

Integration Week

Collection of exams – Solutions

- Business Law May 2017
- Business Law September 2017
- Business Law / Financial Management May 2018
- Business Law / Financial Management September 2018

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charge:

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INTEGRATION WEEK MAY 2017
SOLUTIONS
BUSINESS LAW

**[The questions regarding financial management are not part
of the documents for exam preparation]**

Question I**(22 Points)**

Please solve this question on the exam sheet using the provided space!

Rolf is a wealthy art collector. He acquired two paintings during an exhibition organized by the art dealer and talented artist Geneviève. The painting “Amour” was painted by her, while the painting “Summernight” was painted by another famous artist. Rolf and Geneviève concluded a written contract on 2 January 2016. The paintings were to be delivered to Rolf’s home one week after the conclusion of the contract. Rolf was so enthusiastic about Geneviève’s artistic skills that he ordered a portrait of himself. The portrait was to be received on 15 February 2016. The agreements concerning paintings 1, 2 and 3 were all contained in the same document.

- Painting 1: “Amour” for CHF 100,000.–
- Painting 2: “Summernight” for CHF 85,000.–
- Painting 3: “Portrait” for CHF 125,000.–

I.1 What kind of contract did Rolf conclude with Geneviève ... (6 points)

... regarding painting 1? **Sales contract art. 184 et seqq. CO;**

... regarding painting 2? **Sales contract art. 184 et seqq. CO;**

... regarding painting 3? **Work contract art. 363 et seqq. CO.**

Geneviève delivered painting 1 to Rolf. However, she did not deliver painting 2, because she had given the painting to another exhibition where it was still to be exhibited until 2 March 2016. She promised to deliver the picture immediately after the exhibition. Rolf took painting 1 and paid CHF 100,000.– for it. He told Geneviève, that he wanted painting 2 immediately, as the exhibition is none of his concern.

I.2 What is the legal problem regarding painting 2? (2 points)

Default, Art. 102 et seqq. CO

I.3 What are the legal options available to Rolf regarding picture 2? How must he proceed (6 points)

No reminder necessary as a certain date has been agreed upon

Rolf has to set an appropriate time limit for subsequent performance (not a case of art. 108 CO)

Possibilities of the debtor:

- **uphold the contract, demand performance and additionally claim damages for late performance**
- **uphold the contract, waive performance and demand damages for non-performance**
- **withdraw from the contract and demand the negative contractual interest**

I.4 Painting 2 was finally delivered on 23 January 2016. On 18 April 2017, a friend who sees the picture at Rolf's home tells him that it is a counterfeit. What contractual claims does Rolf have against Geneviève? (4 points)

Rescission

Reduction of purchase price

Compensation for damages

I.5 What would the legal situation be, if Rolf only learns about the forgery in 2019? (2 points)

Actions for breach of warranty have become time-barred

Rolf may assert a fundamental error

I.6 As agreed upon, Geneviève delivered painting 3 on 15 February 2016. Due to the late delivery of painting 2, Rolf was not pleased. He didn't want to pay a cent and didn't want painting 3, either.

Can Geneviève demand that Rolf pays the agreed price? (2 points)

Yes, the creditor's default regarding painting 2 has no influence on the contractual duties regarding painting 3; Rolf has to perform the contract.

Question 2

(48 points)

This question concerned the area of financial management. It is no longer representative of the current examination format and is therefore not part of the documents for exam preparation.

Question 3*(10 points)*

Please solve this question on the exam sheet using the provided space!

The three creative students Larissa, Peter and Max establish a start-up, which sells self-assembled muesli online. They decide to form a company limited by shares. Larissa's father, also an entrepreneurial spirit, gives them a starting capital of CHF 100,000.– (minimum capital according to art. 621 CO) for their project. After a year full of enthusiasm, the three students suddenly realize that their start-up does not seem to pay off. When several creditors complain that the company has not paid its bills, the three students decide to take a closer look at their accounting records.

