B-Plan Business Evaluator

Introduction

Menu Commands

Keyboard and Mouse

![B-PLAN icon] Introduction

Welcome to **B-Plan Business Evaluator** for Windows, the business software that will help you make your business decisions.

Use **Business Evaluator** to evaluate a company`s past and present business condition and generate professional forecasts.

With Business Evaluator you will:

- Present professional business evaluations
- Minimize risks to your business
- Save time to plan for profit, growth and success
- Accurately forecast and evaluate your cash flow

Business Evaluator Features

Main Menu
File	Work with files and set up the system
Company	Enter company data and forecast assumptions
Analysis	Analyze company pro forma reports and worth
Reports	Produce financial reports
Graphs	Generate graphs
Windows	Arrange and manipulate windows
Help	Context-sensitive help on **Business Evaluator**

Company
Use the **Company** option to enter your data and assumptions. Follow the menu items one by one to input all of the relevant data.

General	General information about your business
Financial Statements	Enter the company`s historical financial statements
Forecast Quarters	Generate a first year quarterly forecast for quarterly financial pro forma reports

Analysis
Use the **Analysis** option to see the results and implications of your business evaluation

Calculate	Perform calculations for the data you enter
Highlights	See the financial highlights of the projections
Financial Reports	Browse the pro forma financial reports (P&L, Cash Flow and Balance Sheet)
Firm Evaluation	Evaluate the firm by viewing the financial ratios analysis, detailed ROE and ROE analysis, and

	survival analysis
Compare	Generate comparison and trend analyses

Reports

Use the **Reports** option to generate various high quality reports. You can view, print, edit, and combine the reports in your business analysis using your own word processor.
Business Evaluator produces the following reports:

- Highlights
- Profit & Loss
- Cash Flow
- Balance Sheet
- Financial Ratios
- Survival Ratio Analysis

Graphs

Use the powerful **Graphs** option to generate various high quality graphs. You can view, print, edit, and combine the graphs in your business analysis using your own word processor.
Business Evaluator produces the following graphs:

- Highlights
- Profit & Loss
- Cash Flow
- Balance Sheet
- Financial Ratios
- Survival Ratio Analysis

🔲 Menu Commands

File

Edit

Company

Analysis

Reports

Graphs

Windows

Help

🖼️ File Menu

The **File** Menu commands enable you to manage the files of the companies you analyze with the system. Each company is saved in a file. You can create new files, open existing ones, and save the file in use to disk. You can also print and set up the printer drivers, import data from other applications, and set the default parameters of the system.

New

Open

Save

Save As

Delete

Calculator

Print

Print Setup

Import

Preferences

Exit

New

To create a new company file, select New from the File menu. When the General screen opens, enter information, then save it.

Open

To retrieve a saved company file, select Open from the File Menu.
Specify a file from the list of files. **Business Evaluator** saves and opens
files with a .EVL extension, as a default.

Save

To save the analyzed company to a disk file select Save from the File Menu. If this is the first time you save this company, you will be asked for the name and path of the saved file.

Save As

To save the analyzed company to a file with another name, or to change to another drive and directory, select Save As from the File Menu.

Delete

To delete a company file, select Delete from the File Menu. Select the drive, directory, and name of the file you want to delete.   Remember that **Business Evaluator** files have the extension .EVL as a default.

Calculator

To work with the Windows calculator, select Calculator from the File Menu.

Print Setup

From the File Menu, choose Print Setup to define the settings for printing reports and graphs, including:
- The printer driver
- Page orientation: portrait or landscape
- Paper size and source

Print

From the File Menu, choose Print to perform the following tasks:
- Change the print options.
- Print to the printer or a file or a preview screen.
- Change the printer setup.

🖼️ Import

The **Business Evaluator** can import a variety of data files in different formats- Lotus, Quattro Pro, Excel, dBase and ASCII. However, it is <u>crucial</u> that the periods and the items precisely match the structure required for the **Business Evaluator**.

Before you load your files, carefully review the Import default settings to make sure your files match the **Business Evaluator**. The recommended way to do so is by checking off each item against a hard copy of your file.

Operating Steps

Step 1
Choose the File Type from the file type list. The type should match the type of the file you have prepared for import.

Step 2
Click on the `File to Import` button and choose the file you would like to import.

Step 3
Mark the `Headers` options if the file to import includes headers in the first row and/or the first column. If none of the options are marked the import program will assume that the file does not include headers.

Step 4
Click Import. The import procedure will begin presenting the general screen. By filling the data in this screen, a company file will be opened, to which the imported data will be written. The analysis time frame entered here enables the import program to write the data in the right place.

