-term debt, and short-term bank debt.

### Outstanding Balances - LT & ST Debt

This graph plots the long-term debt against the short-term debt.

### Debt Service - Long & Short Term

This graph plots the interest on long-term and short-term debt and the change in long-term and short-term debt per period.

**SAMPLE OUTPUT**

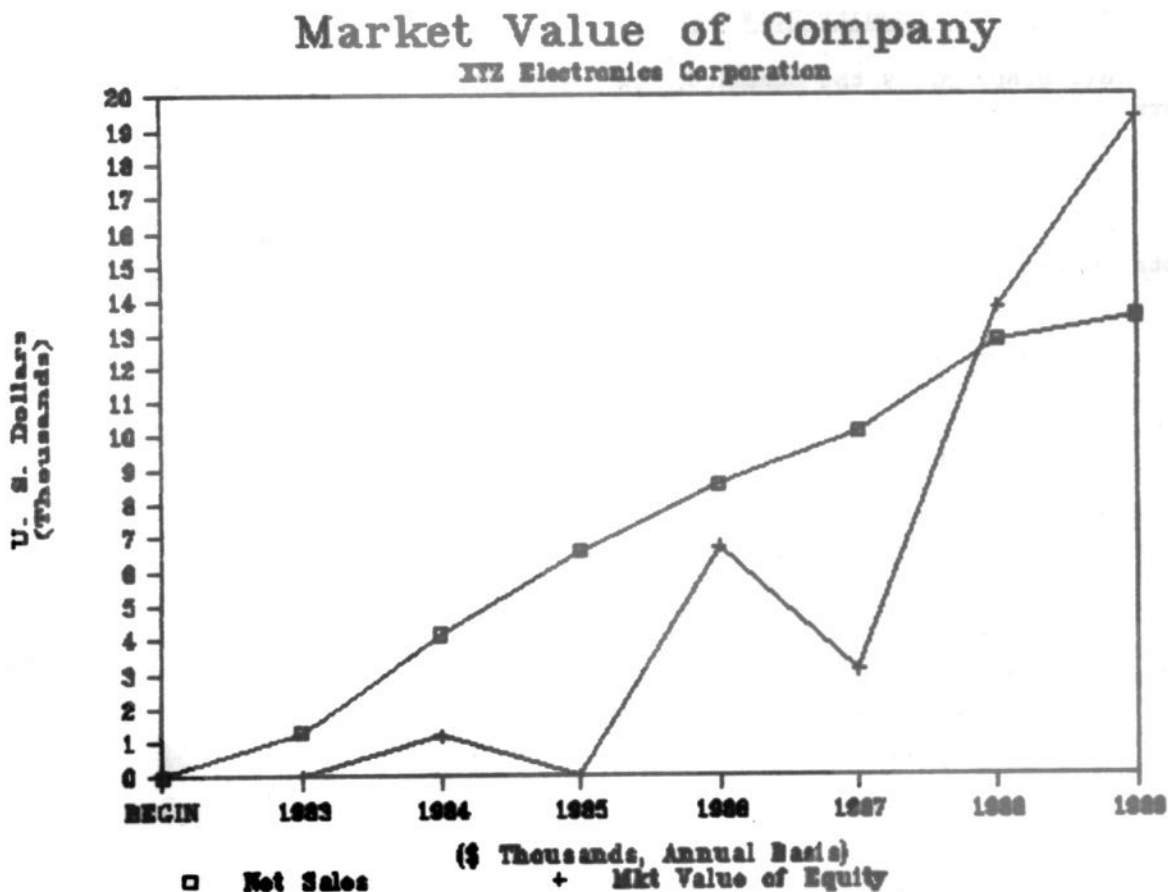
---

**Stockholder's Equity Balance**

This graph plots the common stock and paid in capital, retained earnings, and shareholder's equity.

**Stockholder's Equity and Valuation**

This graph plots the net sales, shareholder's equity, and the total market value of the company.

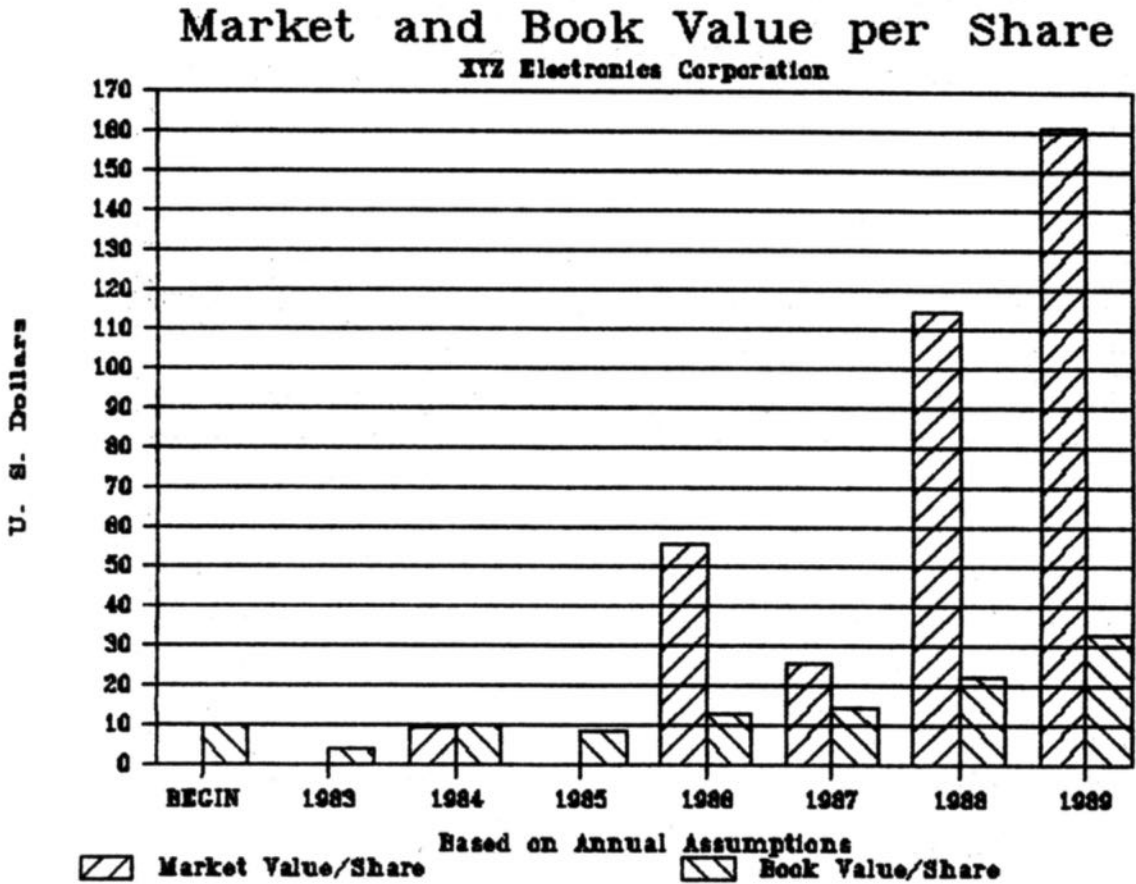


GRAPHNAME: MARKETVALUE

Type: Line  
 X: Row 109  
 A: Row 205 - Net Sales  
 B: Row 462 - Total Market Value of Company

Options:  
 Legend:  
     A: Net Sales  
     B: Mkt Value of Equity  
 Titles:  
     First: Market Value of Company  
     Second: \A103 (company name)  
     X-Axis: \A106 (scale of model)  
     Y-Axis: U. S. Dollars

BSW

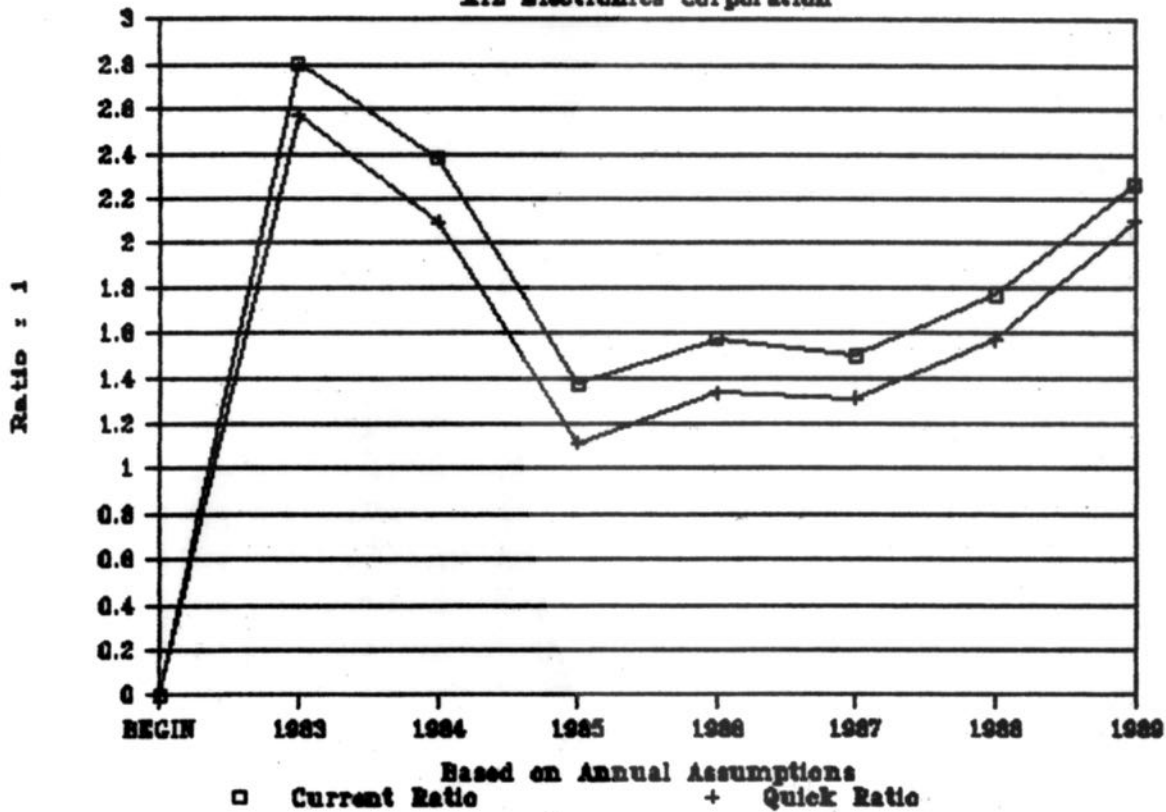


GRAPHNAME: STOCKVALUE

Type: Bar  
 X: Row 109  
 A: Row 459 - Market Price/Share  
 B: Row 456 - Book Value Per Share

Options:  
 Legend:  
     A: Market Value/Share  
     B: Book Value/Share  
 Titles:  
     First: Market and Book Value per Share  
     Second: \A103 (company name)  
     X-Axis: Based on Annual Assumptions  
     Y-Axis: U. S. Dollars  
 Grid:  
     Horizontal  
 B&W

