



Finance and Costing in Fashion

Buying : course n°5

Practical work

MA CFB T2, L7 - 04/02/2020

ASSESSMENT DETAILED EXPLANATION

1) Analysis Sandro (Sales only) + SMCP (finance groupe)

2) Capsule collection : cash flow impact

15 minutes : importante synthesis work + clear support

Sandro / SMCP Analysis

Sales and POS analysis

Classical financial analysis :

Working capital calculation ; solvency ratio : quick ratio + debt to equity ratio

Profitability : return on equity (based on balance sheet equity value) + PER (Price / Earning Ratio)

Capsule collection

Students will be required to establish a cash flow statement, week by week, during the 12+ weeks of the operation.

Do you want to buy 100 % upfront ? What is the rythm of purchase ?

Elements impacting the cash position are purchases, which directly derive from the OTB

Apply standard payment period / term to suppliers

Add any possible operation related costs : makover, advertisement, transportation/ delivery, extra salesperson wages...

VAT is ignored for simplicity sake

Concerning sales, the first 12 weeks are at full price but then a discount will be applied

Students will establish several sales senarios : one base case, an optimistic senario, a pessimistic senario and a very pessimistic senario.

Week by week add planned sales for each item of the CC. This can be broken up shop by shop if there is signification differences between them

Senarios designing are up to the students.

All cash flows must be summed week by week for each of the different senarios.

Establish an histogram with the 4 series of data. Then, compute total operating profit and effective margin of the 4 scenarios

Applying financial analysis : the method

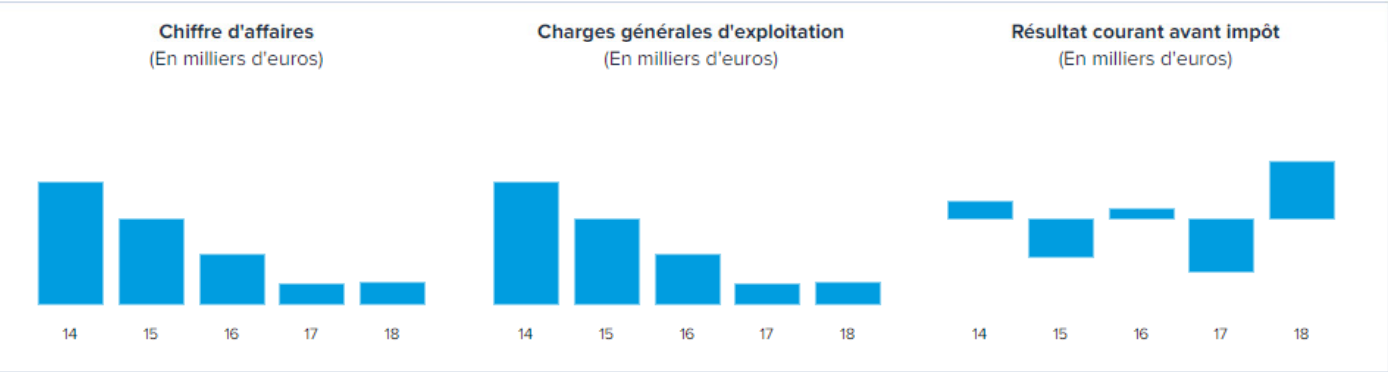
First : find a source of information. Investors have access to basically 2 sources of information : first the quick and synthetic source of information from financial website. For example Boursorama for France or Yahoo Finance which is global.

The second source, which is also the primary source of financial information website is the company itself that is required to provide mandatory information (rules are quite similar worldwide). The basic idea is that any listed company should provide any useful information for its investor on a regular basis.

Applying financial analysis : Barbara Bui Example

COMPTE DE RÉSULTAT

MILLIERS EUR	12.15	12.16	12.17	12.18
Chiffre d'affaires	24 833	18 723	13 665	13 942
Produits des activités o...	24 833	18 723	13 665	13 942
Résultat opérationnel	-2 766	1 076	-1 543	2 527
Coût de l'endettement ...	-87	-95	-64	-27
Quote part resultats de...	0	0	0	0
RN des activités aband...	0	0	0	0
Résultat net	-1 804	505	-2 441	2 669
Résultat net (part du gr...	-1 804	505	-2 441	2 669



BILAN

MILLIERS EUR	12.14	12.15	12.16	12.17	12.18
Ecart d'acquisition	0	0	0	0	0
Immobilisations incorp...	636	574	46	476	434