⬛ Import from B-Plan Planner

By choosing **B-Plan Planner** you will be able to Import a full set of Pro-forma Reports that were prepared with the **B-Plan Business Planner.**

Operating Steps

Step 1
Choose from the **B-Plan Planner** Expense Groups list the relevant item and relate it to the appropriate **Business Evaluator** Item. Repeat the process for each **B-Plan Planner** Expense Group   to relate all **B-Plan Planner** items to **Business Evaluator** items.

Step 2
Enter the currency sign (for example $), and choose the units (units, thousands,   millions).

Step 3
Click OK

Import from Other Files

The **Business Evaluator** can import a variety of data files in different formats- Lotus, Quattro Pro, Excel, dBase and ASCII. However, it is <u>crucial</u> that the periods and the items precisely match the structure required for the **Business Evaluator**.

Before you load your files, carefully review the Import default settings to make sure your files match the **Business Evaluator**. The recommended way to do so is by checking off each item against a hard copy of your file.

Operating Steps

Step 1
Choose the File Type from the file type list. The type should match the type of the file you have prepared for import.

Step 2
Click on the `File to Import` button and choose the file you would like to import.

Step 3
Mark the `Headers` options if the file to import includes headers in the first row and/or the first column. If none of the options are marked the import program will assume that the file does not include headers.

Step 4
Click Import. The import procedure will begin presenting the general screen. By filling the data in this screen, a company file will be opened, to which the imported data will be written. The analysis time frame entered here enables the import program to write the data in the right place.

🖼️**Preferences**

In this screen you can define default parameters and system setup
as follows :

Currency Units
Enter the currency units to be used as a default for any new analysis (see
General Window in the Company Menu), as you want them displayed in
the headers on your reports, such as dollars or thousands of dollars.

General Numeric Format
Enter the format for numeric data, such as the number of decimal places
you want to use. This format affects every number displayed within the
program.

Use parenthesis for negative number
Choose this option for parenthesis for negative numbers.

Show Tool Bar
Choose this option to show the Tool Bar on the screen.

Use default titles for Graphs & Reports
Choose this option for default titles for Graphs & Reports.

Default Report Output
Choose between : Screen, File or Printer as the default destination of
reports.

Always Show Quarters in Graphs & Reports
Choose this option to present quarters in graph & reports.

Auto Load
Choose this option to automatically load the file from the last session,
when **Business Evaluator** starts.

Auto Calc
Choose this option to have **Business Evaluator** automatically calculate
changes when appropriate, such as when entering analysis after you
change data. If you disable this option, you should perform calculations
manually by pressing the Calc button.

Setup Buttons

Financial Item (General)

Financial Item (Company)

Graphs Setup

Reports Setup

Survival Setup

🖼️ Financial Items

In this screen you can define the items (and their descriptions) that will be included in the P&L, Balance, Cash Flow and Ratio analyses.

Operating Steps

Step 1
Choose from the Group Buttons the relevant group and the items will appear on the screen showing the default descriptions in one column and the user definitions in another column.

Step 2
You may change the item (row) description or delete it from the template by clicking (unmarking) the relevant Chosen button on the left side of each item.

Step 3
Click OK

Special buttons

Use Group (if you are in the Financial Items Company screen)
To use the group   items as the general default.

Use Comp. (if you are in the Financial Items General screen)
To use the active company items as a general default.

Default Item
To retrieve the default of the current marked item (used as undo function).

Default Group
To retrieve the default items of the group (used as undo function).

Calculated Ratios

This option allows you to create your own user-defined ratios. Up to 10 ratios are available.

To define a ratio follow these steps :

Step 1
Mark the ratio you want to use in the `Chosen` column.

Step 2
Click on the `Formula` button and the Formula window will appear. In this screen you define the formula. Select the Item Group and the

item(line) you like to use in the new ratio. The item code will appear in the lower window.   Then select the operator or function from the `Operator List`. Follow this procedure until the formula is completed. If necessary, You can enter the item codes and the mathematical signs manually in the lower window.

Step 3
Check the validity of the formula by clicking the `Check` button. If you get an error message check the formula and correct it.

Step 4
Enter the ratio name and press the OK button.

Calculated Ratio Sample

The required Ratio is :
   Service Contribution (Service Expenses / Service Income)

The Items
   Service Income   P006
   Service Expenses   P026

The Formula   : (#P026# / #P006#)*100

Tips
1.   For adding an Item or a Mathematical function to the formula choose it from the list accordingly and click the mouse.

2.   For Choosing few items in a single move, choose the items (mark them) and click the right side bottom of the mouse in order to drug them to the right place in the formula.

3.   If you choose to generate the ratio by typing the relevant Items manually , you should type the Item`s code (that appears at the right side of the description) and mark the sign # in the beginning and in the ending of each item.