### Liquidity Ratios XYZ Electronics Corporation



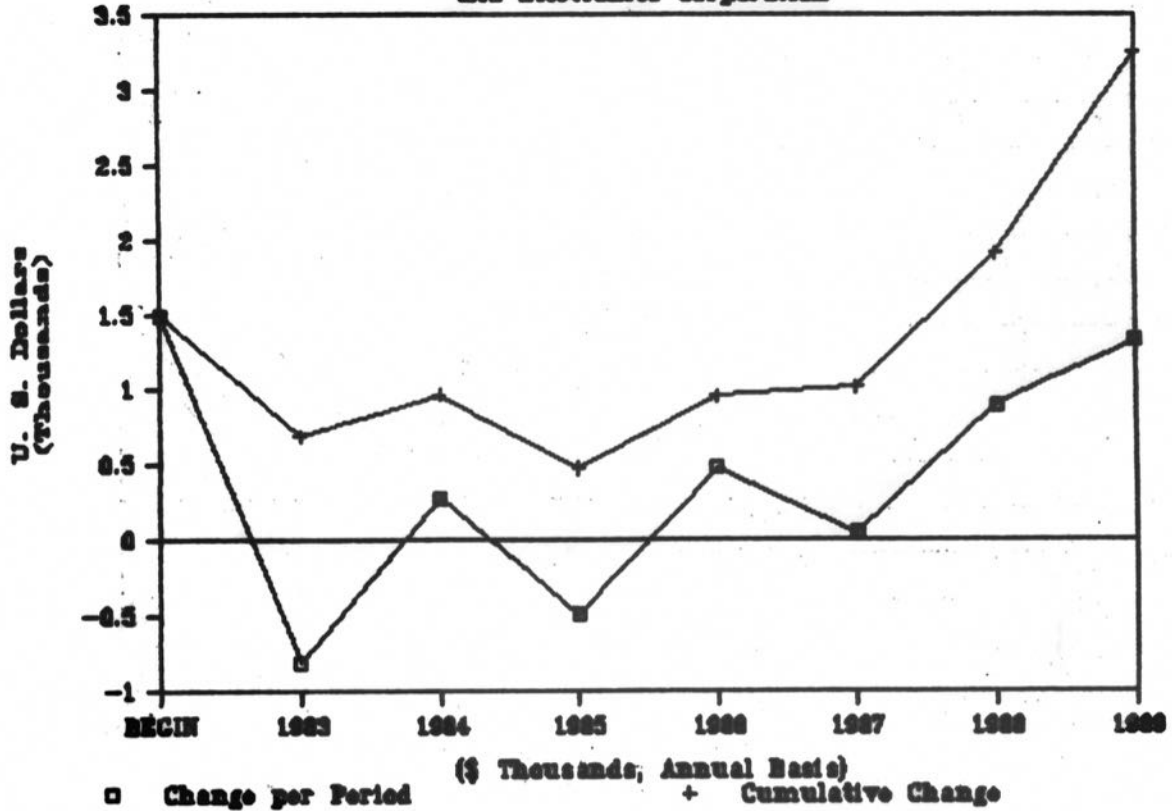
GRAPHNAME: LIQUIDITY

Type: Line  
 X: Row 109  
 A: Row 397 - Current Ratio  
 B: Row 398 - Quick Ratio

Options:  
 Legend:  
     A: Current Ratio  
     B: Quick Ratio  
 Titles:  
     First: Liquidity Ratios  
     Second: \A103 (company name)  
     X-Axis: Based on Annual Assumptions  
     Y-Axis: Ratio : 1  
 Grid:  
     Horizontal  
 B&W

# Change in Net Working Capital

XYZ Electronics Corporation

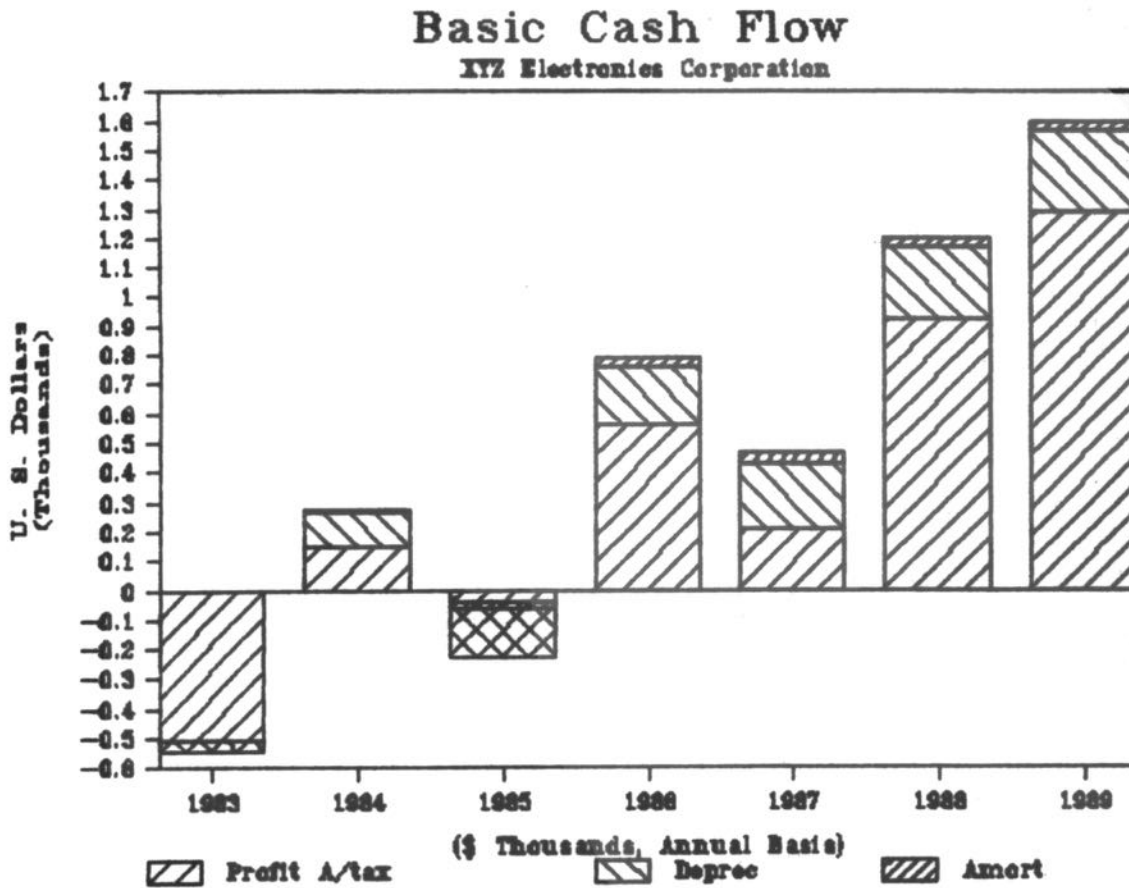


GRAPHNAME: WORKINGCAP

Type: Line  
 X: Row 109  
 A: Row 359 - Change in Net Working Capital  
 B: Row 361 - Cumulative Change

Options:  
 Legend:  
 A: Change per Period  
 B: Cumulative Change  
 Titles:  
 First: Change in Net Working Capital  
 Second: \A103 (company name)  
 X-axis: \A106 (scale of model)  
 Y-axis: U. S. Dollars  
 BSW





GRAPHNAME: BASCASHFLOW

Type: Stacked Bar

X: Row 109

A: Row 237 - Net Profit (loss) After Taxes

B: Row 214 - Depreciation

C: Row 215 - Amortization

Options:

Legend:

A: Profit A/Tax

B: Deprec

C: Amort

Titles:

First: Basic Cash Flow

Second: \A103 (company name)

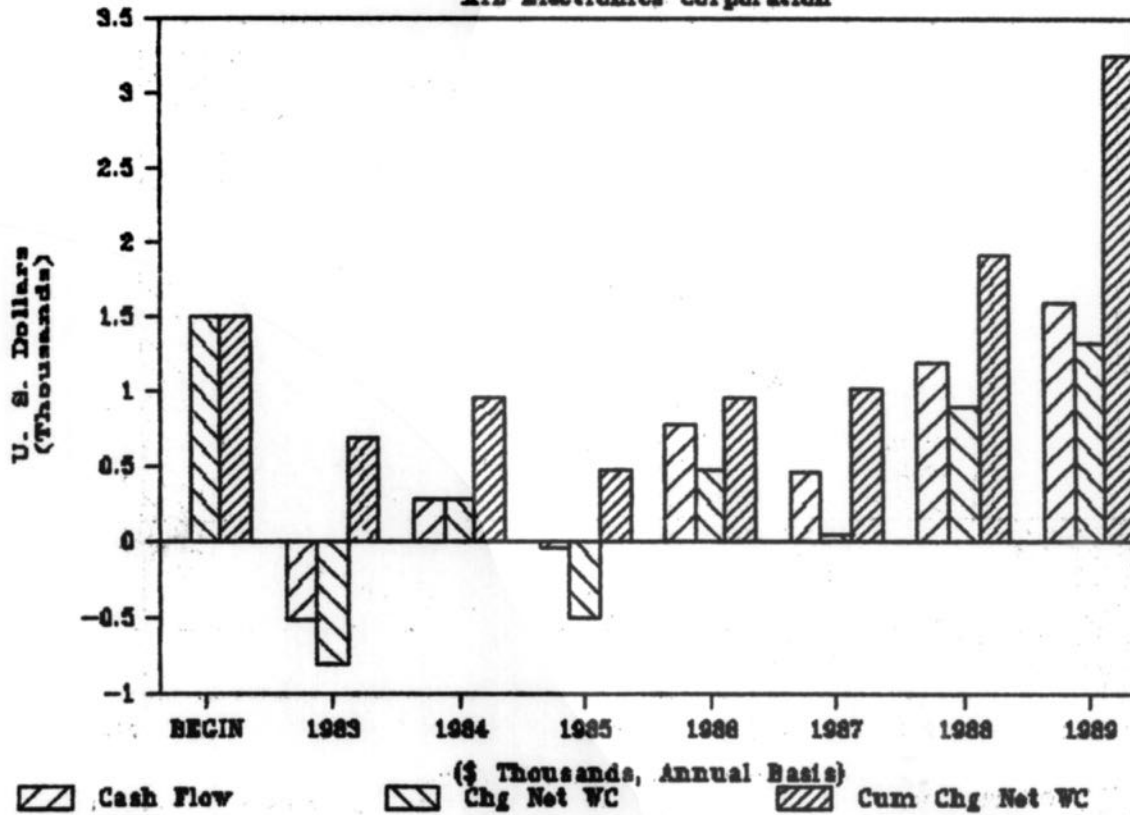
X-Axis: \A106 (scale of model)

Y-Axis: U. S. Dollars

B&W

## Cash Flow and Working Capital Changes

XYZ Electronics Corporation



GRAPHNAME: CASHANDWC

Type: Bar  
 X: Row 109  
 A: Row 423 - Cash Flow (PMT + Dep + Amort)  
 B: Row 425 - Change in Net Working Capital  
 C: Row 361 - Cumulative Change in Net Working Capital

Options:

Legend:

A: Cash Flow  
 B: Net Chg WC  
 C: Cum Chg Net WC

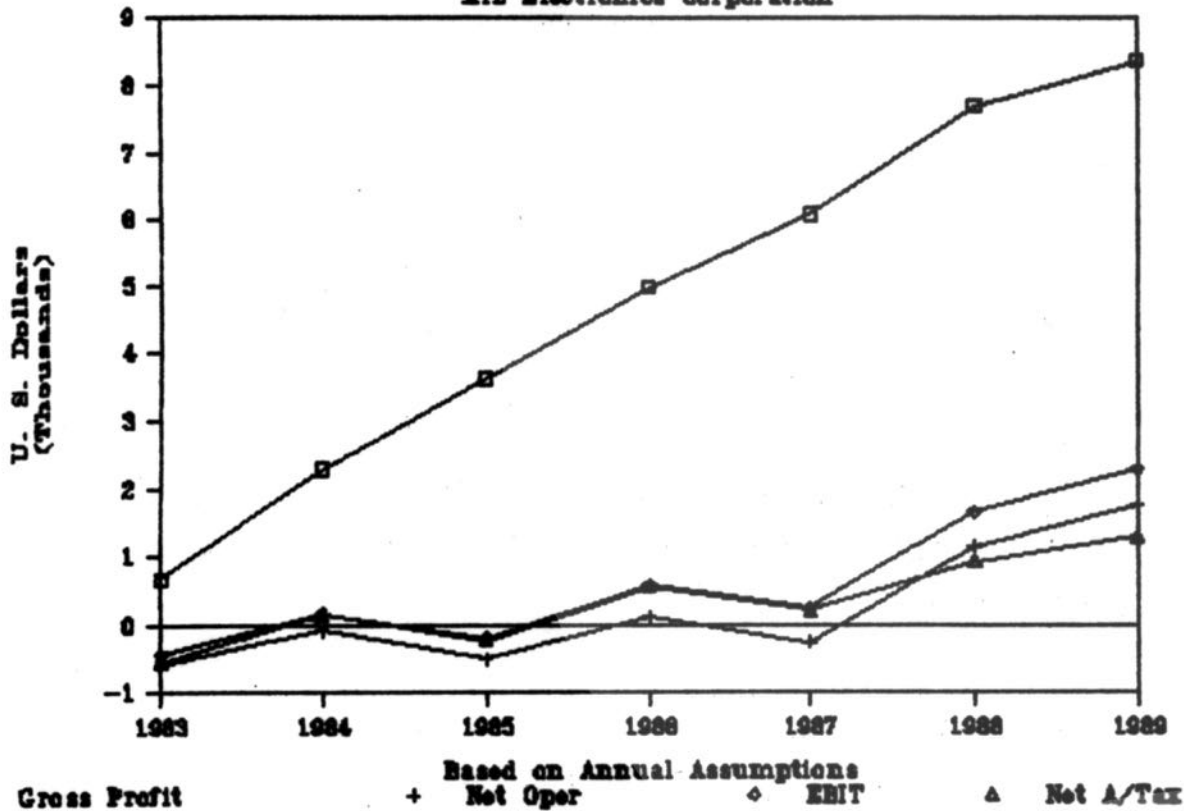
Titles:

First: Cash Flow and Working Capital Changes  
 Second: \A103 (company name)  
 X-Axis: \A106 (scale of model)  
 Y-Axis: U. S. Dollars

B&W

# Profit Contribution

XYZ Electronics Corporation



GRAPHNAME: PROFITS

Type: Line

X: Row 109

A: Row 208 - Gross Profit

B: Row 219 - Net Operating Profit

C: Row 223 - Profit Bef. Interest and Taxes

D: Row 237 - Net Profit (loss) After Taxes

Options:

Legend:

A: Gross Profit

B: Net Oper

C: EBIT

D: Net A/T

Titles:

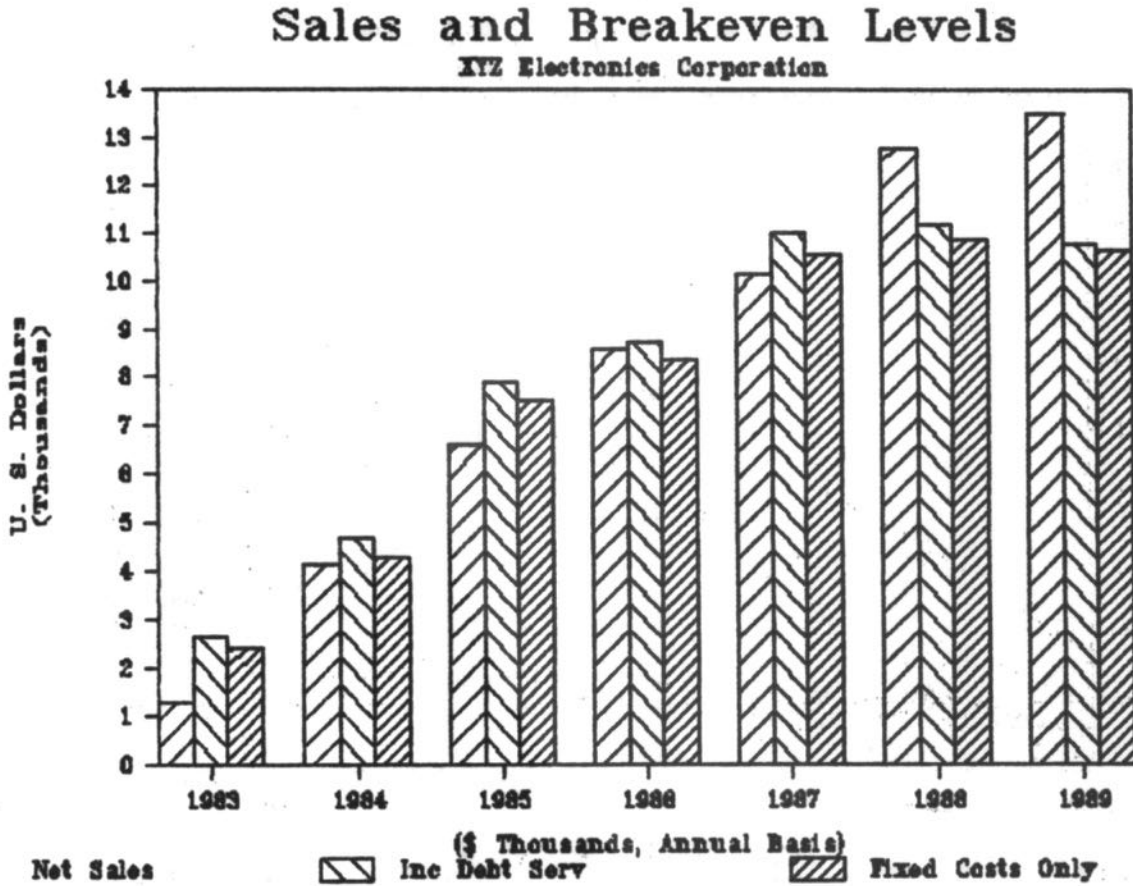
First: Profit Contribution

Second: \A103 (company name)

X-Axis: Based on Annual Assumptions

Y-Axis: U. S. Dollars

B&W



GRAPHNAME: BREAKEVEN

Type: Bar  
 X: Row 109  
 A: Row 205 - Net Sales  
 B: Row 430 - To Meet Oper. Exp + Debt Service  
 C: Row 429 - To Meet Operating Expenses Only

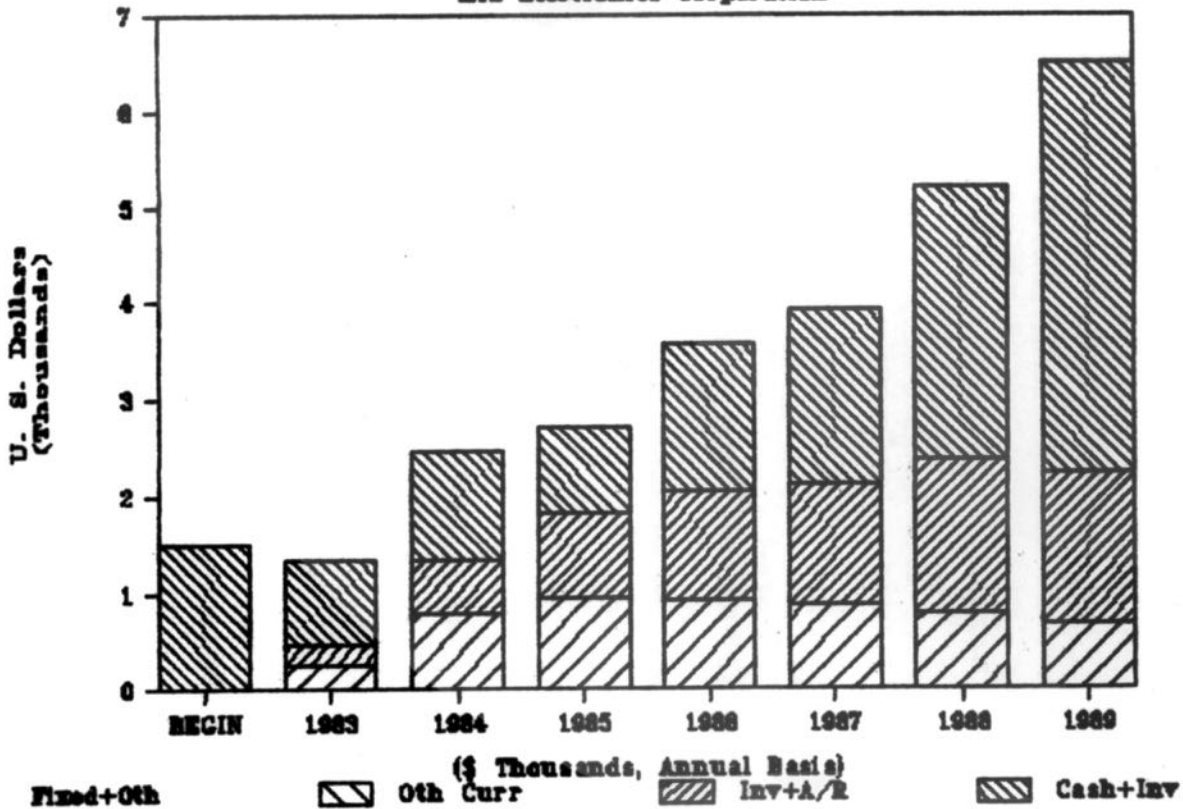
Options:  
 Legend:  
 A: Net Sales  
 B: Inc Debt Serv  
 C: Fixed Costs Only

Titles:  
 First: Sales and Breakeven Levels  
 Second: \A103 (company name)  
 X-Axis: \A106 (scale of model)  
 Y-Axis: U. S. Dollars

BSW

# Asset Structure

XYZ Electronics Corporation



GRAPHNAME: ASSETS

Type: Stacked Bar

X: Row 109

A: Row 437 - Net Fixed and All Other Assets

B: Row 436 - All Other Current Assets

C: Row 435 - Inventory and Accts/Rec

D: Row 434 - Cash and S. T. Inv

Options:

Legend:

A: Fixed+Oth

B: Oth Curr

C: Inv + A/R

D: Cash+Inv

Titles:

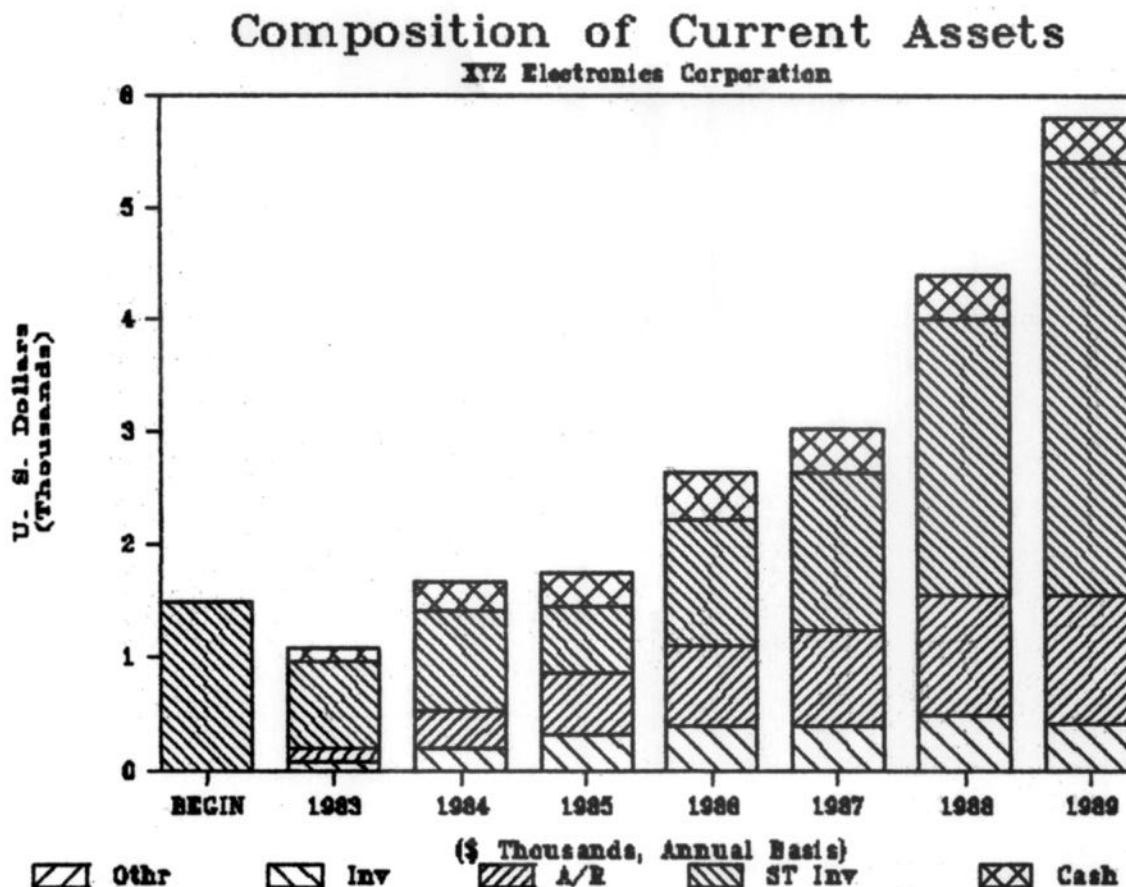
First: Asset Structure

Second: \A103 (company name)

X-Axis: \A106 (scale of model)

Y-Axis: U. S. Dollars

BSW



GRAPHNAME: CURASSETS

Type: Stacked Bar

X: Row 109

A: Row 259 - Other Current Assets

B: Row 258 - Inventory

C: Row 257 - Accounts Receivable

D: Row 256 - Short Term Investments

E: Row 255 - Cash on Hand

Options:

Legend:

A: Othr

B: Inv

C: A/R

D: ST Inv

E: Cash

Titles:

First: Composition of Current Assets

Second: \A103 (company name)

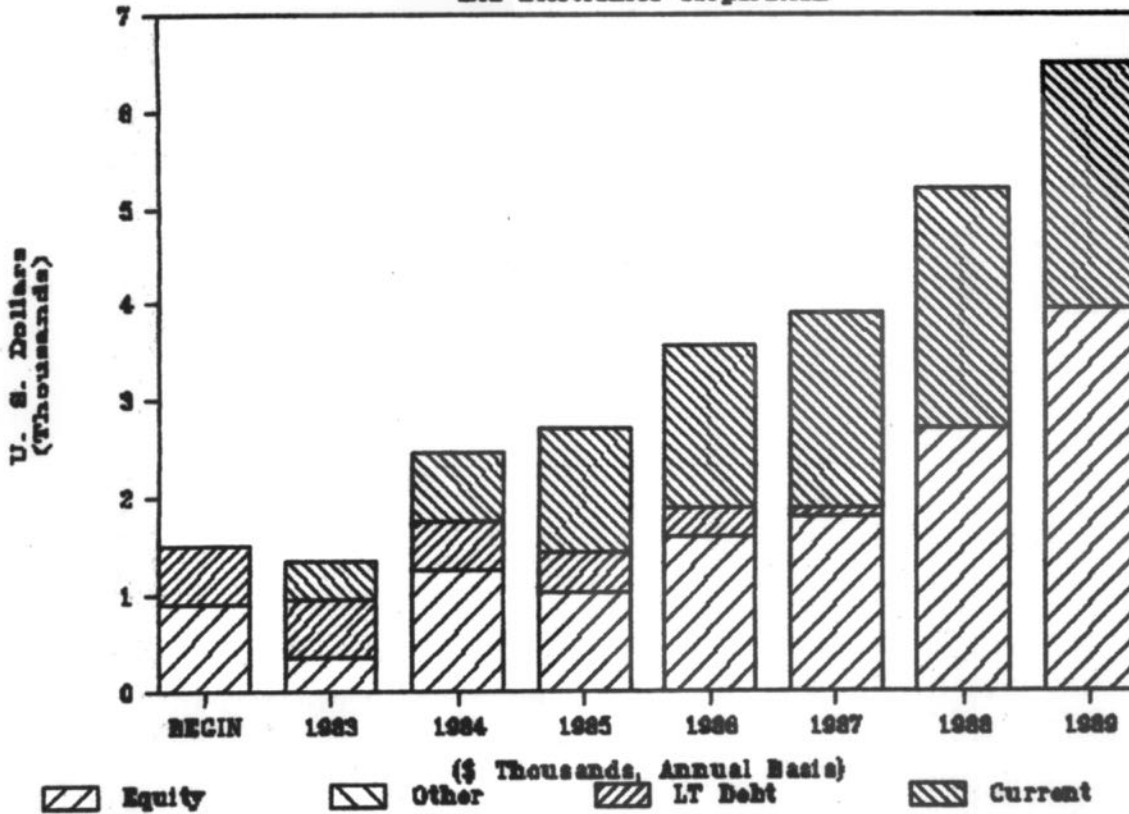
X-Axis: \A106 (scale of model)

Y-Axis: U. S. Dollars

BSW

## Liabilities and Equity Structure

XYZ Electronics Corporation



GRAPHNAME: LIABANDEQUITY

Type: Stacked Bar  
 X: Row 109  
 A: Row 297 - Shareholder's Equity  
 B: Row 290 - Other Non-Current Liab.  
 C: Row 289 - Long-Term Debt  
 D: Row 287 - Total Current Liabilities

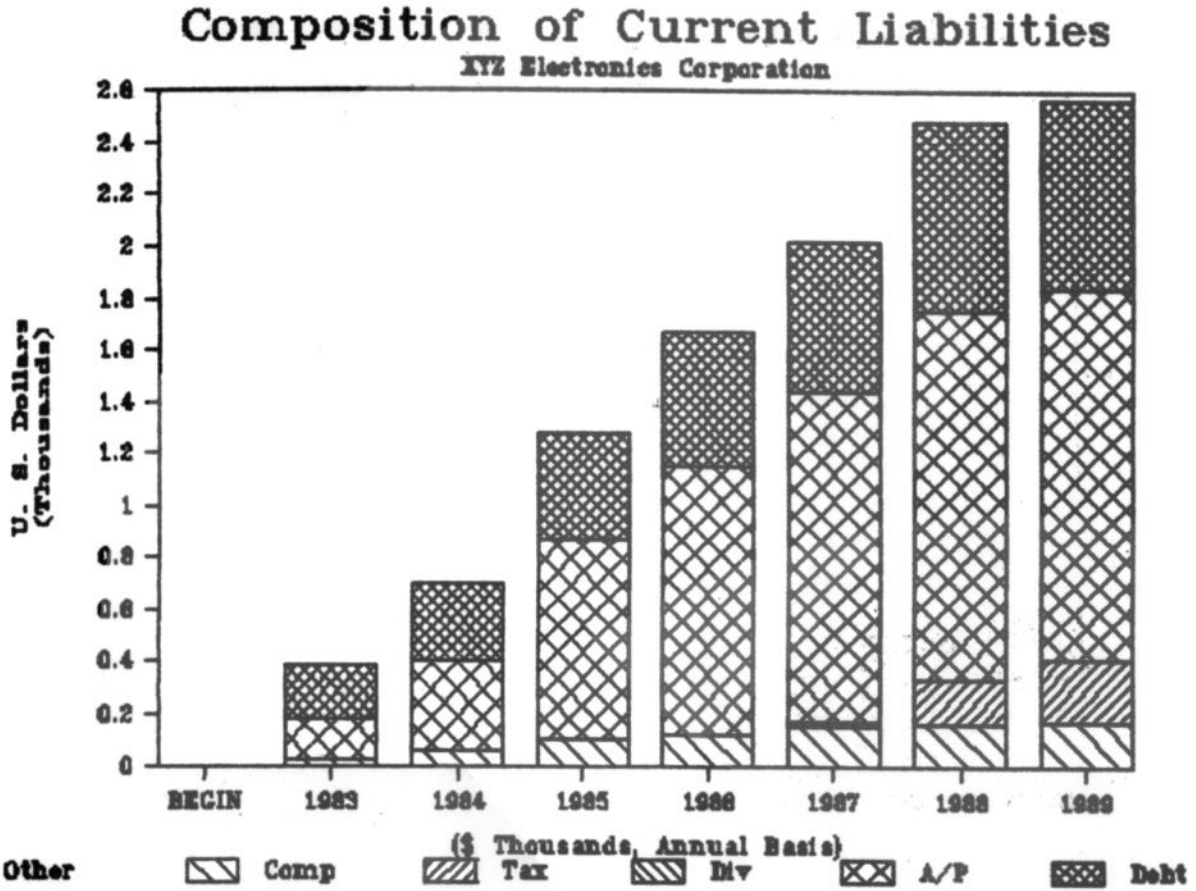
Options:

Legend:  
 A: Equity  
 B: Other  
 C: LT Debt  
 D: Current

Titles:

First: Liabilities and Equity Structure  
 Second: \A103 (company name)  
 X-Axis: \A106 (scale of model)  
 Y-Axis: U. S. Dollars

B&W



GRAPHNAME: CURLIAB

Type: Stacked Bar

- X: Row 109
- A: Row 285 - Other Current Liabilities
- B: Row 284 - Accrued Compensation Payable
- C: Row 283 - Income Taxes Payable
- D: Row 282 - Dividends Payable
- E: Row 281 - Accounts Payable
- F: Row 280 - Short-Term Bank Debt

Options:

Legend:

- A: Other
- B: Comp
- C: Tax
- D: Div
- E: A/P
- F: Debt

Titles:

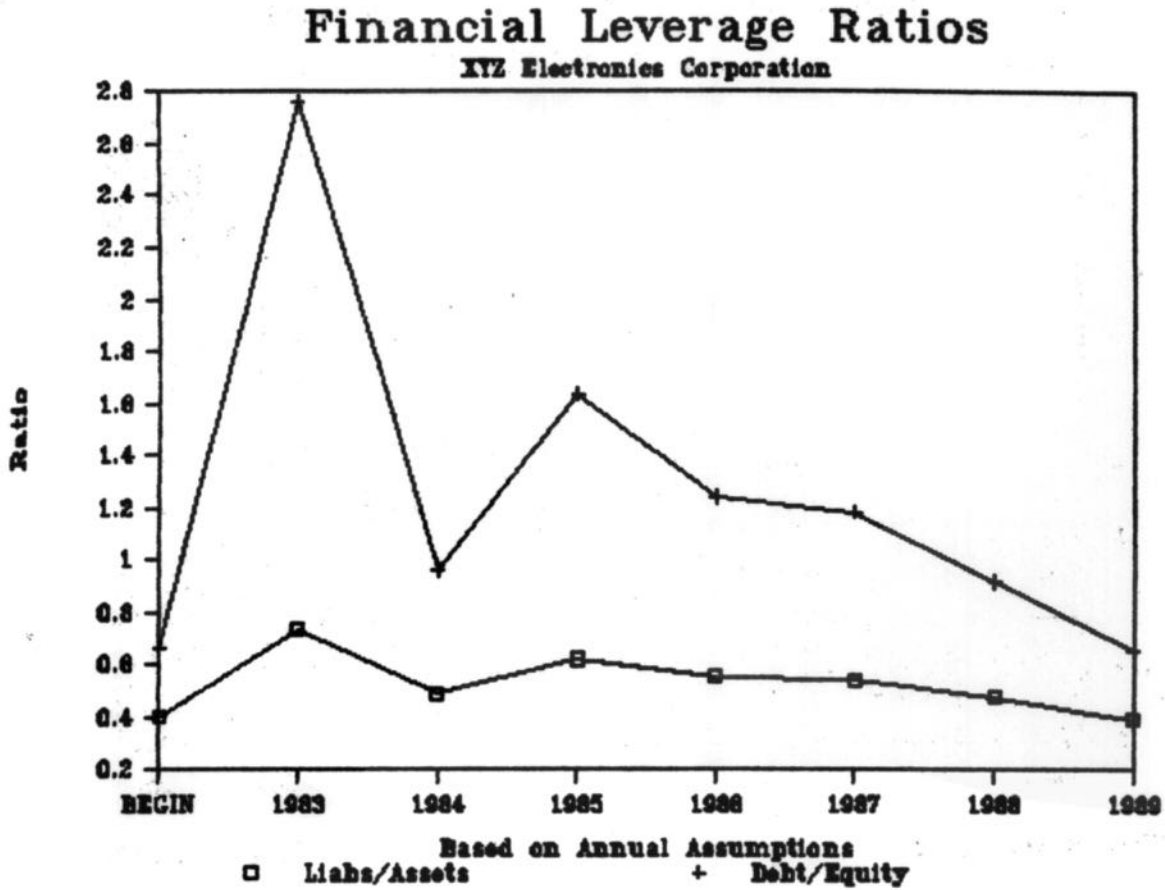
- First: Composition of Current Liabilities
- Second: \A103 (company name)
- X-Axis: \A106 (scale of model)
- Y-Axis: U. S. Dollars

Grid:

Horizontal

B&W





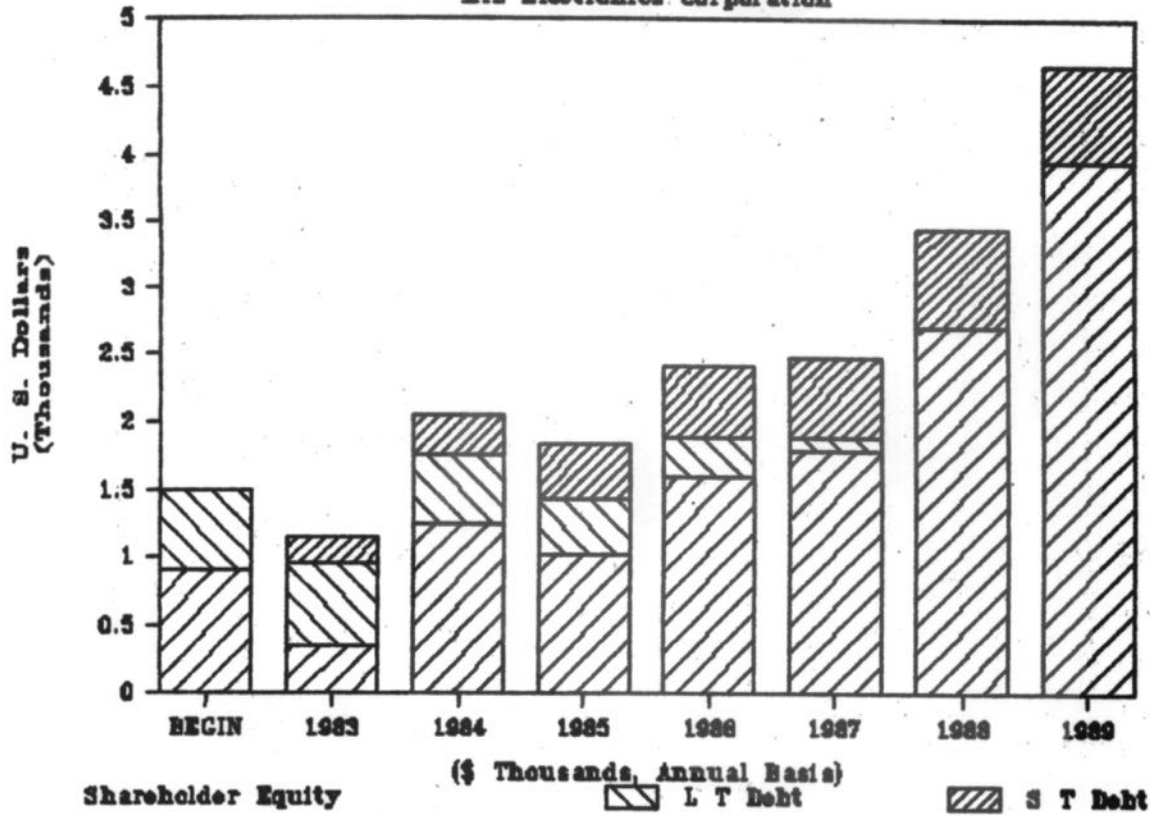
GRAPHNAME: LEVERAGE

Type: Line  
 X: Row 109  
 A: Row 404 - Total Liabilities/Total Assets  
 B: Row 403 - Debt/Equity Ratio

Options:  
 Legend:  
     A: Liabs/Assets  
     B: Debt/Equity  
 Titles:  
     First: Financial Leverage Ratios  
     Second: \A3 (company name)  
     X-Axis: Based on Annual Assumptions  
     Y-Axis: Ratio  
 B&W

# Debt & Equity Financing

XYZ Electronics Corporation



GRAPHNAME: FINANCING

Type: Stacked Bar  
 X: Row 109  
 A: Row 297 - Shareholder's Equity  
 B: Row 289 - Long-Term Debt  
 C: Row 280 - Short-Term Bank Debt

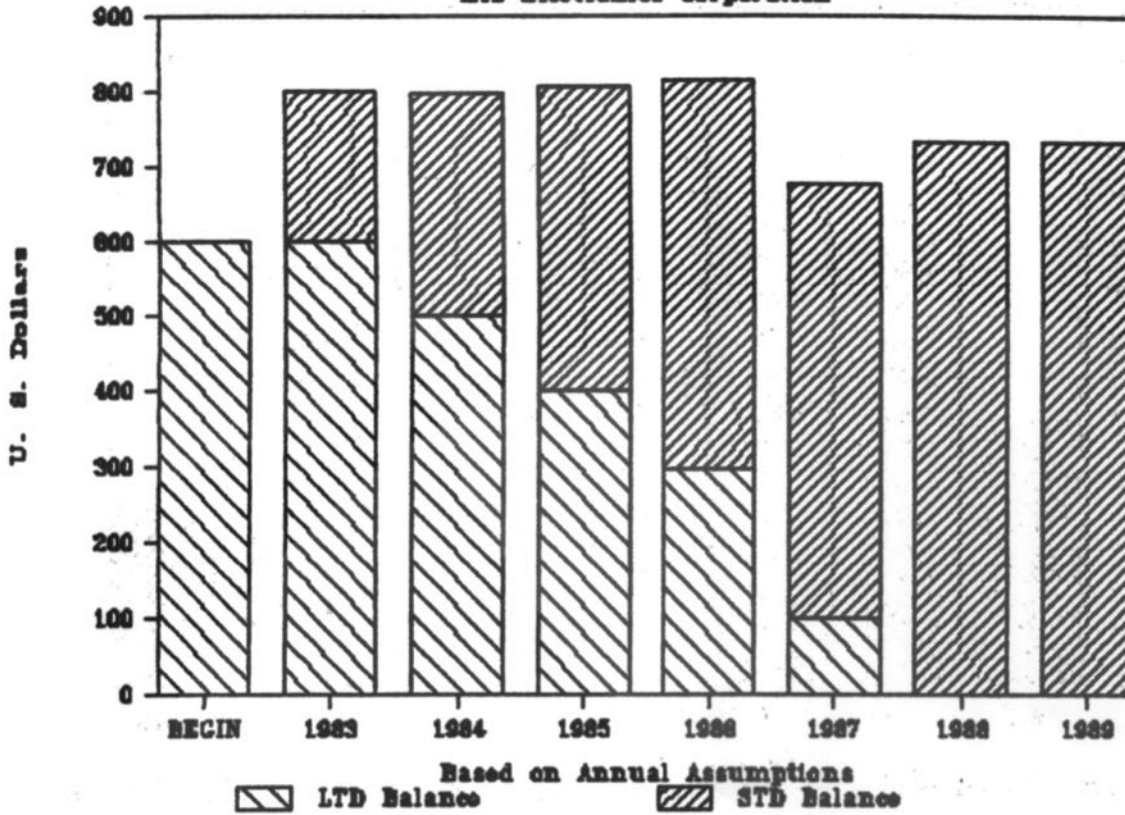
Options:  
 Legend:  
 A: Shareholder Equity  
 B: L T Debt  
 C: S T Debt

Titles:  
 First: Debt & Equity Financing  
 Second: \A103 (company name)  
 X-Axis: \A106 (scale of model)  
 Y-Axis: U. S. Dollars

B&W

# Outstanding Balances - LT & ST Debt

XYZ Electronics Corporation



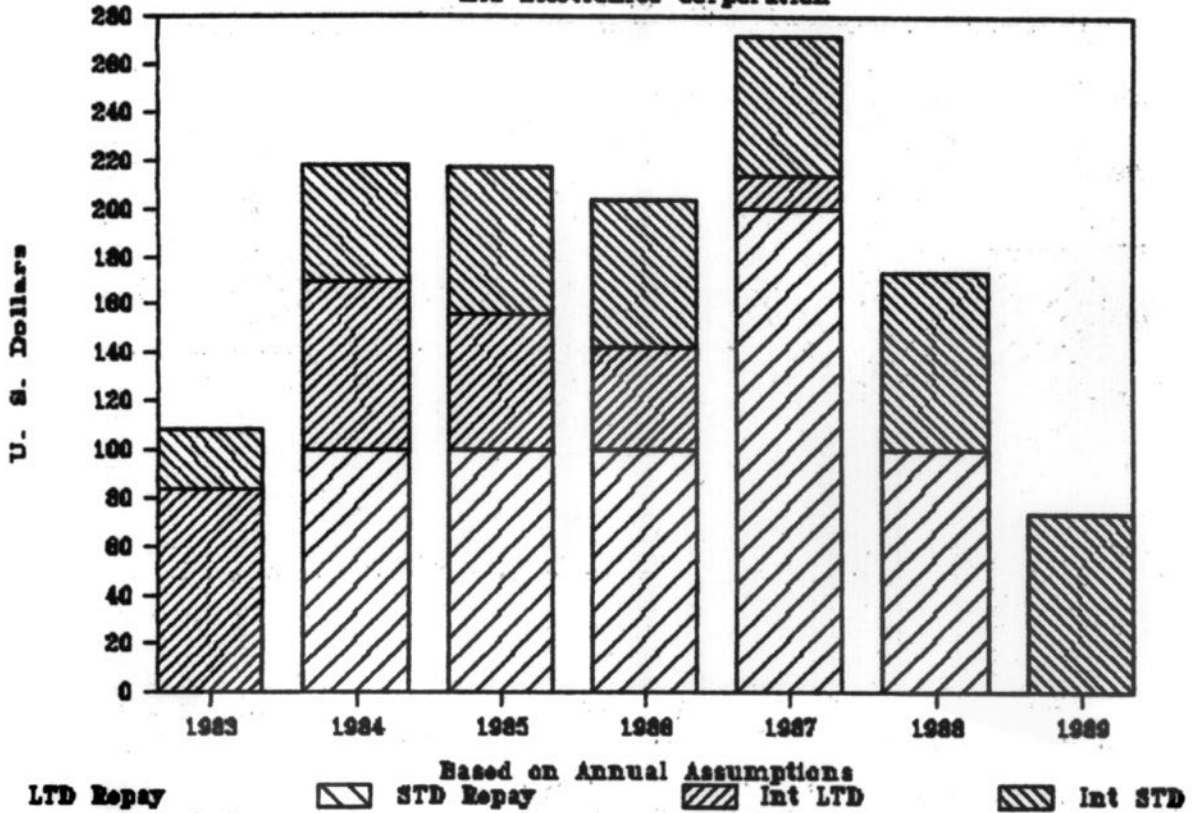
GRAPHNAME: DEBTBALANCE

Type: Stacked Bar  
 X: Row 109  
 B: Row 289 - Long-Term Debt  
 C: Row 280 - Short-Term Bank Debt