Source : « Compte de résultat » of Barbara Bui from Boursorama

Compte de résultat Tous les nombres en milliers

Détails	TTM	31/12/2018	31/12/2017	31/12/2016
Chiffre d'affaires total	13 144	13 942	13 665	18 723
Coût des ventes	4 259	4 597	4 428	7 672
Bénéfice brut	8 885	9 345	9 239	11 051
∨ Frais d'exploitation				
Développement de la recherche	-	-	-	-
Ventes générales et administrati...	10 427	10 739	11 252	14 294
Frais d'exploitation totaux	15 561	10 668	11 246	13 581
Bénéfice ou perte d'exploitation	-6 676	-1 323	-2 007	-2 530
Charge d'intérêt	66	29	67	96
Total des autres revenus/frais nets	-	-	-	-
Revenu avant taxes	-2 075	2 843	-2 704	1 442
Charge d'impôts	31	174	-263	732
Revenu des activités poursuivies	-2 108	2 669	-2 441	505
Bénéfice net	-2 108	2 669	-2 441	505
Bénéfice net disponible pour les ac...	-2 108	2 669	-2 441	505
∨ BPA signalé				
Basique	-	3,96	-3,62	0,75
Dilué	-	3,96	-3,62	0,75
∨ Moyenne pondérée des actions...				
Basique	-	675	675	675
Dilué	-	675	675	675
EBITDA	-	3 727	-2 339	1 675

Applying financial analysis : Barbara Bui Example

Source : « Compte de résultat » of Barbara Bui from Yahoo Finance in French

Income Statement

All numbers in thousands

Get access to 15+ years of historical data with Yahoo Finance Premium. [Learn more](#)

Breakdown	TTM	12/31/2018	12/31/2017	12/31/2016
Total Revenue	13,144	13,942	13,665	18,723
Cost of Revenue	4,259	4,597	4,426	7,672
Gross Profit	8,885	9,345	9,239	11,051
▼ Operating Expenses				
Research Development	-	-	-	-
Selling General and Administrative	10,427	10,739	11,252	14,294
Total Operating Expenses	15,561	10,668	11,246	13,581
Operating Income or Loss	-6,676	-1,323	-2,007	-2,530
Interest Expense	66	29	67	96
Total Other Income/Expenses Net	-	-	-	-
Income Before Tax	-2,075	2,843	-2,704	1,442
Income Tax Expense	31	174	-263	732
Income from Continuing Operations	-2,106	2,669	-2,441	505
Net Income	-2,106	2,669	-2,441	505
Net Income available to common s...	-2,106	2,669	-2,441	505
▼ Reported EPS				
Basic	-	3.96	-3.62	0.75
Diluted	-	3.96	-3.62	0.75
▼ Weighted average shares outst...				
Basic	-	675	675	675
Diluted	-	675	675	675
EBITDA	-	3,727	-2,339	1,675

Applying financial analysis : Barbara Bui Example

What do you notice ?

Source : « Compte de résultat » of Barbara Bui from Yahoo Finance in English

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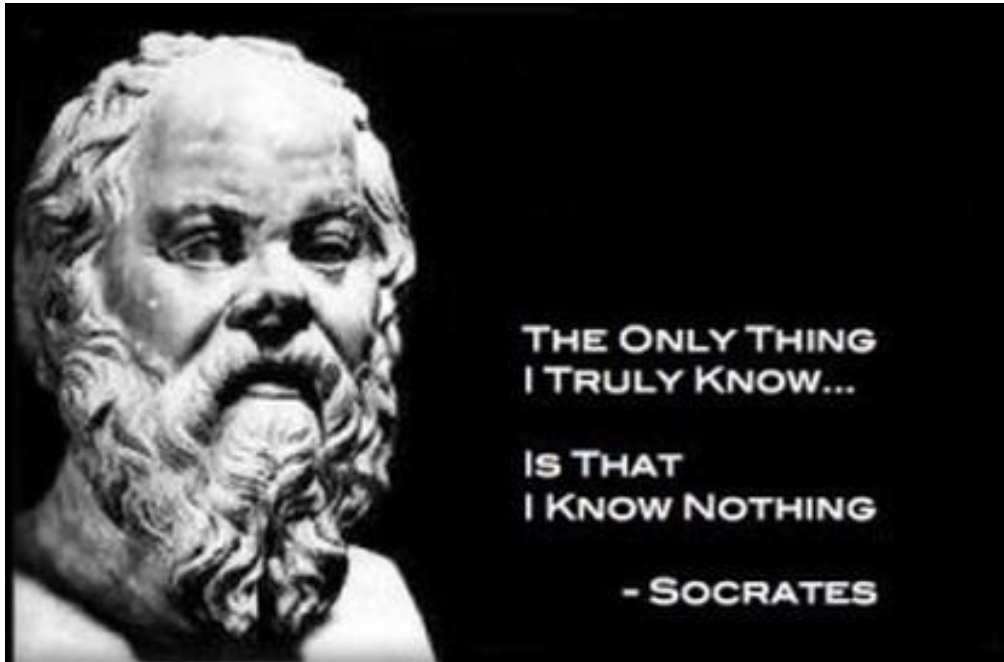
Applying financial analysis : Barbara Bui Example

Operating loss then positive result ?? How come ???

Here we can only conclude that there is something unexplained => more info is needed.

Source : « Compte de résultat » of Barbara Bui from Yahoo Finance in English

Applying financial analysis : Barbara Bui Example



Is Baraba magic ?

Applying financial analysis : Barbara Bui Example

The primary information source source is here : https://www.barbarabui.com/fr_fr/rapports-annuels-et-semestriels

On page 11 of 2018 annual report : « *Compte tenu de la vente d'un actif non-stratégique, les autres produits et charges opérationnels s'élèvent à un produit de 4,4 M€. Grâce à cette cession, le résultat opérationnel présente un bénéfice de 2,5 M€ au 31 décembre 2018 contre une perte de 1,5 M€ l'an dernier* ».