Graphs Setup

Choose the Graph Setup button and the graph list window will appear. Then enter the Setup screen and edit it. (For more information, see Graph Setup section in Chapter 8 - Graph Menu in the User`s Manual).

Reports Setup

Choose the Report Setup button and the Setup screen will appear in which you can define the default parameters for printing reports. For more information, see the Report Setup help in the Report Setup screen.

Survival Setup

Choose the Survival Setup button and the survival module setup screen will appear. You may change the range by which stability will be categorized to: Stable, Unstable and High Stability. For more information, see Survival Ratio explanation on Evaluation section in Chapter 6 - Analysis Menu of the User`s Manual.

🖼 Edit Menu

Use the Edit Menu to work with your data and transfer it to and from other Windows applications. The Edit functions are enabled only when a browse mode data screen is active. You can than mark a range of cells with the mouse and use the Edit functions to Cut, Copy, Paste or Delete the data in the marked range. As with any Windows Application, the data transfer is handled via the Windows Clipboard.

Cut (Ctrl + X)

Copy (Ctrl + C)

Paste (Ctrl + V)

Delete (Del)

Cut (Ctrl-X)

From the Edit Menu, choose Cut to delete the contents of a marked range and copy it to the Clipboard. You can then paste the contents of the Clipboard to your worksheet or to another Windows application.

Copy (Ctrl-C)

From the Edit Menu, choose Copy to copy the contents of a marked block to the Clipboard. You can then paste the contents of the Clipboard to your worksheet or to another Windows application.

Paste (Ctrl-V)

From the Edit Menu, choose Paste   to copy the contents of the Clipboard to your worksheet. You can also use Paste to import data from another Windows application.

Delete (Del)

From the Edit Menu, choose Delete to delete data from a marked range in a data screen.

🖫 Company Menu

Use the Company Menu options to enter information about the analyzed company.

General

Financial Statements

Quarterly Forecast

General

Company
Enter the company name.

Industry
Enter the industry name.

Prepared By
Enter your name.

Currency
Enter the currency sign (e.g. $), and choose the units (Units, Thousands, Millions).

Last historical year
Enter the last historical year for which you have financial statements.

Quarterly periods
Choose this option for entering quarterly data. If you wish to enter quarterly data for the last historical year, click **last historical year**. If you wish to enter quarterly data for the first forecast year, click **first forecast year.** By doing so, a small window will appear, and you will be asked to choose between actual or budget for each quarter.

First year
Enter the first historical year for which you have financial statements. (The system allows you to analyze up to 5 historical years.)

Last year
Mark the First Quarter for Budgeting (Forecasting)

📊 Financial Statements

This Sub-menu allows you to enter the company`s historical financial statements (Profit & Loss and Balance Sheet).

Notes
1. You may enter the data manually, or import it automatically from external files created by other applications. (See the Import section in Chapter 3 - File Menu).

   If you have data on a Spread Sheet, you can import it by using the Copy and Paste edit functions.

2. The Statements Item (rows) are determined in the Preferences screen (File Menu).

Profit & Loss
Enter the historical P&L data. Sub-totals and total are calculated by the system.

Balance Sheet
Enter the historical Balance data. The system is calculating the sub-totals and totals and checking that the balance is balanced (Total assets equals Total liabilities and Equity).

Sub Item -Option
The Sub Item option offers you a very easy way to enter details for any line of the financial statements.

Operating Steps

Step 1
Choose The Item (Line) for which you want to enter details and double click on its description. A sub table will appear on the screen.

Step 2
Enter the required data and close the table. By doing this the Save Changes screen will appear

Step 3
In order to save the data and update the relevant Item (Line) in the financial statement choose **Yes**.

🖼️ Assets

This screen is used to adjust asset book value to market value. The data is required to generate the Net Assets Valuation.

Book Value
The assets according to the historical balance sheet (You can not change this data here)

Market Value
The market value of the company`s assets

Liquidation factor
The liquidation factor if the company was liquidated immediately

Adjusted Value
The Net Assets adjusted value - resulted from the liquidation factor and the market price

🖼️ **Shares**

This screen enables you to enter the detailed Shares information required for Share analysis.

Shares Type
Describe the company`s type of shares

Shares Number
The number of Shares outstanding

Unit Price
The price per unit at the end of each period

Total Value
The total value of the shares

Note
This screen is available only for public companies (defined in the General Screen).

🖼️ Forecast

The Forecast screen allows you to project the main parameters that impact   the company`s future financial position in the next 4 quarters.

The parameters you enter in this screen are required to generate the pro-forma reports (P&L, Balance Sheet and Cash Flow).

The screen operates in Tabs (notebook pages) mode. Select the group to which you want to enter the forecast data (Profit & Loss, Balance and Other) by clicking the tab header.