Options:  
 Legend:  
 B: LTD Balance  
 C: STD Balance  
 Titles:  
 First: Outstanding Balances -  
 LT & ST Debt  
 Second: \A103 (company name)  
 X-Axis: Based on Annual Assumptions  
 Y-Axis: U. S. Dollars  
 B&W

## Debt Service - Long & Short Term

XYZ Electronics Corporation



GRAPHNAME: DEBTSERVICE

Type: Stacked Bar

X: Row 109

A: Row 352 - Dec: Long Term Debt Balance

B: Row 346 - Dec: Short Term Debt Balance

C: Row 227 - Interest on Long Term Debt

D: Row 226 - Interest on Short Term Debt

Options:

Legend:

A: LTD Repay

B: STD Repay

C: Int LTD

D: Int STD

Titles:

First: Debt Service - Long & Short Term

Second: \A103 (company name)

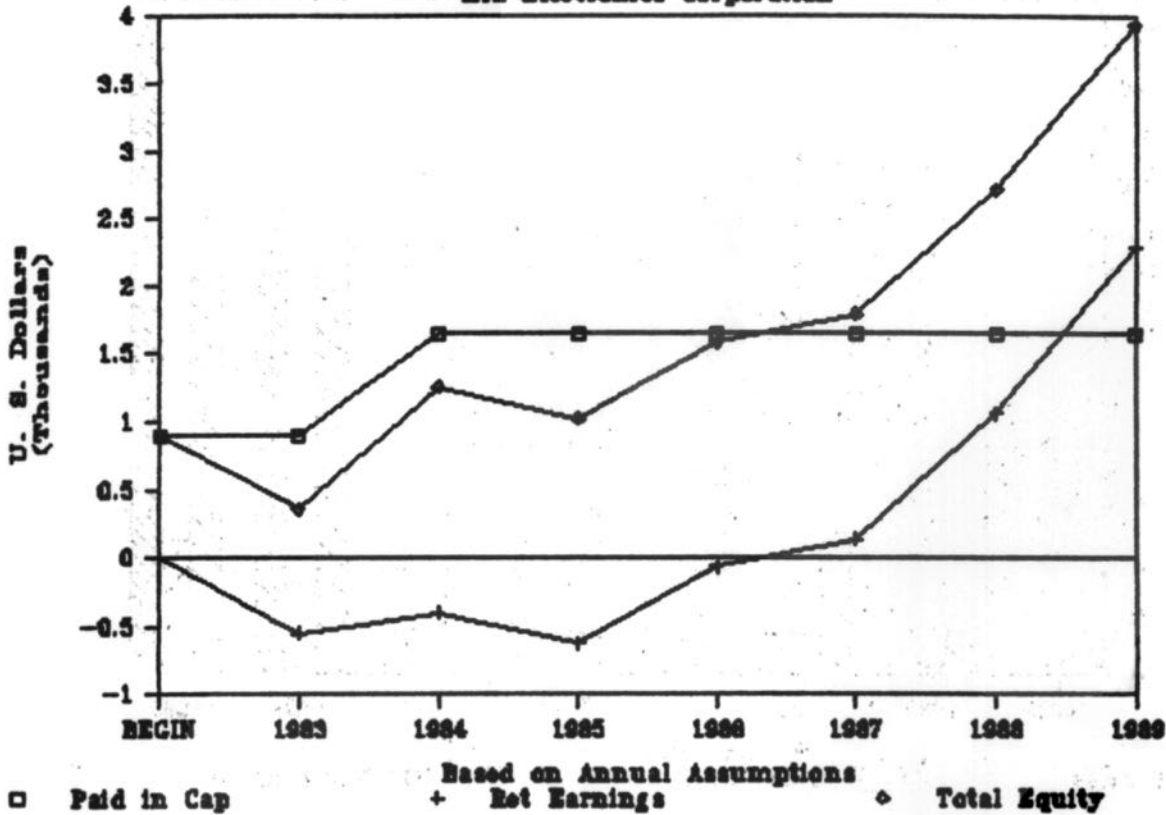
X-Axis: Based on Annual Assumptions

Y-Axis: U. S. Dollars

B&W

# Stockholder's Equity Balances

XYZ Electronics Corporation



GRAPHNAME: EQUITYBALANCE

Type: Line

X: Row 109

A: Row 294 - Common Stock & Paid in Capital

B: Row 295 - Retained Earnings

C: Row 297 - Shareholder's Equity

Options:

Legend:

A: Paid in Cap

B: Ret Earnings

C: Total Equity

Titles:

First: Stockholder's Equity Balances

Second: \A103 (company name)

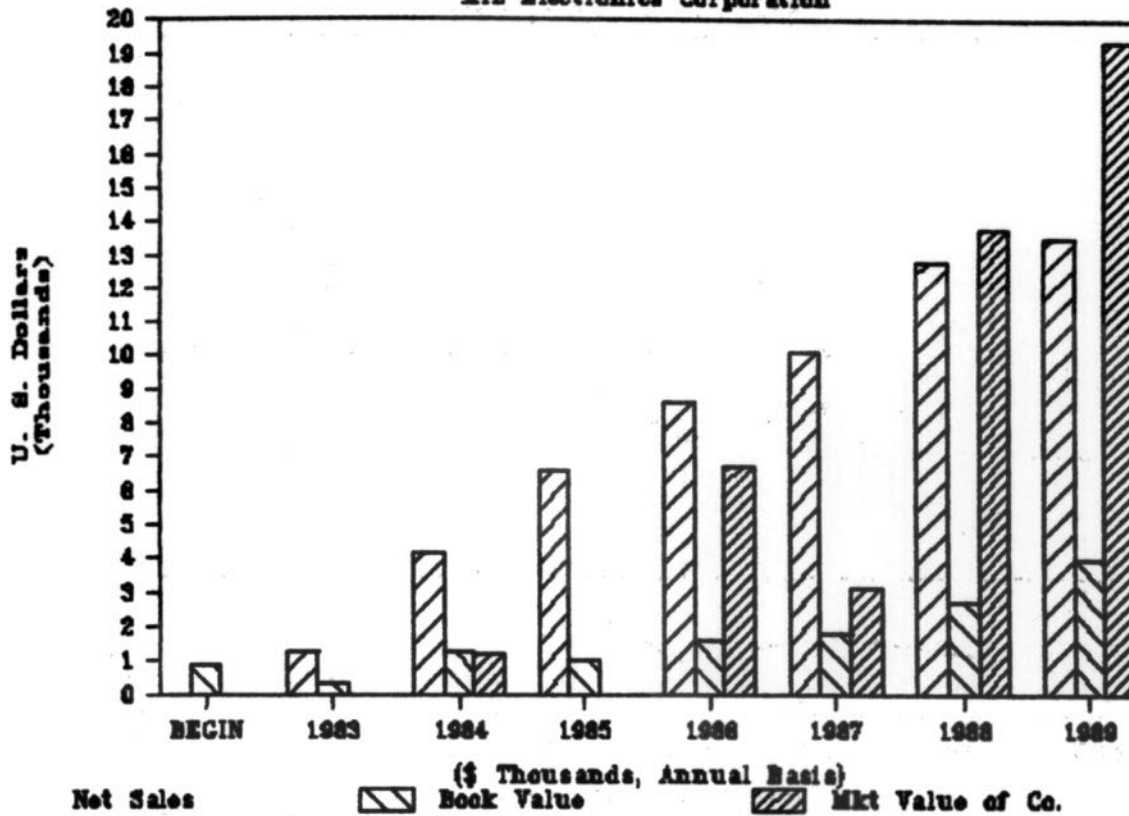
X-Axis: Based on Annual Assumptions

Y-Axis: U. S. Dollars

B&W

# Stockholder's Equity and Valuation

XYZ Electronics Corporation



GRAPHNAME: EQUITYVALUE

Type: Line

X: Row 109

A: Row 205 - Net Sales

B: Row 297 - Shareholder's Equity

C: Row 462 - Total Market Value of Company

Options:

Legend:

A: Net Sales

B: Book Value

C: Mkt Value of Co

Titles:

First: Stockholder's Equity and Valuation

Second: \A103 (company name)

X-Axis: \A106 (scale of model)

Y-Axis: U. S. Dollars

BSW

## INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

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### INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

Input need only be entered into one section of the worksheet, the Proforma Assumptions Section (Part I and Part II). ALL OTHER VALUES IN THE WORKSHEET ARE CALCULATED USING THE INFORMATION FOUND IN THIS SECTION.

With three exceptions, all rows in the Proforma Assumptions Section are straight entry items. No incremental increases or decreases have been assumed for any variable over time (although it is easy to do so using cell formulas). To use the templates, therefore, you must enter a value for each variable in the Proforma Assumptions Section of the worksheet for each annual period of PLANYR.

Note: Three values in the Proforma Assumptions Section are calculated using other assumptions or values in the worksheet. They are the Total Common Shares Outstanding, the Combined State/Federal Tax Rate, and the Tax Loss Carry Forward (Balance). The calculations used for these two variables are documented below.

### INPUT CONVENTIONS

Certain conventions apply when entering assumptions:

- \$ - All dollar amounts must be entered in conformance with the chosen scale.
- % - Percentage values must be entered as numbers between 0-100. These values are automatically divided by 100 when used in calculations in the spreadsheet.

The number of shares issued and the price per new share issued are entered as ACTUAL values regardless of the scale of the model.

### THE SCALE OF THE MODEL

One of three scales can be chosen for variables in the worksheet representing dollar amounts. Values for these variables can be interpreted as straight dollar amounts, as thousands of dollars (000's omitted), or as millions of dollars (000,000's omitted). Calculations are adjusted to conform to the scale chosen.

## INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

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To change the scale of the model use the scale macro which can be invoked by depressing the <ALT> key and the C key simultaneously. Whenever the scale of the model is updated using the scale macro, the title lines in the standard reports are also automatically updated to reflect the change. The scale of the model is originally set to thousands.

### INPUT ASSUMPTIONS OF NOTE

Entering input assumptions is straightforward, requiring only that a value be entered for each annual period for each variable. However, certain assumptions are worthy of special note:

Row 132 - Inventory Level (Specified) -- If the inventory level is not specified here (value = 0), inventory will be calculated in Row 258 of the Balance Sheet.

Row 141 - Minimum Cash Balance (000's) - This value is used as a constant in each period.

Row 163 - S T Bank Debt (Specified) - If short-term bank debt is not specified here (value = 0), short term bank debt will be calculated in Row 280 of the Balance Sheet.