Balance Sheet

Cash	1,000	40,000		Creditors
Debtors	80,000	50,000		Bank loan
Machines	49,000	90,000		Loan father
		100,000		Share capital
		-150,000		Retained losses
	130,000	130,000		

3.1 The students realize that their start up is in a difficult financial situation? What kind of situation? *(2 points)*

Over-indebtedness

3.2 In such a situation, who has which duties? According to which legal provision? *(5 points)*

Who? Board of directors**Duties?** Notification of the court / deposit balance sheet**Legal provision?** Art. 725 CO

3.3 How could this problem easily be solved? *(3 points)*

Subordination of shareholder loan or debt waiver of shareholder loan (i.e. the father's loan)

Question 4

(20 points)

Please solve this question on the exam sheet using the provided space!

- 4.1** Robert, Hans and Johanna are three established journalists and want to found the “Project-J” co-operative. The cooperative has the purpose of developing and strengthening journalism. To this end, various projects are being pursued, such as the development of an open-source IT-infrastructure, journalistic training and the promotion of young journalists. Those journalistic projects and new formats are supported conceptually and financially by the cooperative. Can the three journalists form a cooperative together? (2 points)

Yes No

Reason:

At least seven members must be involved in the establishment of a cooperative.

- 4.2** Suppose the cooperative has been established: The founders of the cooperative want to establish another company, “Digital Ltd.” (“AG”, a company limited by shares), in order to publish a digital magazine. In view of an upcoming expansion of the product range, Digital Ltd. needs additional funds and would like to carry out a capital increase. Who must approve the capital increase (2 points)

General meeting of Digital Ltd., art. 650/698 CO

- 4.3** The articles of association of Digital Ltd. Contain, among other things, the following provisions. Comment on these provisions. (16 points)

Art. 3: The registered shares may only be transferred with the consent of the Board of Directors. The Board of Directors may refuse to give consent if, after the transfer, the acquirer would own more than 5 percent of the company’s shares. (4 points)

Art. 3 of the articles of association of Digital Ltd. is valid invalid

Reason:

A restriction of transferability by a percentage limit is admissible for registered shares of listed and non-listed companies.

Art. 12: The Board of Directors may at any time require shareholders to fully pay up their shares. (4 points)

Art. 12 the articles of association of Digital Ltd. is <input checked="" type="checkbox"/> valid <input type="checkbox"/> invalid
Reason:
Duty to pay in the amount subscribed to is the only duty of a shareholder (art. 680 CO); Board of directors can demand payment (art. 634a CO).

Art. 14: Each member of the board of directors is individually authorized to represent the company. (4 points)

Art. 14 the articles of association of Digital Ltd. is <input checked="" type="checkbox"/> valid <input type="checkbox"/> invalid
Reason:
According to art. 718 para. 1 CO, the board of directors represents the company externally. Unless the articles of association or the organizational regulations stipulate otherwise, every member has authority to represent the company – thus, this provision is just a repetition of the law.

Art. 15: The General Meeting is responsible for defining the company's strategy. (4 points)

Art. 15 the articles of association of Digital Ltd. is <input type="checkbox"/> valid <input checked="" type="checkbox"/> invalid
Reason:
Within the context of company strategy, the general meeting is solely responsible for determining the company's purpose. Other than that, determining the company's strategy is an inalienable duty of the board of directors (art. 716a para. 1 sec. 2). This results from the principle of parity.

INTEGRATION WEEK SEPTEMBER 2017
SOLUTIONS
BUSINESS LAW

**[The questions regarding financial management are not part
of the documents for exam preparation]**

Question 1**(38 Points)**

Please solve this question on the exam sheet using the provided space!

In May 2016, Anna ordered at Outdoor Ltd. a wooden swing for two people which fits into the veranda. Outdoor Ltd. commissioned Marius, who holds 30% of the shares of Outdoor Ltd., with producing the swing. In addition, Anna buys a sun umbrella which is produced by the big Italian company Adria and should be delivered on 10. July 2016 from Import Ltd. At the beginning of September 2016, Anna and her friend Florence are sitting on the wooden swing to relax. Suddenly, the wooden swing collapses. Both of them got badly injured and seek medical treatment from Doctor Gut. They were not able to work for a longer period of time. Later on, they find out, that the screws used to build the swing, were too thin.