Type
By clicking on this field, you can choose between various types of forecasting methods :

Amount
Enter the expected amount

% of Growth
Enter the expected % of growth in each period

% of Revenues
Enter the expected % of   revenues in each period

Note: Some items have other specific Forecasting keys

Act
This column shows the relevant actual figures for the last   period before the first forecasting period. The figures presented in this column are according to the forecasting type.

🖼️ **Analysis**

Use the Analysis Menu options to see the results of the business evaluation.

Highlights

Pro-Forma

Evaluation

Compare

Highlights

From the Analysis Menu, choose Highlights to view the most important parameters of the analysis.

Note: You may change the parameters presented in this screen by using the Setup option as explained in the following paragraph. You can view the Highlights in a graphic presentation by clicking the `Graph` button.

Operating Buttons

Print
By choosing the Print button, the Highlights report will be printed.

Setup
The Setup button enables you to change the parameters presented in the Highlights screen. Choosing the Setup button will open the Setup table. You can choose any parameter required from each item`s list, and the Highlights screen will be converted accordingly.

Graph
To view the Highlights in graphic presentation, select a range from the Highlights table with the mouse. Click on the Graph button and the graph will appear. If you want to return to the Highlights table, click on the Details button. You can customize the presented graph by double-clicking on it with the mouse. A Graph Setup screen will be opened allowing you to customize the graph type, titles, grid, etc.

For more explanation on the Graph Setup, please refer to
Chapter 8 - Graphs Menu.

![icon] Pro-Forma Reports

This sub-menu allows you to view the financial statements of the company (historical statements and projected pro-forma).

Profit & Loss

Balance Sheet

Cash Flow

Profit & Loss

The Profit & Loss items are explained below.

		Formula	Notes
1	Revenues		Can be split into sub-accounts such as local sales, exports, etc.
2	C.O.G.S.		Can be split into sub-accounts such as materials, labor, etc.
3	Gross Profit	1-2	
4	Operating Expenses		Such as R&D, marketing, general & administrative
5	Operating Profit	3-4	
6	Interest Expense		
7	Interest Income		
8	Other Expenses		E.g. special provisions
9	Other Income		E.g. sale of assets.
10	Income Before Tax	5-6+7-8+9	
11	Income Tax		
12	Extraordinary Items		E.g. minority interest
13	Net Profit	10-11-12	

🖼️ Cash Flow

The Cash Flow report is calculated by the **Business Evaluator**, based on the data entered for the historic Profit & Loss and Balance sheet, and the forecast.

The net **operating** Cash Flow shows the cash generated from operations. The net Cash Flow comes from the company`s operations and financial activities.

Negative Cash Flow indicates that the business requires external funding, since its activities are not providing the sufficient sources.

The Cash Flow Items Are Listed Below:

		Formula	Notes
1	Operating Profit		From the P&L
2	Depreciation		From the P&L
3	Tax Provision		From the P&L
4	Change in Accts. Receivable		Closing - opening accts. receivable balance
5	Change in Accts. Payables		Closing - opening accts. payable
6	Change in Inventory		Closing - opening inventory
7	**Net Cash from Operations**	1+2-3 -4+5-6	
8	Change in Plant & Equipment		Closing - opening plant and equip. balance (before depreciation)
9	Change in Other Investments		Closing - opening other investments balance
10	**Net Cash-Investments**	8+9	
11	**Free Cash Flow**	7-10	**Relevant figure for valuation !!**
12	Loans Received/Paid		Closing - opening loans balance
13	Net Interest Expenses		From the P&L
14	Bank Credit		Closing balance sheet
15	Other Net Expenses		From the P&L
16	Dividend		From the forecast module
17	Change in Equity		Closing - opening equity balance
18	**Net Cash Flow**	11+12-13 +14-15-16 +17	

🖼️ Balance Sheet

B-Plan Evaluator creates projected balance sheets based on the information you entered in the Company Menu. The balance sheet is a snapshot of the business situation at a specific time, giving information on its assets and liabilities.

		Formula	Notes
1	Cash		
2	Accounts Receivable		
3	Inventory		Raw material + work in progress + finished goods
4	Other Current Assets		E.g. Short term investments
5	**Total Current Assets**	1+2+3+4	
6	Fixed Assets		E.g. plant, property, and equipment
7	Acc. Depreciation		
8	Intangible Assets		E.g. 'good will'
9	Other Fixed Assets		E.g. investments
10	**Total Fixed Assets**	6-7+8+9	
11	**Total Assets**	5+10	

		Formula	Notes
12	Accounts Payable		
13	Tax Payable		
14	S.T. Loans		Includes bank overdraft
15	Other Current Liabilities		
16	**Total Current Liabilities**	12+13+14+15	
17	L.T. Loans		
18	Other Liabilities		
19	Minorities Rights		
20	Bonds		
21	**Total Liabilities**	17+18+19+20	
22	Owners Equity		
23	Retained Earnings		
24	**Total Equity**	22+23+24	
25	**Total Equity and Liabilities**	24+21	

Evaluation

Ratio Analysis

ROA & ROE Analysis

Survival Ratio

🎛️ Ratio Analysis

Choose this command from the Evaluation menu to see the financial Ratio Analysis for the company. The profitability, liquidity, and stability ratios help you evaluate the company`s position.