Row 175 - New Common Shares Issued - Entered as actual value regardless of the scale of the model.

Row 176 - Price per New Share Issued - Entered as actual value regardless of the scale of the model.

Row 179 - Required Profit Bef Dividends -- Dividends will be paid (and recorded in both the Income Statement and Balance Sheet) when the net profit after taxes exceeds the value stated here.

Row 190 - Current Yr. Est. Tax Payment (%) -- If payment rate is less than 100%, an accrual balance will be carried in the balance sheet.

### CALCULATED ASSUMPTIONS

The following rows are calculated in the Proforma Assumptions Section of the worksheet:

Row 177 - Total Common Shares Outstanding -- This value is computed by summing the new shares issued for the current period (Row 175) with the total common shares outstanding for the previous period.

Row 192 - Combined State/Federal Rate (%) -- This value is computed as follows:

$$((1 - (\text{Fed Inc Tax Rate}/100)) * \text{State Tax Rate}) + \text{Fed Tax Rate}$$



## INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

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Row 193 - Tax Loss Carry Forward (Balance) -- This value is computed as follows:

There is a loss in the current period:

if (PBIT + Int Income) - (Int ST Debt + Int LT Debt) < 0,  
then Loss Carry Forward Balance =  
(Previous Loss Carry Forward Balance + Current Loss)

otherwise...

There must have been a profit in the current period:  
and...

if (Prev Loss Carry Forward Balance - Current Profit) < 0  
(i.e., you had realized a profit in the current period large  
enough to offset previous loss carry forward balance)  
then Loss Carry Forward Balance = 0

otherwise...

if (Prev Loss Carry Forward Balance - Current Profit) > 0  
(i.e., you had realized a profit in the current period but it  
is not large enough to offset previous loss carry forward  
balance)  
then Loss Carry Forward Balance =  
(Prev Loss Carry Forward - Current Profit)

### INCOME STATEMENT CALCULATIONS

The following calculations are performed in the Income Statement and are worthy of special note.

Row 210 - General and Administrative Costs - This value is computed as the sum of the fixed costs specified in Row 117 of the Assumptions Section and a variable percentage of net sales as follows:

$$\text{Fixed G\&A Costs} + \left( \text{Net Sales} * \frac{\text{Variable G\&A Costs}}{100} \right)$$

Row 211 - Selling Costs - This value is computed as the sum of the fixed costs specified in Row 119 of the Assumptions Section and a variable percentage of net sales as follows:

$$\text{Fixed Selling Costs} + \left( \text{Net Sales} * \frac{\text{Variable Sales Costs}}{100} \right)$$

Row 232 - Income Tax Provision - The income tax rate is established in accordance with the profit earned before taxes (Row 229) and the tax loss carry forward balance. The income tax provision is then calculated by multiplying the specified rate by the

**INPUT REQUIREMENTS AND CALCULATIONS OF NOTE**

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profit before taxes (PBT) - tax loss carry forward balance (TLCFB).  
Income tax rates are set as follows:

If  $PBT - TLCFB > 100,000$ , rate = combined federal and state rate  
specified in Row 192

If  $PBT - TLCFB > 75,000$ , rate = 0.40

If  $PBT - TLCFB > 50,000$ , rate = 0.30

If  $PBT - TLCFB > 25,000$ , rate = 0.19

If  $PBT - TLCFB > 0$ , rate = 0.16

Row 233 - Less: Investment Tax Credit - The investment tax  
credit is calculated as follows:

If profit before taxes  $> 0$  and  
income tax provision  $\geq 0.1 * (\text{equipment \& fixed assets})$   
then investment tax credit =  $0.1 * (\text{equip \& fixed assets})$   
otherwise...

If profit before taxes  $> 0$  and  
income tax provision  $< 0.1 * (\text{equipment \& fixed assets})$   
then investment tax credit = income tax provision  
otherwise...

If profit before taxes  $\leq 0$   
investment tax credit = 0

Row 239 - Less: Dividends - If net profit after taxes is greater  
than or equal to the level specified in Row 179 of the Assumptions  
Section, dividends are calculated as follows:

Dividend Payout Rate \* net profit after taxes  
100

**BALANCE SHEET CALCULATIONS**

The following calculations are performed in the Balance Sheet and  
are worthy of special note.

Row 255 - Cash on Hand - This value is copied directly from Row  
141 of the Assumptions Section.

Row 256 - Short-term Investments - This value is computed after  
all other balance sheet items and is the "plug" figure.

INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

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Row 257 - Accounts Receivable - This value is calculated as follows:

$$\frac{\text{Accounts Receivables (Days)}}{360} * \text{Net Sales}$$

Row 258 - Inventory - If the inventory level is not specified in the Assumptions Section (Row 132), inventory in the Balance Sheet is calculated as follows:

$$\frac{\text{Inventory on Hand (days)}}{360} * \text{Cost of Sales/Services}$$

Row 280 - S T Bank Debt - If short term bank debt is not specified in the Assumptions Section (Row 163), S T Bank Debt in the Balance Sheet is calculated as follows:

$$\frac{\% \text{ ST Debt Against A/R}}{100} * \text{A/R} + \frac{\% \text{ ST Debt Against Inv}}{100} * \text{INV}$$

Row 281 - Accounts Payable - This values is calculated as follows:

$$\frac{\text{A/P Days}}{360} * (\text{Cost of Sales/Serv} + \text{G\&A Costs} + \text{Selling Costs} + \text{R\&D (Expensed)} + \text{All Other Overhead Costs})$$

Row 282 - Dividends Payable - Dividends in this model are assumed to be paid in the present period. Therefore, the value zero has been assigned to this variable in the Proforma Balance Sheet.

Row 283 - Income Taxes Payable - If the current year estimated tax payment rate is less than 100%, the following accrual balance will be carried in the Balance Sheet:

$$(1 - (\text{Est. Tax Payment}/100)) * \text{Net Income Taxes}$$

Row 284 - Accrued Compensation Payable - This value is calculated as follows:

$$\begin{aligned} & ( \frac{\text{Labor in Cost of Sales}}{100} * \text{Cost of Sales/Services} \\ & + \frac{\text{Labor in G\&A}}{100} * (\text{G\&A Costs} + \text{R\&D(exp)} + \text{All Other Overhead}) \\ & + \frac{\text{Labor in Selling Costs}}{100} * \text{Selling Costs} ) \end{aligned}$$

## INPUT REQUIREMENTS AND CALCULATIONS OF NOTE

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### SOURCES AND USES OF FUNDS CALCULATIONS

Row 317 and Row 348 - Inc: and Dec: Dividends Payable --  
Dividends in the model are assumed to be paid in the present period. Therefore, the value zero has been assigned to these two variables in the Sources and Uses of Funds Report for each period in the worksheet.

### FINANCIAL RATIO ANALYSIS CALCULATIONS

Values for the following profitability measures are calculated and reported as ACTUAL amounts in the Proforma Financial Ratio Analysis Report regardless of the scale of the model: Row 386 - Operating Income Per Share and Row 387 - Net Earnings Per Share.

### FINANCIAL SUMMARY CALCULATIONS

Values for the following variables are calculated and reported as ACTUAL amounts in the Proforma Financial Summary Report regardless of the scale of the model: Row 452 - Number of New Shares Issued, Row 453 - Total Shares Outstanding, Row 455 - Avg. Price of New Shares Issued, Row 456 - Book Value Per Share, Row 457 - Earnings Per Share (Net), Row 458 - Dividend Per Share, and Row 459 - Market Price/Share.

**SECTION IV**

**MAKING CHANGES TO PLANYSR**

## MAKING CHANGES TO PLANYR

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### MAKING CHANGES TO PLANYR

As you use the templates, you will want to make changes which assist the process of analysis or tailor the output generated through calculation.

#### CHANGING ASSUMPTIONS

Most analysis can be accomplished simply by changing the values of one or more input assumptions in the Planning Proforma Assumptions Section and then recalculating the entire worksheet using the special function key F9.

#### CHANGING CELL FORMULAS

The templates can be customized for specific problems or applications by altering the formula(s) contained in a cell or group of cells. Cell formulas are changed using the commands of 1-2-3. However, it is important to be aware that changes made to a single cell or range of cells may have both obvious and subtle results. Therefore, changes to cell formulas should be well considered before being implemented.

#### MAKING GLOBAL CHANGES USING THE CHANGE MACRO

The change macro is available to make three types of global changes to the worksheet. These changes include: modifying column headings, changing the company name printed in reports, and updating the version date listed in reports.

To use the change macro, move to cell A1 and depress the <ALT> key and the B key simultaneously. Note: To quickly exit the change macro, depress the <CTRL> key and <BREAK> simultaneously. DO NOT USE THE <ESC> KEY TO TERMINATE THE MACRO.

#### Using the Change Macro

Making changes using the change macro is a two step process: First, make changes in the columns and/or rows specified below. Next, use the change macro to filter the changes throughout the worksheet.

## MAKING CHANGES TO PLANYSR

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Like 1-2-3, the change macro is menu driven. When the macro is invoked, a menu of choices appears on the screen. Once the menu appears, select the appropriate change option. Each of the global changes can be made individually or the ALL option can be chosen to have all three changes performed at once.

### Column Headings

The change macro filters the column headings found in Row 109 of the worksheet to the appropriate spot in each subsequent report. Therefore, to make global changes to column headings: insert the desired labels in the cells of Row 109 and choose the Headings option.

### Company Name

The change macro filters the company name found in Cell A103 to the appropriate spot in each subsequent report. To make global changes to the company name, insert the desired name into Cell A103 and choose the Name option.

### Version Date

The change macro filters the version date found in Cell A107 to the appropriate spot in each subsequent report. To make global changes to the version date, insert the date into Cell A107 and choose the Version option.

## CHANGING THE SCALE OF THE MODEL USING THE SCALE MACRO

As discussed in Section III, the scale of the model is set using the scale macro.

To invoke the scale macro, move to cell A1 and depress the <ALT> key and the C key simultaneously. Note: To exit quickly from the scale macro, depress the <CTRL> key and <BREAK> key simultaneously. DO NOT USE THE <ESC> KEY TO TERMINATE THE MACRO.

The scale macro, like 1-2-3 and the other macros, is menu driven. When the menu appears, choose the desired scale for the model: actual dollar amounts, thousands of dollars (000,s omitted), or millions of dollars (000,000's omitted). The scale macro will automatically update the line describing the scale of the model in the heading of each of the standard reports.

Note: Always recalculate the worksheet after adjusting the scale.

**SECTION V**

**REPORTS AND GRAPHS**



REPORTS AND GRAPHS

PRINTING REPORTS AND DISPLAYING GRAPHS

The Print Macro

The print macro can be used to print any of the standard reports or display any of the standard graphs available in PLANYS. Like 1-2-3, the print macro is menu driven. When the macro command is given, the Master Print Menu will appear providing the opportunity to (a) display any or all of the standard graphs, (b) print one or all of the six standard reports to your printer, (c) print cell formulas of one or all of the reports, (d) print one or all of the six standard reports to a print file, or (e) terminate execution of the macro. Each of the first four choices presents a new menu of choices. Additionally, the print macro has been designed to accommodate three printer types: IBM Graphics, NEC3550, or Prism IDS.

To use the print macro, move to cell A1 and depress the <ALT> key and the A key simultaneously. The MENU option at any level cycles back to the menu at the next highest level. After printing a report or displaying a graph, the print macro returns to the menu from which the report or graph was chosen. To exit from the print macro, backtrack using the MENU option at each level until the Main Print Menu is reached. At the Main Print Menu, choose the DONE option.