1.1 What kind of contract did Anna conclude ... (6 Points)

... regarding the swing?

With whom: _____ **Outdoor Ltd.** _____ what kind of contract _____ **Work contract** _____, pursuant to **art. 363 et seqq. CO**;

... regarding the sun umbrella?

With whom: _____ **Import Ltd.** _____ what kind of contract _____ **Sales contract** _____, pursuant to **art. 184 et seqq. CO**;

... regarding the treatment of the injured ?

With whom: _____ **Doctor Gut** _____ what kind of contract _____ **Agency contract** _____, pursuant to **art. 394 et seqq. CO**.

1.2 What kind of contract exists between Outdoor Ltd. and Marius? (4 Points)

An employment contract pursuant to art. 319 et seqq. CO.

It is insignificant that Marius holds 30% of the share capital.

The assumption of a simple partnership is not possible, as there is no joint purpose (animus societatis).

1.3 Which **contractual** claims could Anna have regarding the swing? (4 Points)

Reduction of compensation

Right to demand cure

Furthermore in case of fault : damage claim

It is not time-barred (art. 371 CO)

Regulated in art. **368** CO.

1.4 Which **contractual** claims does Florence have and explain why? (4 Points)

Florence does not have any contractual claims regarding the swing.

There is no contractual relationship between Florence and Outdoor Ltd.

Only non-contractual claims could be possible.

Import Ltd. did not deliver the sun umbrella by 10. June 2016, as the employees of Adria were striking. Import Ltd. promised to deliver the sun umbrella via another vendor within the next upcoming weeks. Anna told, that she wanted to get the sun umbrella immediately, as the sun is shining only on a few days in her city St. Gallen.

1.5 What is the legal problem regarding the sun umbrella? (3 Points)

Default, art. 102 et seqq. CO

1.6 What are the legal options available to Anna regarding the sun umbrella? How must she proceed? (8 Points)

No reminder necessary, as a certain date has been agreed upon

Rolf has to set an appropriate time limit for subsequent performance (not a case of art. 108 CO)

Possibilities of the debtor:

- uphold the contract, demand performance and additionally claim damages for late performance
- uphold the contract, waive performance and demand damages for non-performance
- withdraw from the contract and demand the negative contractual interest

1.7 Variation 1: The sun umbrella was finally delivered on 25. January 2016. On 27. June 2016, Anna was sunbathing under her new sun umbrella and had to discover a large sunburn on her body the

next day. Investigations revealed that the material of the sun umbrella does not contain any UV protection. What contractual claims does Anna have against Outdoor Ltd.? (6 Points)

Claims are regulated in art. 205 et seqq. CO.

Rescission

Reduction of purchase price

Compensation for damages

Claims are not time-barred yet (art. 210 CO).

1.8 What would the legal situation be, if Import Ltd. delivered an umbrella instead of the ordered sun umbrella? (3 Points)

Delivery of the wrong thing, i.e. delivery of the contractually agreed object is still outstanding.

Art. 102 et seq. CO

Question 2**(14 Points)**

Please solve this question on the exam sheet using the provided space!

The board of directors of Tech Ltd. with its seat in Solothurn (Switzerland) consists of Chairwoman Laura Alinelli and board member Moritz Köppeler. The two board members are authorized to sign by joint signature. The responsibility for the management of the company has been delegated to an executive board – as far as such delegation is permitted –, chaired by Livia Schulthess (CEO). Schulthess has individual signing authority.

Tech Ltd. holds 100% of the share capital of Alléance SA with its seat in Lausanne. Livia Schulthess, CEO of Tech Ltd., is the only member of the board of directors of Alléance SA. Alléance SA has been suffering losses for years, which have led to a critical equity situation as well as liquidity problems.

CosyHome Ltd. holds 60% of the share capital of Tech Ltd. with its seat in Berne. The company has achieved positive business results on a regular basis for the last few years. Livia Schulthess is the only member of the board of directors of CosyHome Ltd., too.

External auditor of all of the three companies until the end of the year is E&Y. In the following year, PWC will take over the external audit.