Ratio Formulas

Profitability Ratios

Ratio	Formula
Net Profit / Revenues (%)	Net Profit / Revenues *100
Op. Profit / Revenues (%)	Op. Profit / Revenues *100
Gross Profit / Revenues (%)	Gross Profit / Revenues *100
Net Profit / Assets (%)	Net Profit / Assets *100
Op. Profit / Assets (%)	Op. Profit / Assets *100
Gross Profit / Assets (%)	Gross Profit / Assets *100
Net Profit / Equity (%)	Net Profit / Equity *100
Op. Profit / Equity (%)	Op. Profit / Equity *100
Gross Profit / Equity (%)	Gross Profit / Equity *100
Price / Earnings	Price Per Share / Profit Per Share
Change in Op. Profit / Equity	(Op. Profit - Previous Period Op. Profit) / Equity

Liquidity Ratios

Ratio	Formula
Current Ratio	Current Assets / Current Liabilities
Quick Ratio	(C. Assets - Inventory) / Current Liabilities
Working Capital	Current Assets - Current Liabilities
Working Capital / Assets	(Current Assets - Current Liabilities) / Assets
Acc. Profit / Assets	Retained Earnings/Assets

Stability Ratios

Equity / Debt	Equity / Total Liabilities
Equity / Assets	Equity / Assets
Debt / Assets	Total Liabilities / Assets
L.T. Debt / Assets	L.T. Liabilities / Assets

Activity Ratios

🎛️

🖼️ROE & ROA Analysis

The ROE (Return On Equity) and the ROA (Return On Assets) analyses are measures of the company`s efficiency in using its resources (equity and assets).

It is interesting to observe the trends in these ratios during the analysis period.

The Formula

ROE = [Equity Turnover] * [Return on Sales]

Where

```
                    [ Total Sales ]
  [ Equity Turnover ] = ------------------
                    [ Total Equity ]

                    [ Net Profit ]
  [ Return on Sales ]        =   ------------------
                    [ Total Sales ]
```

[Total Equity]   = [Retained Earnings] + [Owners Equity]

[Net Profit]   = [Sales] - [C.O.G.S] - [Other Expenses]
                        - [Tax Provision]

ROA = [Assets Turnover] * [Return on Sales]

Where

```
                    [ Total Sales ]
  [ Assets ]    = ----------------------
                    [ Total Assets ]

                     [ Net Profit ]
  [ Return on Sales ]        =   ------------------
                    [ Total Sales ]
```

[Total Assets]   = [Current Assets] + [Fixed Assets]

[Net Profit]   = [Sales] - [C.O.G.S] - [Other Expenses]
                        - [Tax Provision]

🔲 Survival Ratio

The Survival Ratio (based on **The Altman`s Z Score**) is one of the most reliable ratios for analyzing   the company`s ability to remain a `going concern`. The Survival Ratio ranks the company`s short term stability.

Unstable (Red)
The company is unstable. There is serious doubt if it will remain a `going concern` for long.
Range: Bellow 1.23

Stable (Gray)
The company is OK. There is no indication of a financial catastrophe in the near term.
Range: Above 1.23 Bellow 2.90

High Stability (Green)
The business financial situation is very stable (usually above the industry averages).
Range: Above   2.90

Note: You can edit the default ranges.

The Formula

$$Survival\ Ratio = 3.107[A] + 0.847[B] + 0.420[C] + 0.717[D] + 0.998[E]$$

 Where

A =   [Op. Profit/ Assets]

B =   [Retained Earnings / Assets]

C =   [Equity / Debt]

D =   [Working Capital / Assets]

E =   [Revenues / Assets]

Valuation

Free Cash Flow

Net Assets

Shares Value

Price/Earnings

🖼️Free Cash Flow

The Free Cash Flow Method is the most widely accepted valuation method, particularly for evaluating a `going concern`. The Free Cash Flow Method measures the company`s future business opportunities and projected cash flows. Both are crucial to the investors and shareholders.

