**Case 1: Build a BP over the next 2 years (2021-2022) starting from 2020 as the basis year (1
historical year + 2 forecasted years).**
1. Compute the Income Statement, Balance Sheet and Cashflow Statement of the
company for 2020
2. Forecast the Income Statement and Balance Sheet for 2021-2022, based on:

1. On 2020 (coherence)
2. On the few guidelines mentioned in this case
3. On your own assumptions

Derive the Cashflow Statement for 2021-2022

Warning!
• Clearly identify the assumption you take and the parameters from the instructions. Do
not hesitate to explain the reason why you took a particular assumption.

**Company Details**Company profile: company producing desserts supplying its products to the top tier retailers in
Europe.

Products: the company currently produce 3 kind of products

* Croissants selling at 3 EUR per pack in 2020 and sold 1000K packs
* Meringues selling at 4 EUR per pack in 2020 and sold 500K packs
* Cake selling at 7 EUR per pack in 2020 and sold at 600K packs

Costs:

• Direct production costs (foods + packaging):

o Croissants: EUR 1.8M

o Meringues: EUR 1.2M

o Cake: EUR 2.9M
• Payroll

o 30 FTE

▪ 15 in production

▪ 5 commercials

▪ 7 admins

▪ 3 managements
o CTC (Cost To Company) = salaries + social taxes on salaries + any fringe
benefices

▪ 40K per year for prod

▪ 42K per year (minimum fees) + variable 1% of all sales made (total) for
commercials

▪ 50K per year for admin

▪ Management: 120K per year

* Overheads
	+ Variables: 10% of revenue
	+ Semi-variable: 5K per FTE per year
	+ Fixed: 250K per year (for 2020)

Assets:
The company owns its building and production lines. It invests around 250k per year in
maintenance in other investment costs with a life of 20 years.

Only tangible assets for a residual value of 6M as of 31/12/2020 and an average residual life of
10 years.

Working cap:

* DSO: 45 days
* DPO: 30 days
* DIO: 10 days

Debts:

* In 2020: 4M outstanding debt at a 7% interest rate and 10 years to go.

Social and tax payables:

* One-month salary + 13th month + current year income tax

Cash and Equity:

* Define (your own assumption) the level of cash for 2020 and plug the equity to balance the BS.

Other consideration:

* Historical Working cap for CF statement: 2019 working capital items (AR, AP, Inv, Tax and social debts) were EUR 10K lower than 2020 level.

Case general parameters:

* VAT: 21%
* Inflation: 2%
* Tax rate: 25%

Other instructions:

* The demand for cake is stronger than for meringue or croissant.
* The production costs for croissant and cake will rise higher than those for the meringue
since the flour cost is expected to increase more than the inflation.
* Due to the recent refurbishment of the building, fixed overheads are expected to
increase at a lower rate than the inflation.
* The number of employees in the management and admin are not sensitive to the growth
of the production