The balance sheets of the companies present themselves as follows in the current year (amounts given in 1,000):

Tech Ltd.			
Cash	600	800	Accounts payable
Inventories/work in progress	1'100	5'400	Loans/mortgages
Accounts receivable	600	6'000	Share capital
Property, plant, equipment	2'000	4'100	Reserves
Shareholdings	12'000		
TOTAL	16'300	16'300	TOTAL

Alléance SA			
Cash	100	3'000	Accounts payable
Accounts receivable	1'200	1'200	Loans/mortgages
Property, plant, equipment	3'200	800	Share capital
		-500	Losses carried forward
TOTAL	4'500	4'500	TOTAL

CosyHome Ltd.

Cash	2'200	500	Accounts payable
Inventories/work in progress	1000	200	Share capital
Accounts receivable	500	100	Reserves
Property, plant, equipment	1'300	4200	Profit carried forward
TOTAL	5'000	5000	TOTAL

2.1 Under which conditions is the delegation of the management responsibility to the executive board permissible? (4 Points)

No delegation of non-transferable and inalienable duties (art. 716a CO).

Delegation in accordance with organizational regulations (art. 716b CO).

2.2 Look at the balance sheet of Alléance SA. Who has which duties for what reasons at Alléance SA? (4 Points)

There is capital loss.

The board of directors has to convene a general meeting and propose financial restructuring measures.

Provision: art. 725 CO

2.3 In order to improve the financial situation of Alléance SA, Livia Schulthess wants to transfer CHF 1.5m from CosyHome Ltd. to Alléance SA. Is this permissible? Explain your answer. (6 Points)

Yes

No

Explanation:

According to legal understanding in Switzerland, the individual companies' interests take priority over the group's interests or other companies' interests.

In this case, the interests of CosyHome Ltd. were subordinated to the interests of Alléance SA.

Question 3

(48 Points)

This question concerned the area of financial management. It is no longer representative of the current examination format and is therefore not part of the documents for exam preparation.

INTEGRATION WEEK MAY 2018
SOLUTIONS
BUSINESS LAW & FINANCIAL MANAGEMENT

Question 1

(18.5 points)

Please solve this question on the exam sheet using the provided space.

Anthony is looking forward to the ski season, which starts in a few weeks. He plans to replace his outdated equipment this year. For this purpose, he arranges an appointment with Peter, the owner of the sports shop *Sport limited liability company (LLC)*. Peter proudly presents the latest ski models. Anthony quickly opts for the “Laser GS” ski by Stöckli, a Swiss quality brand. He buys the ski for a friendship price of CHF 800.–. Anthony also orders custom-made ski boots for CHF 500.–. Its correct fit is determined using 3-D footprint.

I.1 What kind of contract did Anthony conclude with Sport LLC ... (2 points)

... regarding the ski? **Sales contract, art. 184 et seqq. CO**

... regarding the ski boots? **Works and services contract, art. 363 ff. CO**

Anthony informs Peter that an important ski race will take place on 25 November 2017. Peter promises to deliver the ski and ski boots on the day before the race. Unfortunately, the delivery does not occur and even one week after the race Anthony has not heard anything from Sport LLC.

I.2 What is the legal problem regarding the ski and ski boots? (1 point)

Default

Legal provision(s): Art. 102 ff. CO

I.3 What are the legal options available to Anthony regarding the ski and how should Anthony proceed in order to be able to use his options? (4 points)

Peter is in default. No formal reminder is necessary, because a deadline for performance has been set by agreement, art. 102 para. 2 CO**Anthony has to set an appropriate time limit, art. 107 para. 1 CO****After the time limit has ended, Anthony has three options, art. 107 para. 2 CO and art. 109 CO****1. He may compel performance in addition to suing for damages in connection with the delay****2. or, provided he makes an immediate declaration to this effect, he may instead forego subsequent performance and either claim damages for non-performance****3. or, provided he makes an immediate declaration to this effect, he may instead forego subsequent performance and withdraw from the contract; in addition he may claim damages for the lapse of the contract.**

Alternative scenario: Peter assured Anthony that the goods will be delivered on 24 November 2017. For unknown reasons, the shop of Sport LLC burns down during the night of 23 November 2017. Anthony's new ski goes up in flames. The ski was already ready for delivery and marked with Anthony's name.