The Formula

$$Net\ Free\ Cash\ Flow = \sum_{I=1}^{n} \frac{FC^I}{(1+r)^I} + \frac{RV^n}{(1+r)^n} + ADJ$$

Where

FC = Free Cash Flow in Year i

n = The Forecast Period in Years

r = Discount Rate

RV = Residual Value in Year n

ADJ = Adjustments

For a detailed explanation, see Chapter 3 - Valuation Methods in Part 2 - Valuation Guide of the User`s Manual.

Operating Steps

Step 1
Enter the Discount Rate for the Present Value calculations or choose the <u>Rate</u> button to enter the required discount rate using the WACC (Weighted Average Cost of Capital) method. If you want that the discount rate will be applied also to the calculations of the Perpetuity Residual Value, mark this option.

Step 2
Choose **Residual Value Method**.

Residual Value Methods
There are three main residual methods :

The Perpetuity Method

The Liquidation Method

The Price/Earning Method

Step 3
If necessary, enter the amounts of Surplus Assets and Debt Value.

🖼️ Perpetuity Method

The perpetuity method assumes that the company`s future cash flow will continue for ever. This approach is divided into two sub methods:

A. The Constant Perpetuity Method
B. The Growth in Perpetuity Method

A. The Constant Perpetuity Method
This approach is based on the assumption that the company will continue generating a constant level of cash flow (equivalent to the last projected year cash flow) forever.

The Formula

$$\text{Residual Value} = \frac{[\text{Free Cash Flow in year } n]}{r}$$

Where

r = Discount Rate

n = The last year of the analysis period

B. The Growth in Perpetuity Method
This approach is based on the assumption that the company`s cash flow will grow forever.

The Formula

$$\text{Residual Value} = \frac{[\text{Free Cash Flow in year } n] * (1+g)}{r-g}$$

Where

g = The ongoing Growth Factor

r = Residual Discount Rate

Notes (for both methods)

1. Some analysts suggest using operating profit instead of free cash flow.
2. Some analysts use a different perpetuity discount rate as opposed to the free cash flow discount rate.

To activate the method, select the `Perpetuity` method and click on the Show button.

Operating Steps

Step 1

Choose between the Net Profit and the Free Cash Flow as the basis for the calculation. (We suggest using the Net Profit.)

Step 2

Enter the discount rate and the growth rate.   (We suggest using the Constant Perpetuity Method leaving the growth rate as "0".)

Step 3

Click OK

📊 Liquidation Method

This method assumes that the most conservative way to calculate residual value is to assume the company will be liquidated at the end of the forecasting period. Therefore the residual value should be calculated as the net liquidation value.

Operating Steps

Step 1
Choose the base period for the calculation.   (We suggest using the current period as the base). The relevant net assets information will be presented on the screen.

Step 2
If necessary, you can enter an adjustment amount to adjust the value.

Step 3
Click OK.

🖼️Price/Earning Method

This approach assumes that the best way to determine a company`s residual value is to calculate its market price using the relevant P/E.

The Formula

$$\text{Residual Value} = \frac{[\text{Net Profit in Year n}] * [\text{Comparative P/E}]}{(1 + r)^n}$$

Where

Comparative P/E = P/E   of any similar public company or industry average

r   = The discount rate

n   = The selected year

🖼️Rate (WACC)

Base Period for Calculation
Choose the base period for WACC.

Calculated Equity to Asset ratio
The ratio is calculated automatically according to the base period .

External Equity to Asset Ratio
By choosing this option, you will overrule the automatic calculation.

Free Risk Interest Rate
Enter the Free Risk Interest Rate. Usually, it is based on the interest rate of long term government bonds.

Market Risk Premium
Enter the Market Risk Premium. The premium should reflect the average risk factor in the market/industry.

Beta
The Beta represents the difference between the average risk in the industry and the specific company you are evaluating.

Beta > 1, Indicates that the company`s risk level is above the industry average.

Beta < 1, Indicates that the company`s risk level is below the Industry average.

Calculated Marginal Income Tax
The income tax rate is automatically calculated according to the base period.

External Income Tax Rate
By choosing this option you will overrule the automatic calculation.

Cost Of Debt
The Cost of Debt is calculated automatically as the total interest expense on the company`s debt.

WACC
Weighted Average Cost   of Capital

External Input Discount Rate
By choosing this option you will overrule the automatic calculation.

The WACC Formula

$$WACC = \frac{Debt}{Assets} \times (1-T) \times C_D + \frac{Equity}{Assets} \times C_F$$

Where

T = Marginal Tax Rate

C_D = Cost of Debt (The average interest rate on the company`s debt)

*C_E = Risk Free Interest + (Beta * Market Risk Premium)*

🖼️ Net Assets Method

The Net Assets Method is based on the company`s book value. Under this approach, the company`s value is equal to its book value (adjusted net assets).

This method applies to a corporate liquidation and sets a `floor value` on the company.

