

Lecture #5

Review of Last Week (Chapters 3)

- Assets = Debt + Equity
- Building a Balance Sheet / Income Statement/Cash Flow

Discuss Class Project - Hand out the paper

This Week (Chapter 3 and 4)

I/S and CF – Differences (Taxes – Depreciation, Amortization of Fees (Capitalized))

- Capex (Non deductible)
- Working Capital (Timing Differences) – Changes in Balance Sheet

Cash Flow Statement (Drouco Hotels)

- Working Capital
- Capex (Maintenance / Growth Capex)
- Acquisitions
- Selling Assets/property – Disposition of Assets
- Principal Payments
- Raising New Financing/IPO Equity
- Beginning/Ending Cash

Ratio Analysis (Chapter 4)