I.4 Does Sport LLC still have to deliver the ski? (2.5 points)

<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Explanation: Sport LLC is not responsible for the impossibility and its obligation is thus deemed extinguished.
Legal provision(s): Art. 119 para. 1 CO.

I.5 Can Sport LLC demand that Anthony pay the agreed price? (2.5 points)

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Explanation: The skis are generic goods. Benefit and risk pass to the buyer, when seller has selected the particular item to be delivered, art. 185 para. 2 CO. This has happened in the case at hand (the ski was ready for delivery and marked with Anthony's name). Thus, the risk has passed to Anthony and he is not released from his obligation.
Legal provision(s): Art. 119 para. 3 CO and art. 185 para. 2 CO

Alternative scenario: Assume that the ski was delivered on time. During the first ride, Anthony's ski binding comes loose. He crashes and breaks his leg. The hospital costs amount to CHF 2'500.–. Further, as the sole proprietor of his business, he misses orders worth CHF 5'000.–. He also has to replace his ski goggles for CHF 250.–. It turns out that the screws used in the binding had a manufacturing error. As a retail seller, Sport LLC purchases the screws from the manufacturer of the bindings and checks them appropriately before selling the skis.

I.6 Which contractual claims does Anthony have against Sport LLC? (4 points)

Rescission
Reduction of sales price
Delivery of other acceptable goods of the same kind
+ damages (art. 205 f. CO)

I.7 Which contractual claim should Anthony choose? (2 points)

Claim: Rescission
Explanation: Sport LLC is liable for immediate loss or damage without fault
Legal provision(s): Art. 208 para. 2 CO

I.8 What is the maximum amount Anthony can expect to be awarded in damages? (0.5 points)

- | | | | | | |
|-----------|-------------------------------------|-----------|--------------------------|-----------|--------------------------|
| CHF 0 | <input type="checkbox"/> | CHF 250 | <input type="checkbox"/> | CHF 2'500 | <input type="checkbox"/> |
| CHF 2'750 | <input checked="" type="checkbox"/> | CHF 5'000 | <input type="checkbox"/> | CHF 5'250 | <input type="checkbox"/> |
| CHF 7'500 | <input type="checkbox"/> | CHF 7'750 | <input type="checkbox"/> | | |

Question 2

(46.5 points)

Please solve this question on the exam sheet using the provided space.

Alex and Max are business administration students in their last year. The two agree to open a bar together in one of Switzerland's major ski resorts after graduating from university. Therefore, they commission a market study. Alex pays the expenses of CHF 10'000. – with his credit card. After receiving the credit card statement, Alex claims half of the costs from Max.

2.1 What is the legal relationship between Alex and Max? (3 points)

Simple partnership

Explanation: Alex and Max agreed to combine their efforts and resources in order to achieve a common goal, art. 530 para. 1 CO. There is no form requirement, thus the partnership contract can be concluded by implied consent, art. 1 para. 2 CO.

2.2 Can Alex demand half of the costs for the market study (i.e. CHF 5'000.–) from Max? (2.5 points)

Yes No

Explanation: Unless otherwise agreed, contributions must be equal.

Legal provision(s): Art. 531 para. 2 CO

After having completed their studies, Alex and Max finally start running their bar. They mainly target young adventurers who enjoy the evening until the early morning hours. A large sign with the inscription "Aunt Selma's Pint" adorns the entrance of the bar. The annual turnover amounts to CHF 250'000.–.

2.3 How does the legal relationship between Max and Alex change under these circumstances? (3.5 points)

They are now a general partnership according to art. 552 ff. CO.

Explanation: They operate a commercial business under one business name and are thus ipso facto a general partnership (it is not possible to conduct a commercial business as a simple partnership).

Legal provision(s): Art. 552 para. 1 CO

2.4 Does Alex' and Max' bar have to be registered in the Commercial Register? (3 points)

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Explanation: The members of the partnership must have it entered in the commercial register. (However, they already exist as a general partnership even before the entry into the register, because they operate a commercial business, see art. 553 CO).
Legal provision(s): Art. 552 para. 2 CO.