The Formula

Net Assets Value = [Assets Book Value] - [Intangible Assets Value] + [Assets Market Value Adjustments]

For a detailed explanation, see Chapter 3 - Valuation Methods in Part 2 - Valuation Guide in the User`s Manual.

🖼️ Market Price Method

The Market Price (Shares) Method is used only for publicly traded companies. This method calculates a company`s value based on the market price of its shares. The approach assumes that, in a competitive market, a company`s share price reflects its actual value.

The Market Price Method is usually used as a secondary method for comparison.

For a detailed explanation, see Chapter 3 - Valuation Methods in Part 2 - Valuation Guide of the User`s Manual.

🖼️ Price/Earning Method

A company`s value under this approach is based on the industry average P/E ratio or the P/E ratio of another company with a similar `business profile`.

The Formula

$$Company\ Value = \frac{[\ Profit\ in\ Year\ i\ ]*[\ Comparative\ P/E\ ]}{(\ 1+r\ )^i}$$

Where

Profit in Year i = Net profit in any chosen year (I)

Comparative P/E = P/E   of any public company or industry average

r = Discount Rate

For a detailed explanation, see Chapter 3 - Valuation Methods in Part 2 - Valuation Guide of the User`s Manual.

Operating Steps

Step 1
Choose the base period for calculation.

Step 2
Enter the relevant P/E, or choose the relevant reference company and the reference P/E will automatically be presented on the screen.

Step 3
Enter the required discount rate.

Step 4
Click OK.

![icon] Compare

The Compare module is available when one of the Financial Statements screens or the Ratios Analysis screen are activated.

Choose the base period and the second period for the comparison analysis. Click the OK button and the comparison screen will appear.

🗒️ **Report Table**

From the Main Menu, choose Reports and Table to produce a variety of evaluation reports.

Operating Steps

1. Select the required reports from the Types section by clicking the mouse on the type check box.

2. Choose between Periodically or Periods to Compare.

   Periodically
   Enables you to print the standard report.   (Each column is a period.)

   Periods to Compare
   Enables you to print a `Comparison Between Two Periods` report.

3. Select the report <u>Destination</u>: Screen, Printer or File.

4. Use the <u>Items</u> button to define the items you want to include in each report.

5. Use the <u>Setup</u> button to define the report format and style.

6. Select OK to produce the reports.

🗔 Report Destination

Reports can be printed to the following destinations :
screen, printer or a file.

Screen
The Preview screen allows you to see the report page by page,
send the report to the printer, or export it to a disk file in a required
format, as described on the following page. To adjust the size of the report
- larger or smaller - press the Zoom button.

Printer
Print the report to the printer.

File (Export)
Print the report to a file on the disk. The file may be in a format selected
from many available formats.

After selecting the file type, you will be asked to provide the required
name and path of the export file.

Items

Use this option to choose items you want to include in the report. You can include all of the Items in the group for the report, or choose specific ones. If you select specific items not in the same range, press the control key (CTRL)   while clicking the mouse on the chosen items.

🖼️ **Report Setup**

From the Reports Menu, choose Setup to change the report format and style. This option is only available when the report table is active.

The Report Setup options are as follows:

Print Detailed Historical Report
This option enables you to print the historical financial reports   including details (sub items).

Use Default Titles for Reports
This option enables you to use default titles for the reports

Always show quarters in Reports
This option enables you to combine yearly and quarterly data in the same report.

Columns per Page (1-11)
To determine the number of columns on the page (it should be between 1 to 11).

Max. Rows in Page
To determine the number of rows on the page (The standard number of rows is 35).

Decimal Places
Enter the number of decimal places.

Comma (,000)
Select this option to insert commas as thousands separators in numbers greater than 999.

Line Height (optional)
You will find this option useful to create a professional page layout. In general, we do not suggest using this option. Leave it for very special situations.

Report Titles
Choose the required report title from the report list and click the Change Title button.   By doing this a screen will appear in which you may choose the default title or edit it.

Margins
Determines the required page margins in inches (Top, Bottom, Left and Right)

Report Fonts
Choose the required Fonts for headers and lines. By selecting this option,

the Font screen will appear in which you can select the font type, size and style.

📊 Graphs Menu

From the Main Menu, choose Graphs to generate a variety of business graphs that will present your company analysis better than `thousands of words`.

Table

Setup

Transpose

Legend

🖼️ Graph Table

Operating Steps

Step 1
Select a Graph Type from the type section. Use the mouse to click to the left of the graphs you want.

Step 2
Choose between the Periodically or Periods to Compare options.

Step 3
Select the Graph destination:

Screen
View the graph on screen.

Printer
Print the graph.
When you print the graph you will be asked whether to print it in the printer page size or in the size that it appears on the screen.

