

ENGINEUNITY TUTORIAL



Capital Base



Capital Base

MAKING Financial decisions for period 5 in the Early Years

Change period Key information Help

ASSET BASE

	Before decisions	After decisions	
Cash account:	-249,890	-249,890	(The current overdraft limit for the cash account is 600,000)
Capital base:	4,383,088	4,383,088	
Investments:	719,767	719,767	
Company value:	4,852,965	4,852,965	

DIVIDEND

Amount to pay shareholders: (0% of Equity of 5,200,000)

CAPITAL BASE

Increase by: (limited to 262,985)

Reduce by: (limited to 876,618)

INVESTMENTS

Name	Description	Initial Value	Increase by	Reduce by	Required
Dubai Bank Ltd	Banking services	102,900	0	0	102,900
Emirate Solutions	Management consultants	208,067	0	0	208,067
HSC Crossing	Travel company	102,100	0	0	102,100
The JT Flower Partnership	Management consultants	102,700	0	0	102,700
The Saxon Group	Management consultants	102,000	0	0	102,000
Thermoguard	Suppliers	102,000	0	0	102,000

The **capital base** is the company's investment in the infrastructure of the business, such as plant, equipment, buildings etc, and **determines the level of work that the company can undertake.**



Capital Base

MAKING Procurement decisions for period 5 in the Early Years

Change period Key information Help

PROCUREMENT RESTRICTIONS

Company Based Limitations

NUMBER OF JOBS IN PROGRESS

At the start of the period, the number of jobs in progress is: **5** (job progression screen)
The number of jobs in progress after bidding cannot exceed: **10** jobs
Hence, the maximum number of jobs that can be won is: **5** jobs during bidding

AMOUNT OF WORK THAT CAN BE WON

The initial forward workload is: **20,831,500** (job progression screen)
The current value of the capital base is: **4,383,088** (financial decision screen)
The current capital base can support forward workload of: **43,830,880** (10 x capital base)
Hence, the value of work that can be won cannot exceed: **22,999,380** during bidding

At the time a company bids for new work (on the **Procurement Screen**), the value of the work in progress cannot exceed 10 times the capital base.

Hence, in the example shown the current capital base of 4,383,088 can support up to 43,830,880 of work in progress.

Since the company already has work in progress (initial forward workload) of 20,831,500 (**Job Progression Screen**), **the value of additional work that can be won during the bidding process is 22,999,380 (43,830,880 – 20,831,500).**

To grow the business, and take on more work, the capital base can be increased on the Financial Screen.



Capital Base

MAKING Financial decisions for period 5 in the Early Years

Change period Key information Help

ASSET BASE

	Before decisions	After decisions	
Cash account:	-249,890	-512,875	(The current overdraft limit for the cash account is 600,000)
Capital base:	4,383,088	4,646,073	
Investments:	719,767	719,767	
Company value:	4,852,965	4,852,965	

DIVIDEND

Amount to pay shareholders: (0% of Equity of 5,200,000)

CAPITAL BASE

Increase by: (limited to 262,985)

Reduce by: (limited to 876,618)

MAKING Procurement decisions for period 5 in the Early Years

Change period Key information Help

PROCUREMENT RESTRICTIONS

Company Based Limitations

NUMBER OF JOBS IN PROGRESS

At the start of the period, the number of jobs in progress is: (job progression screen)

The number of jobs in progress after bidding cannot exceed: jobs

Hence, the maximum number of jobs that can be won is: jobs during bidding

AMOUNT OF WORK THAT CAN BE WON

The initial forward workload is: (job progression screen)

The current value of the capital base is: (financial decision screen)

The current capital base can support forward workload of: (10 x capital base)

Hence, the value of work that can be won cannot exceed: during bidding

Increasing the capital base by the maximum allowed in the current period, 262,985, takes immediate effect on the **Procurement Screen**, and the amount of additional work that can be won during the bidding process is increased by 2,629,850 to 25,629,230.



Capital Base

Industry parameters	
FINANCE	OVERHEADS
CASH ACCOUNT	Credit rate: 2 % per annum
	Overdraft rate: 6.6 % per annum
	Overdraft limit: 600,000
CAPITAL BASE	Increase limited to: 6 % this period
	Sold off limited to: 20 % this period
	Depreciation rate: 2.5 % per annum
	Capital writing down: 25 % per annum

There are **limitations on the changes** to the capital base each period, based upon the prevailing economic environment, defined in the **Industry parameters**.