After two successful years of business, Alex and Max are able to sell their bar to Snowfun Ltd., a company listed on the stock exchange, which runs various restaurants in Swiss ski resorts. The articles of association of Snowfun Ltd. contain, among other things, the following provisions. Please comment on these provisions. (9 points)

2.5 Art. 8: An extraordinary general meeting may be convened by one or more shareholders which together represent at least 25 % of the share capital. (3 points)

Art. 8 of the articles of association of Snowfun Ltd. is <input type="checkbox"/> valid. <input checked="" type="checkbox"/> invalid.
Explanation: A general meeting may also be convened by one or more shareholders together representing at least 10 per cent of the share capital, Art. 699 para. 3 CO.

2.6 Art. 15: Registered shares may only be transferred if approved by the board of directors. The board of directors may refuse approval if the acquirer is a rival of the company. (3 points)

Art. 15 of the articles of association of Snowfun Ltd. is <input type="checkbox"/> valid. <input checked="" type="checkbox"/> invalid.
Explanation: Snowfun Ltd. is a listed company. Art. 685d para. 1 CO states: In the case of listed registered shares, the company may refuse to accept the acquirer as a shareholder only where the articles of association envisage a percentage limit on the registered shares for which an acquirer must be recognised as shareholder and such limit is exceeded.

2.7 Art. 21: The auditors are elected by the general assembly. (3 points)

Art. 21 of the articles of association of Snowfun Ltd. is <input checked="" type="checkbox"/> valid. <input type="checkbox"/> invalid.
Explanation: This is an inalienable power of the general meeting according to art. 698 para. 2 no. 2 CO.

After a detailed examination and revision of the books, the financial figures of Snowfun Ltd. appear as follows:

- EBITDA of the completed fiscal year amounts to Fr. 32'000.
- Personnel expenses of the completed fiscal year amount to Fr. 15'000.
- Special items had a positive effect on the results of the completed fiscal year amounting to Fr. 3'000.
- The company executed scheduled depreciations of Fr. 4'000 during the completed fiscal year.
- The weighted average cost of debt amounted to 6.4%, the weighted average cost of equity amounted to 8.6%.
- The shareholder loan is an interest bearing loan.

The balance sheet (all numbers in CHF) of Snowfun Ltd. appears as follows:

Cash	2 000	20 000	Accounts payable
Accounts receivable	90 000	10 000	Bank loan
Inventories	18 000	70 000	Shareholder loan
Investments in associates	10 000	100 000	Share capital
		-80 000	Loss carried forward
	120 000	120 000	

2.8 What is the shortfall in earnings in terms of EBIT of Snowfun Ltd. measured by the ROCE target? (10 points)

in TCHF:

Adjusted EBIT:	32	EBITDA
	-3	special items
	<u>-4</u>	depreciation
	= 25	adj. EBIT

EBIT target measured by ROCE target: $ROCE = 6,4\% + 8,6\% = 15\%$ (av. costs of debt + av. costs of equity)

EBIT target = $(80 + 100) * 0,15 = 27$

Shortfall: $25 - 27 = \underline{-2}$

2.9 How do you assess the balance sheet of Snowfun Ltd.? (2.5 points)

Capital loss
Explanation: Capital loss occurs, when the last annual balance sheet shows that one-half of the share capital and the legal reserves are no longer covered.
Legal provision(s): Art. 725 para. 1 CO

2.10 In such a situation, who has which duties? According to which legal provisions? (3 points)

Who? Board of directors
Duties? The board of directors must without delay convene a general meeting and propose financial restructuring measures. Where there is good cause to suspect overindebtedness, an interim balance sheet must be drawn up and submitted to a licensed auditor for examination.
Legal provision(s)? Art. 725 para. 1 and 2 CO

2.11 A major stockholder, who has previously granted you the loan of Fr. 70'000, accepts a subordination agreement for his full loan in order to improve the balance sheet of Snowfun Ltd. Draw up the balance sheet of Snowfun Ltd. after the subordination agreement. Considering the new balance sheet situation, in what crisis stage is Snowfun Ltd. now? (5 points)

Cash	2 000	20 000	Accounts payable
Accounts receivable	90 000	10 000	Bank loan
Inventories	18 000	70 000	Subordinate loan
Investments in associates	10 000	100 000	Share capital
		-80 000	Loss carried forward
	120 000	120 000	

Crisis stage? Adverse balance

2.12 Due to the low amount of cash of Snowfun Ltd., the board of directors asks you to optimize your working capital management. (5 points)

Does this mean that you are expected to reduce or to increase the net working capital of your company?