To make a quick exit from the print macro, depress the <CTRL> key and <BREAK> key simultaneously. DO NOT USE THE <ESC> KEY TO TERMINATE THE MACRO.

Note, the macro assumes that the IBM Graphics printer and the Prism IDS printer are loaded with continuous feed paper. The NEC3550 spinwriter is to be used with cut sheet paper. When the NEC3550 printer option is chosen, the macro will pause before each report is printed to allow you to insert paper. Depress the return key to signal the macro to begin printing the report. When more than one report or a report with more than one page is to be printed, such as when choosing the All or Proforma options, the return key must be depressed prior to the printing of each page and/or report.

Other Reports and Graphs

Reports other than the six standard reports can be created using the 1-2-3 /PRINT command. Graphs other than the standard graphs can be created using the 1-2-3 /GRAPH command.

## REPORTS AND GRAPHS

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### PRINTING GRAPHS

To print a graph, the graph must first be saved in a 1-2-3 graph file. To save one of the standard graphs in a graph file, call up the 1-2-3 Graph Menu using the /GRAPH command. The "Name Use" options can then be used to retrieve any of the graphs stored in the worksheet. After specifying the graph name, use the "Save" option to store the graph in a file. Thereafter, follow the graph print procedure as outlined in the 1-2-3 User Manual.

**Note:** Due to the limited space remaining on the PLANYSR disk, graph files should be stored on a separate disk.

**APPENDIX A**

**ROW LOCATIONS OF VARIABLES**

MAJOR PROFORMA ASSUMPTIONS  
PART I

<u>Row</u>	<u>Variable</u>
103	XYZ Electronics Corporation
104	Major Proforma Assumptions
105	Part I
106	(\$ 000's Omitted, Annual Basis)
107	Version of 11-19-84 9:30 am
108	
109	
110	
111	
112	Income Statement Assumptions
113	
114	Net Sales
115	Other Income
116	Cost of Sales (% of Sales)
117	Fixed Gen & Admin Expenses
118	Variable G & A Costs (% Sales)
119	Fixed Selling Costs
120	Variable Sales Costs (% Sales)
121	Research and Dev. (Expensed)
122	Other Overhead Expenses 1
123	Other Overhead Expenses 2
124	Other Overhead Expenses 3
125	Other Overhead Expenses 4
126	Labor in Selling Costs (%)
127	Labor in Cost of Sales (%)
128	Labor in Gen. & Admin. (%)
129	
130	Scheduled Investments
131	
132	Inventory Level (Specified)
133	Equipment and Fixed Assets
134	Capital Improvements
135	Research & Dev. (Capitalized)
136	Other Intangible Assets
137	Other Assets
138	
139	Working Capital Management Factors
140	
141	Minimum Cash Balance (000's)
142	Inventory on Hand (Days)
143	Accounts Receivable (Days)
144	Accounts Payable (Days)
145	Other Current Assets
146	Other Current Liabilities
147	

MAJOR PROFORMA ASSUMPTIONS  
PART II

<u>Row</u>	<u>Variable</u>
150	XYZ Electronics Corporation
151	Major Proforma Assumptions
152	Part II
153	(\$ 000's Omitted, Annual Basis)
154	Version of 11-19-84 9:30 am
155	
156	
157	
158	
159	Debt Financing and Interest Rates
160	
161	S T Bank Debt Against A/R (%)
162	S T Bank Debt Against INV (%)
163	S T Bank Debt (Specified)
164	Long Term Debt Takedowns
165	L T Debt Principal Repayments
166	
167	Other Non-Current Liabilities
168	
169	Interest Rate -- S T Debt (%)
170	Interest Rate -- L. T. Debt (%)
171	Earning Rate on Excess Cash (%)
172	
173	Equity Financing
174	
175	New Common Shares Issued
176	Price per New Share Issued
177	Total Common Shares Outstanding
178	
179	Required Profit Bef Dividends
180	Dividend Payout Rate (%)
181	Price/Earnings Ratio of Stock
182	
183	Tax and Accounting Assumptions
184	
185	Depreciable Life -- Cap. Assets
186	Depreciable Life -- Capital Imp.
187	Amortization -- R & D + Intang
188	State Income Tax Rate (%)
189	Federal Income Tax Rate (%)
190	Current Yr. Est. Tax Payment (%)
191	
192	Combined State/Federal Rate (%)
193	Tax Loss Carry Forward (Balance)

PROFORMA INCOME STATEMENT

<u>Row</u>	<u>Variable</u>
197	XYZ Electronics Corporation
198	Proforma Income Statement
199	(\$ 000's Omitted, Annual Basis)
200	Version of 11-19-84 9:30 am
201	
202	
203	
204	
205	Net Sales
206	Cost of Sales/Services
207	
208	Gross Profit
209	
210	General & Administrative Costs
211	Selling Costs
212	Research and Development (Expensed)
213	All Other Overhead Costs
214	Depreciation
215	Amortization
216	
217	Total Operating Expenses
218	
219	Net Operating Profit
220	
221	Other Income
222	
223	Profit Bef. Interest and Taxes
224	
225	Add: Interest Income - Investmnts
226	Less: Interest on Short Term Debt
227	Less: Interest on Long Term Debt
228	
229	Profit (Loss) Before Taxes
230	
231	Less: Loss Carry Forward Applied
232	Income Tax Provision
233	Less: Investment Tax Credits
234	
235	Net Income Taxes
236	
237	Net Profit (loss) After Taxes
238	
239	Less: Dividends
240	
241	Addition to Retained Earnings

PROFORMA BALANCE SHEET

<u>Row</u>	<u>Variable</u>
246	XYZ Electronics Corporation
247	Proforma Balance Sheet
248	(\$ 000's Omitted, Annual Basis)
249	Version of 11-19-84 9:30 am
250	
251	
252	
253	<b>ASSETS</b>
254	
255	Cash on Hand
256	Short Term Investments
257	Accounts Receivable
258	Inventory
259	Other Current Assets
260	
261	Total Current Assets
262	
263	Total Fixed Assets & Improvements
264	Less: Accum. Depreciation
265	
266	Net Fixed Assets
267	
268	Total Intangible Assets
269	Less: Accum. Amortization
270	
271	Net Intangible Assets
272	
273	Other Assets (Net)
274	
275	Total Assets
276	
277	
278	<b>LIABILITIES AND EQUITY</b>
279	
280	Short-Term Bank Debt
281	Accounts Payable
282	Dividends Payable
283	Income Taxes Payable
284	Accrued Compensation Payable
285	Other Current Liabilities
286	
287	Total Current Liabilities
288	
289	Long-Term Debt
290	Other Non-Current Liab.
291	
292	Total Liabilities
293	

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PROFORMA BALANCE SHEET  
(continued)

<u>Row</u>	<u>Variable</u>
294	Common Stock + Paid in Capital
295	Retained Earnings
296	
297	Shareholders' Equity
298	
299	Total Liabilities & Equity



SOURCES AND USES OF FUNDS

<u>Row</u>	<u>Variable</u>
304	XYZ Electronics Corporation
305	Sources and Uses of Funds
306	(\$ 000's Omitted, Annual Basis)
307	Version of 11-19-84 9:30 am
308	
309	
310	
311	FUNDS WERE PROVIDED BY
312	
313	Addition to Retained Earnings
314	Depreciation & Amortization
315	Inc: Short Term Bank Debt
316	Inc: Accounts Payable
317	Inc: Dividends Payable
318	Inc: Taxes Payable
319	Inc: Accrued Compensation Payable
320	Inc: Other Current Liabilities
321	Inc: Long-Term Debt Balance
322	Inc: Other Non-Current Liabilities
323	Inc: Common Stock + Paid in Capitl
324	Dec: Cash on Hand
325	Dec: Short Term Investments
326	Dec: Accounts Receivable
327	Dec: Inventory
328	Dec: Other Current Assets
329	Dec: Fixed Assets & Equipment
330	Dec: Intangible Assets
331	Dec: Other Assets
332	
333	Total Sources
334	
335	FUNDS WERE USED FOR:
336	
337	Net Loss After Taxes
338	Inc: Cash on Hand
339	Inc: Short Term Investments
340	Inc: Accounts Receivable
341	Inc: Inventory
342	Inc: Other Current Assets
343	Inc: Fixed Assets and Equipment
344	Inc: Net Intangible Assets
345	Inc: Other Assets

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SOURCES AND USES OF FUNDS  
(continued)

<u>Row</u>	<u>Variable</u>
346	Dec: Short Term Bank Debt
347	Dec: Accounts Payable
348	Dec: Dividends Payable
349	Dec: Taxes Payable
350	Dec: Accrued Compensation Payable
351	Dec: Other Current Liabilities
352	Dec: Long Term Debt Balance
353	Dec: Other Liabilities
354	Dec: Common Stock + Paid in Capitl
355	
356	Total Uses
357	
358	
359	Change in Net Working Capital
360	
361	Cumulative Change

FINANCIAL RATIO ANALYSIS

<u>Row</u>	<u>Variable</u>
366	XYZ Electronics Corporation
367	Proforma Financial Ratio Analysis:
368	(Annual Basis)
369	Version of 11-19-84 9:30 am
370	
371	
372	
373	
374	Overall Performance Ratios:
375	
376	Net Return on Equity
377	Net Return on Assets
378	
379	Profitability Measures:
380	
381	Gross Profit Margin
382	Net Operating Profit
383	Profit Before Interest and Taxes
384	Profit After Taxes
385	
386	Operating Income Per Share
387	Net Earnings Per Share
388	
389	Utilization of Capital Ratios:
390	
391	Asset Turnover per Year
392	Equity Turnover per Year
393	Fixed Asset Turnover per Year
394	
395	Liquidity Ratios:
396	
397	Current Ratio
398	Quick Ratio
399	
400	Financial Leverage Ratios:
401	
402	Total Assets/Net Worth
403	Debt/Equity Ratio
404	Total Liabilities/Total Assets

PROFORMA FINANCIAL SUMMARY

<u>Row</u>	<u>Variable</u>
408	XYZ Electronics Corporation
409	Proforma Financial Summary
410	(\$ 000's Omitted, Annual Basis)
411	Version of 11-19-84 9:30 am
412	
413	
414	
415	
416	<b>SALES, PROFITS AND WORKING CAPITAL</b>
417	
418	Net Sales
419	Profit Before Interest and Taxes
420	Net Profit(Loss) After Taxes
421	
422	
423	Cash Flow (PAT + Dep + Amort)
424	
425	Change in Net Working Capital
426	
427	<b>BREAKEVEN SALES REQUIREMENTS</b>
428	
429	To Meet Operating Expenses Only
430	To Meet Oper. Exp. + Debt Service
431	
432	<b>CAPITALIZATION (Ending Balances)</b>
433	
434	Cash and S.T. Investments
435	Inventory and Accts/Rec.
436	All Other Current Assets
437	Net Fixed and All Other Assets
438	
439	Total Assets
440	
441	
442	Short Term Bank Debt
443	All Other Current Liabilities
444	Long Term Debt
445	Other Non-Current Liabilities
446	Common Stock + Paid in Capital
447	Net Retained Earnings
448	
449	Total Liabilities and Equity
450	
451	

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**PROFORMA FINANCIAL SUMMARY**  
**(continued)**

<u>Row</u>	<u>Variable</u>
452	Number of New Shares Issued
453	Total Shares Outstanding
454	
455	Avg. Price of New Shares Issued
456	Book Value Per Share
457	Earnings Per Share (Net)
458	Dividend per Share
459	Market Price/Share
460	Price/Earnings Ratio of Stock
461	
462	Total Market Value of Company
463	