

Example 1: Managerial measures of shareholder's wealth

The key financial statements of Total Access Communication PLC. (DTAC) for the year ended December 31, 2013, are as follows.

BALANCE SHEET (Million Baht)	DTAC 2013
Cash & Equivalent	5,472
Accounts receivable	10,351
Inventory	1,683
PP&E-net	15,120
Other fixed assets	72,428
Total assets	105,054
Accounts payable	28,190
ST debts & current portion	8,296
Long-term debt	23,164
Other long-term liabilities	4,029
Total liabilities	72,334
Paid-up capital	4,736
Share premium	23,543
Retained earnings	2,782
Shareholder's equity	32,720
Total Liab.&Shareholders' equity	105,054

INCOME STATEMENT (Million Baht)	DTAC 2013
Revenue	94,369
Cost of sales and services	(65,119)
Gross profit	29,250
Selling, general, and administration expenses	(13,630)
EBIT	15,955
Interest expense	(1,270)
EBT	14,685
Corporate tax	(2,937)
After-tax net profit (loss)	11,748

In 2013, DTAC had 2,400 million shares of common stocks outstanding with market price at 105.50 Baht. Assume DTAC's effective corporate tax was at 20.00% and cost of capital was 10%, calculate the following measures of shareholders' wealth of DTAC and provide the meaning.

- (1) Market value added.
- (2) Market-to-book ratio.
- (3) Economic value added.
- (4) Return on capital.

Example 2: Change in Fixed Asset Calculation

	31 December 2013	31 December 2014
Fixed Assets	150,000	3,000,000
Depreciation Reserve	520,000	820,000
Net Fixed Assets	980,000	2,180,000

Assume: Depreciation during the period \$400,000

Example 3: Statement of Cash Flow

Win Hom Corp. wants to identify cash change during 2013 according to the following information.

1. It allowed accounts receivable to expand by \$25 million.
2. It paid a \$30 million dividend.
3. It repaid \$25 million of short-term bank debt.
4. It earned \$60 million of net income.
5. It reduced inventory, releasing \$5 million.
6. It invested \$30 million.
7. It purchased \$25 million of marketable securities.
8. It issued \$30 million of long-term debt.
9. It set aside \$20 million as depreciation.
10. It increased its accounts payable – borrowing an additional \$25 million from its suppliers.

(1) Complete below table to get cash change position for Win Hom in 2013.

Cash flows from operating activities:	
<i>Net cash flow from operating activities</i>	
Cash flows from investing activities:	

Cash flows from financing activities:	
<i>Net cash flow from financing activities</i>	

Net change in cash	
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(2) Given cash changes above, explain company's strategic operations, including operating, investing, and financing matters in 2013.

Example 4: Statement of Cash Flows Calculation

Changes in Balance Sheet of ChuThaThep Company (2011 and 2012)

Entries	Activity	2011	2012	Cash Inflow	Cash Outflow
Cash		16,000	15,000		
Marketable securities		8,000	7,200		
Account receivable		42,200	34,100		
Inventory		50,000	82,000		
Land and plant		150,000	150,000		
Machine		190,000	200,000		
Office equipment		50,000	54,000		
Other fixed assets		10,000	11,000		
Depreciation reserve		115,000	145,000		
Account payable		49,000	57,000		
Note payable		16,000	13,000		
Accrual expense		6,000	5,000		
Long-term debt		160,000	150,000		
Common stock		120,000	110,200		
Retained earning		50,200	73,100		
Total					

Statement of Cash Flow

Cash flow from operating activities:

Net income	49,000	
<i>Plus</i>		
<i>Minus</i>		

Cash flow from investing activities:

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Cash flow from financing activities:

Dividend payout	(26,100)	
Net cash flow increase (decrease)		
Cash at the beginning of period		
Cash at the end of period		

Example 5: Statement of Cash Flows Calculation

Winnie Corporation, a major producer in automobile industry, had key financial statements as the attached tables. In 2012, the company paid dividends of \$18,000. Also, it issued \$150,000 in bonds, and purchased machine, some equipment, and other fixed asset for cash. Based on information attached, please help Winnie Corporation to form the statement of cash flows by identifying cash flows from operating, investing, and financing activities.

Balance Sheet

Assets		Dec 31, 2012	Dec 31, 2011
Cash		\$37,000	\$49,000
Accounts Receivable		\$26,000	\$36,000
Prepaid Expenses		\$6,000	\$0
Machine		\$70,000	\$0
Equipment	\$68,000		\$0
Accumulated Depreciation	<u>\$10,000</u>	\$58,000	\$0
Other fixed assets	\$200,000		\$0
Accumulated Depreciation	<u>\$11,000</u>	\$189,000	\$0
Total Assets		<u>\$386,000</u>	<u>\$85,000</u>
Liabilities and Stockholder Equity			
Accounts Payable		\$40,000	\$5,000
Bonds Payable		\$150,000	\$0
Common Stock		\$60,000	\$60,000
Retained Earnings		\$136,000	\$20,000
Total Liabilities and Stockholder Equity		<u>\$386,000</u>	<u>\$85,000</u>

Income Statement as Dec 31, 2012

Revenue		\$492,000
Operating Expenses	\$269,000	
Depreciation	<u>\$21,000</u>	<u>\$290,000</u>
Income before Income Taxes		\$202,000
Income Tax Expense		<u>\$68,000</u>
Net Income		<u>\$134,000</u>