KEY POINTS

- Changes to the capital base affect the cash account, with an increase in the capital base reducing the cash account, and a reduction in the capital base increasing the cash account.
- 50% of the unused capital base increase allowed in a period is carried forward to the following period.



Capital Base

Financial Performance

Navigate to "Main menu/Measuring performance/Assessing performance/Financial analysis"

Management consultants report Graphical analysis

OPERATIONAL

SHAREHOLDERS

- Summary
- Assets and liabilities

Each period the capital base depreciates by a %, reducing the overall value of the company, as defined in the **Industry parameters**.

The depreciation occurs at the end of the period.

Per	Status	Year/qtr	Cash account			Capital base			Gearing ratio	Company value		
			Start period	% change	End period	Start period	% change	End period		Start period	% change	End period
1	History	2023 (Q1)	1,000,000	-13.06 %	869,420	4,000,000	-0.63 %	3,975,000	0.000	5,000,000	-3.11 %	4,844,420
2	History	2023 (Q2)	869,420	-19.96 %	695,898	3,975,000	-0.63 %	3,950,156	0.000	4,844,420	-4.09 %	4,646,054
3	History	2023 (Q3)	695,898	-29.47 %	490,823	3,950,156	5.34 %	4,160,995	0.000	4,646,054	2.33 %	4,754,218
4	History	2023 (Q4)	490,823	-150.91 %	-249,890	4,160,995	5.34 %	4,383,088	0.049	4,754,218	2.08 %	4,852,965

PERIOD 4

Click on a line in the summary above to show the period details

CASH ACCOUNT

Start of the period:	490,823
Impact of financial decisions:	-954,660 ?
Investments ceasing trading:	0
Net operating profit:	213,947
End of the period:	-249,890

CAPITAL BASE

Start of the period:	4,160,995
Increased by:	249,660
Reduced by:	0
	4,410,655
Capital base utilisation:	76 ? % (after bidding)
Depreciation:	27,567 (2.5% pa)
End of the period:	4,383,088

INVESTMENTS

Start of the period:	102,400
Increased by:	600,000
Reduced by:	0
Reduced by (ceased trading):	0
Investment returns:	17,367 ? (2.5 %)
End of the period:	719,767

COMPANY VALUE

Cash account:	-249,890
Capital base:	4,383,088
Investments:	719,767
	4,852,965 ?

Industry parameters

FINANCE

OVERHEADS

PROCUREMENT

JOB PROGRESSION

CASH ACCOUNT

Credit rate:	2 % per annum
Overdraft rate:	6.6 % per annum
Overdraft limit:	600,000

CAPITAL BASE

Increase limited to:	6 % this period
Sold off limited to:	20 % this period
Depreciation rate:	2.5 % per annum
Capital writing down:	25 % per annum



Capital Base

Industry parameters	
FINANCE	OVERHEADS
CASH ACCOUNT	Credit rate: 2 % per annum
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CAPITAL BASE	Increase limited to: 6 % this period
	Sold off limited to: 20 % this period
	Depreciation rate: 2.5 % per annum
	Capital writing down: 25 % per annum

Any increases in the capital base can be used to reduce the company's tax burden (corporation tax), known as **capital writing down**.



Capital Base

Financial Performance

Navigate to "Main menu/Measuring performance/Assessing performance/Financial analysis"

Management consultants report Graphical analysis

OPERATIONAL

SHAREHOLDERS

INVESTMENTS

Summary
Assets and liabilities

Per	Status	Year/qtr	Cash account			Capital base			Investments			Gearing ratio	Company value		
			Start period	% change	End period	Start period	% change	End period	Start period	% change	End period		Start period	% change	End period
1	History	2023 (Q1)	1,000,000	-13.06 %	869,420	4,000,000	-0.63 %	3,975,000	0	0.00 %	0	0.000	5,000,000	-3.11 %	4,844,420
2	History	2023 (Q2)	869,420	-19.96 %	695,898	3,975,000	-0.63 %	3,950,156	0	0.00 %	0	0.000	4,844,420	-4.09 %	4,646,054
3	History	2023 (Q3)	695,898	-29.47 %	490,823	3,950,156	5.34 %	4,160,995	0	100.00 %	102,400	0.000	4,646,054	2.33 %	4,754,218
4	History	2023 (Q4)	490,823	-150.91 %	-249,890	4,160,995	5.34 %	4,383,088	102,400	602.90 %	719,767	0.049	4,754,218	2.08 %	4,852,965

PERIOD 4

CLICK ON A LINE IN THE THE SUMMARY ABOVE TO SHOW THE PERIOD DETAILS

CASH ACCOUNT

Start of the period:	490,823
Impact of financial decisions:	-954,660 ?
Investments ceasing trading:	0
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CAPITAL BASE

Start of the period:	4,160,995
Increased by:	249,660
Reduced by:	0
	4,410,655
Capital base utilisation:	76 ? % (after bidding)
Depreciation:	27,500 (2.5% pa)
End of the period:	

INVESTMENTS

Start of the period:	102,400
Increased by:	600,000
Reduced by:	0
Reduced by (ceased trading):	0
Investment returns:	17,367 ? (2.5 %)
End of the period:	719,767

COMPANY VALUE

Cash account:	-249,890
Capital base:	4,383,088
Investments:	719,767
	4,852,965 ?