File
Print the graph to a file on the disk.

Step 4
Select OK to produce the graphs.

Special Buttons

Choose Items
This option allows you to choose the items that will be presented in the Graph.

Setup
Customize the graph type, titles, labels, colors and grid.

Configure Setups
The Setup Configuration enables you to Save, Load and Edit different graphs to keep you from redoing configurations that you want to include in your presentation.

Graph Setup

Once you select the graphs you want to see and present them on screen, you may want to customize them. Select Setup from the Graphs Menu. Setup is active for the graph which is currently in focus, so if you want to customize another graph you should click on its window.

Graph Type
Select the type of graph you want by clicking its push button.

Grid
Select the grid type to include with the graph: horizontal, vertical, both, or none.

Labels
Select the elements you want to label: the x axis, y axis, both axes, or none. You can also indicate how you want the labels to appear, such as for every 3rd or every 10th item.

Titles
Enter the titles of the graph, the left axis, and the bottom axis.

Color
Select the colors for the graph on screen, the printed graph, and the legends.

Format
Select the file format in case you want to save the graph to a file.

Use the Defaults button to return all settings to system defaults.

Special Buttons

Choose Items
This option allows you to choose the items that will be presented in the Graph.

Default
Return all settings to system defaults

Legend

When a graph is presented on screen, you may want to see the figures from which the graph was drawn. This can be done by pressing the `Legend` button. A table with the figures will appear on the graph.

Transpose

When the graph is presented on screen you can transpose X axis and Y axis by pressing the `Transpose` button.

🔲 **Windows Menu**

From the Main Menu, select Window to arrange the open windows on the screen.

Cascade
Arranges the open windows so that they overlap.

Tile Horizontal
Arranges the open windows side by side horizontally.

Tile Vertical
Arranges   the open windows side by side vertically.

Arrange Icons
Arranges window icons at the bottom of the screen.

Close All
Closes all open windows.

Windows List (F3)
Presents a list of open windows. This enables you select and easily manage the required windows.

🔲 Help Menu

From the Main Menu, select Help for assistance on using **B-Plan Evaluator.**

If you have worked with Windows Help before, the **B-Plan Evaluator** help system will be familiar to you. Select topics for explanations and instructions. You can also define bookmarks and print the contents of a topic.

On-line help can also be activated by pressing the F1 function key from almost anywhere in **B-Plan Evaluator**, by pressing the Help button found on the left side of the Tool Bar, or by using the Help button found on specific windows.

Keyboard and Mouse

Choosing from the   menu
Choosing from the Main Menu is done by clicking with the mouse on the menu option.

Using the Toolbar
The Toolbar enables   quicker selection of   the menu options.   By pressing   the Data,   Company, Analysis, Reports and Graph buttons - a sub-button bar is opened from which you may choose the menu options easily.
The Toolbar   includes also buttons for frequently used options such as Save, Open, Print, etc. The available buttons   are listed below.

The Toolbar includes two types of buttons :

Menu buttons
These buttons enable quick selection of menu items

| COMPANY |
Company Menu

| ANALYSIS |
Analysis Menu

| REPORTS |
Report   Menu

| GRAPHS |
Graph Menu

Pressing each of these buttons presents a sub-buttons bar with the menu options according to the selected   button.

Function Buttons
These buttons are used for frequently used options

 Open

 Save

 Print

 Copy

 Paste

Calculator

Windows Cascade

Windows Tile

Help

Special Keys
Special keys   enable   you to perform quickly commands that are used frequently.

ENTER - Activate OK button

ESCAPE - Activate Cancel button

SPACE - Activate the button which is in focus

F1 - Help

F3 - List of active Windows

F5 - Calculator

CTRL+N - New

CTRL+O - Open

CTRL+S - Save

F12 - Save As

CTRL+P - Print

CTRL+X - Cut

CTRL+C - Copy

CTRL+V - Paste

🖼️ **Report Preview**

The Preview screen allows you to see the report page by page, send the report to the printer, or export it to a disk file in a required format. To adjust the size of the report - larger or smaller - press the Zoom button.

Export the report to a disk file
The file may be in a format selected from the many available formats. After selecting the file type, you will be asked to provide the required name and path of the export file.

🖼️ Compare to Top 500

In this screen you can compare the analyzed company`s main indicators to one of the Top 500 US Corporates. This can give you measurement tools to analyze the performance of the company.

Operating Steps

Step 1
Select the Industry

Step 2
Select the company from the Company list

Step 3
Select Periods to compare, from the Databank period list and from the Company period list.

Step 4
Press Show button to view the Comparison in a table and a graph.

Operating Buttons

Show
Presents the Comparison analysis

Print Info
Prints the Comparison table

Graph Setup
Allows you to customize the graph and to print it.