So this explain the previous inoherence.

I have been reading all the report but the cession is not explained.. There is a willing not to say. In this case because it is quite choking not to give any explanation about a very important event for the company that it could be a basis for a legal action.

At this point a financial analyse would call directly the company.

Conclusion : figures can be mislading. You must be very critical, even suspicious or paranoid ! (Finance tend to make people paranoid...)

Balance Sheet All numbers in thousands

Get access to 15+ years of historical data with Yahoo Finance Premium. [Learn more](#)

Breakdown	12/31/2018	12/31/2017	12/31/2016
Assets			
Current Assets			
Cash			
Cash And Cash Equivalents	3,621	800	2,582
Short Term Investments	-	-	-
Total Cash	3,621	800	2,582
Net Receivables	1,114	1,366	2,063
Inventory	2,316	2,307	2,178
Other Current Assets	1	1	1
Total Current Assets	8,285	5,948	8,000
Non-current assets			
Property, plant and equip...			
Gross property, plant and e...	7,025	9,005	8,721
Accumulated Depreciation	-5,786	-6,106	-5,694
Net property, plant and e...	1,239	2,899	3,027
Equity and other investments	-	-	-
Goodwill	-	-	-
Intangible Assets	121	176	49
Other long-term assets	1	1	-1
Total non-current assets	2,200	4,116	4,158
Total Assets	10,485	10,065	12,159

Liabilities and stockholders' equity			
Liabilities			
Current Liabilities			
Total Revenue	306	824	766
Accounts Payable	1,525	1,991	1,742
Taxes payable	-	-	-
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
Other Current Liabilities	-1	2	35
Total Current Liabilities	3,459	4,070	3,954
Non-current liabilities			
Long Term Debt	82	1,317	1,793
Deferred taxes liabilities	-	-	178
Deferred revenues	-	-	-
Other long-term liabilities	-	-	0
Total non-current liabilities	191	1,440	2,114
Total Liabilities	3,650	5,510	6,068
Stockholders' Equity			
Common Stock	1,079	1,079	1,079
Retained Earnings	2,669	-2,441	505
Accumulated other compre...	-	-	-
Total stockholders' equity	6,835	4,555	6,091
Total liabilities and stockhold...	10,485	10,065	12,159

Alexis NASS, CFA - 2019/2020

Applying financial analysis : Solvency analysis

Source : Balance sheet of Barbara Bui from Yahoo Finance in English

Applying financial analysis : Solvency analysis

Source : Balance sheet of Orchestra-Premaman S.A. from Yahoo Finance in English

Breakdown	2/28/2019	2/28/2018	2/28/2017	2/29/2016				
▼ Assets					▼ Liabilities and stockholders' equity			
▼ Current Assets					▼ Liabilities			
▼ Cash					▼ Current Liabilities			
Cash And Cash Equivalents	8,174	30,478	74,967	22,844	Total Revenue	24,313	173,106	47,968
Short Term Investments	-	-	3,033	16,443	Accounts Payable	144,824	155,667	176,361
Total Cash	8,174	30,478	74,967	39,287	Taxes payable	-	-	-
Net Receivables	43,337	53,669	39,813	27,988	Accrued liabilities	-	-	-
Inventory	242,624	274,738	257,427	217,501	Deferred revenues	-	-	-
Other Current Assets	-1	1	-1	0	Other Current Liabilities	-	-1	1
Total Current Assets	349,906	411,758	409,291	347,708	Total Current Liabilities	246,056	442,419	306,474
▼ Non-current assets					▼ Non-current liabilities			
▼ Property, plant and equip...					Long Term Debt	224,309	52,756	159,925
Gross property, plant and e...	203,353	198,819	196,233	180,809	Deferred taxes liabilities	4,109	3,512	2,106
Accumulated Depreciation	-131,660	-109,802	-90,961	-77,429	Deferred revenues	-	-	-
Net property, plant and e...	71,693	89,017	105,272	103,380	Other long-term liabilities	-1	-	-1
Equity and other investments	-	-	-	-	Total non-current liabilities	248,717	82,076	189,796
Goodwill	4,141	6,968	7,215	5,434	Total Liabilities	494,773	524,495	496,270
Intangible Assets	71,009	74,316	72,165	72,119	▼ Stockholders' Equity			
Other long-term assets	-	-	-3	-1	Common Stock	12,150	22,246	22,246
Total non-current assets	185,156	212,529	222,829	209,730	Retained Earnings	-88,243	-20,526	-33,554
Total Assets	535,063	624,287	632,116	557,438	Accumulated other compre...	-	-	-
					Total stockholders' equity	39,277	98,605	134,693
					Total liabilities and stockhold...	535,063	624,287	632,116

Applying financial analysis : analysis : Solvency analysis

Comparing Barbara Bui and Orchestra-Premaman S.A. , according to you, which company will bankrupte first ?

Don't focus on figures only : important information is also from news articles.