The company's **capital base utilisation**, also known as the **capital employed**, measures how much of the company's capital base is being used.

Not utilising the capital base is a waste of resources that could be directed elsewhere, and can hinder growth.

Consider the following example where a company is in period 5, and the financial performance is being reviewed for period 4.

For Period 4 the company's capital base utilisation was 76%, indicating that the capital case was being very well utilised.

We can use the ? Drill down to see how the capital base utilisation of 76% was calculated.

Capital Base

Procurement performance

Management consultant report

PREVIOUS BIDS

RIVAL BIDS

Procurement Restrictions

NUMBER OF JOBS IN PROGRESS

At the start of the period, the number of jobs in progress is: **4** (job progression screen)
 The number of jobs in progress after bidding cannot exceed: **10** jobs
 Hence, the maximum number of jobs that can be won is: **6** jobs during bidding

AMOUNT OF WORK THAT CAN BE WON

The initial forward workload is: **20,973,480** (job progression screen)
 The current value of the capital base is: **4,410,655** (financial decision screen)
 The current capital base can support forward workload of: **44,106,550** (10 x capital base)
 Hence, the value of work that can be won cannot exceed: **23,133,080** during bidding

4

Full Tender Report

Job details							Bid details			
Period	Job	Country	Type	BIM	Sector	Client	Bid submitted	Won	Comment	Cumulative forward workload
4	48	United States	DB	Yes	Building & Commercial	FIFA North America 2026	12,950,000	No	Bid too high	20,973,480
4	55	United Kingdom	BO	No	Transport	HS Rail Connection Group	4,701,308	No	Bid too high	20,973,480
4	56	United Kingdom	BO	Yes	Building & Commercial	London City Council	8,401,668	Yes	Won on price	29,375,140
4	69	United Kingdom	BO	No	Energy	Breeze Energy	4,290,445	Yes	Won on price	33,665,590
4	71	United States	BO	No	Transport	Interstate Highways Agency	10,280,030	No	Bid too high	33,665,590
4	73	United Kingdom	BO	Yes	Industrial	Master Brewers UK	2,809,144	No	Bid too high	33,665,590

Capital Employed for Period 4

Initial workload prior to bidding: **20,973,480**
 Value of workload the capital base will support: **44,106,550** (10 times the capital base value of 4,410,655)

Value of work won during bidding: **12,692,110**
 Forward workload after bidding: **33,665,590**

Capital base utilisation: **76 %** (forward workload after bidding as a % of the value of workload the capital base will support)

At the start of period 4 the company's initial forward workload was **20,973,480**. This was based on the turnover still to be completed on the jobs in progress at the start of the period.

12,692,110 of new work was won, which took the cumulative forward workload post-bidding to **33,665,590**.

The capital employed measures how much of the company's potential workload (**44,106,550**), based on the capital base, was actually being utilised i.e., $(33,665,590 / 44,106,550) * 100 = 76 \%$



Capital Base

Measuring Performance

Assessing performance Help

KEY PERFORMANCE INDICATORS

PERFORMANCE SUMMARY

CLICK ON THE DATA IN A COLUMN TO SEE HOW THE SELECTED KEY PERFORMANCE INDICATOR WAS CALCULATED

End of period	Status	Year/qtr	Turnover	Gross profit to Turnover	Operating Profit to Turnover	Company Value	Capital Employed	Contract Completion	Forward Workload	Forward Margin	Share Price	Client Satisfaction	Total
4	History	2023 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2024 (Q1)	52	179	142	177	140	108	66	94	74	80	1,112
6	Early Years	2024 (Q2)	56	203	163	181	154	113	106	148	86	98	1,308
7	Early Years	2024 (Q3)	63	203	173	188	168	125	114	155	93	118	1,400
8	Early Years	2024 (Q4)	76	204	188	205	179	137	102	129	103	139	1,462

A key performance indicator measures the average capital employed over time.