Reduce / Increase

Name the three major parameters for optimizing your working capital management (incl. indication if you want to increase or decrease the respective parameter):

1. Decrease receivables
2. Decrease inventory
3. Increase payables

Question 3

(35 points)

Please solve this question on the exam sheet using the provided space.

You are the CFO of a Swiss start-up, which is specialized on the production and sale of sustainable outdoor clothing. Since the company is growing fast and already successful early after the foundation, you as a CFO are facing plenty of new interesting tasks.

- 3.1 Due to the fast expansion of the business, your company acquires more and more retailers throughout the whole country. Hence, you and your colleagues see the need to get your own company car. You have two options: Either you buy a car for Fr. 40'000 or you lease a car for a monthly payment of Fr. 500. You know that cars in your company are depreciated using the declining balance method with a percentage rate of 25 %. Even though short-term profits are not your major concern as a start-up, you are expected to satisfy your investors in the long run. How many years does it take until the profits resulting from the purchase of the car become higher than the profits resulting from the lease? (8 points)

From year 3 onwards, buying the car results in higher profits than leasing.

Costs of leasing per year: $\text{CHF } 500 * 12 = \text{CHF } 6'000$

Depreciation:

1. year: $\text{CHF } 40'000 * 0.25 = \text{CHF } 10'000$
2. year: $\text{CHF } 30'000 * 0.25 = \text{CHF } 7'500$
3. year: $\text{CHF } 22'500 * 0.25 = \text{CHF } 5'625$

3.2 In the beginning of the fiscal year 2017 you have outdoor products with a book value of Fr. 840'000 in stock (5'000 units for Fr. 168 each). During the fiscal year 2017 the following transactions take place:

- 26th February 2017: Purchase of 3'000 units of inventories for Fr. 170 per unit.
- 15th June 2017: Purchase of 2'800 units of inventories for Fr. 175 per unit.

During the fiscal year 2017 6'600 units of your products are sold. What is the value of your inventories on 31st December 2017 using the FIFO method? (4 points)

Closing stock (no. of units): $5'000 + 3'000 + 2'800 - 6'600 = 4'200$

Valuation of closing stock according to FIFO: $2'800 \times \text{CHF } 175 + 1'400 \times \text{CHF } 170 = \text{CHF } 728'000$

3.3 In the fiscal year 2017 your company generates an EBITDA amounting to Fr. 100'000 and a profit after taxes of Fr. 30'000. In addition, the following developments could be observed for the fiscal year 2017:

- Financial expenses amounted to Fr. 20'000.
- Investments in property, plant, and equipment were Fr. 80'000.
- Inventories decreased by Fr. 112'000.
- Trade receivables as well as trade payables both declined by Fr. 100'000.

In addition you know that the income tax rate for your company is 25 %.

What is the cash flow from operating activities of your company for the fiscal year 2017 based on the information above? To compile the cash flow you may start with the profit of the year because your company considers interests paid and taxes paid as part of the cash flow from operating activities. (7 points)

Profit after taxes:	CHF 30'000
+ Depreciation*:	+ CHF 40'000
+ Decrease inventories	+ CHF 112'000
+ Decrease receivables:	+ CHF 100'000
- Decrease payables:	: - CHF 100'000
Operating CF	CHF 182'000

*Calculation of depreciation: Earnings before taxes = CHF 30'000 / 0.75 = CHF 40'000

EBIT = Earnings before taxes + financial expenses = CHF 60'000

Depreciation (Amortization) = EBITDA – EBIT = CHF 40'000

- 3.4 On 30th December 2017 you have already paid the rent for your production plant for January 2018 in advance. How is this transaction disclosed in your balance sheet and statement of profit or loss on 31st December 2017? (3 points)

Balance sheet: Amount of rent capitalized as prepaid expense, cash decreases by same amount.

Income statement: No effect

- 3.5 Also in the subsequent years, business is going well for you. Hence, you and your colleagues in the top management team decide to expand your business by acquiring SustainStyle Ltd., which also produces sustainable clothing but focuses on the fashion industry. The founder of the company is willing to sell it to you, but still wants to keep 20 % of the shares. Consequently, you acquire 80 % of SustainStyle Ltd. Before the transaction, equity of SustainStyle Ltd. amounted to Fr. 300'000. As part of the acquisition your company capitalizes the already quite well-known brand «SustainStyle», which was created by the founder. You decide to pay a share of Fr. 200'000 of the total purchase price for it. In total, your company pays Fr. 600'000 for the acquisition of SustainStyle Ltd. What is the goodwill you paid as part of the acquisition of SustainStyle Ltd. applying the partial-goodwill-method? What could be the reasons for paying such a goodwill in this case? (5 points)

Calculation:

Revalued net assets: Fr. 300'000 + Fr. 200'000 = Fr. 500'000

Goodwill: Fr. 600'000 – 0.8 * Fr. 500'000 = Fr. 200'000

Reasons for paying a goodwill:

Possible answers: for instance synergy effects, customer base, buying a potential competitor, etc.

- 3.6 One year after the acquisition of SustainStyle Ltd. some of its customers file a lawsuit against your company. It is claimed that SustainStyle Ltd. does not produce a sufficient share of its clothes in Switzerland to be allowed to carry the label “Made in Switzerland”. You and your colleagues are discussing the case and asking yourselves, whether you should recognize provisions or disclose contingent liabilities for the current fiscal year. Complete the following definitions of provisions and contingent liabilities, indicating their respective effect on your company’s profit in the year of the recognition. (8 points)

- **Provisions are**

obligations that are expected but the exact timing as well as exact amount are uncertain

_____ and are part of a company’s

assets / debt / equity / notes.

- **Contingent liabilities** are

Possible obligations, whose resource outflow is unlikely or its amount cannot be estimated reliably

_____ and are disclosed in a company's

assets / debt / equity / notes.

- The recognition of **provisions** would

lead to a decrease / lead to an increase / not affect
your company's profit in the year of the recognition.

The disclosure of **contingent liabilities** would

lead to a decrease / lead to an increase / not affect
your company's profit in the year of the recognition.

INTEGRATION WEEK SEPTEMBER 2018
SOLUTIONS
BUSINESS LAW & FINANCIAL MANAGEMENT

Question I

(4 points)

Please solve this question on the exam sheet using the provided space.

George wants to buy a new kettle at Cook Ltd., the local electronics store. The store offers the models «Hot» and «Lukewarm». George wants to order the model «Hot» from the seller Jim, but accidentally says «Lukewarm». Since the two have been talking about the «Hot» model all the time, Jim assumes that George misspoke.

I.1 Select the correct solution and briefly explain your answer. (2 points)

- No contract was concluded.
 The contract was concluded with regard to the «Hot» model.
 The contract was concluded with regard to the «Lukewarm» model.

Explanation:

The parties agreed on the «Hot» model; the consensus is a natural consensus and a contract was concluded.

The use of inexact expressions or designations does not prevent the conclusion of the contract (art. 18 para. 1 CO).

I.2 At home, in the packaging of the kettle he just bought, George finds an instruction manual with a reference to the General Terms and Conditions, which are also in the box. Have the General Terms and Conditions of Koch Ltd. become part of the contract? Briefly explain your answer. (2 points)

- part of the contract not part of the contract

Explanation:

The contracting party must have the possibility to take notice of the GTC before or when the contract is concluded. This possibility is not given in the case at hand.

Question 2*(20 points)*

Please solve this question on the exam sheet using the provided space.

Thomas and his study friends enjoy the summer holidays after an intensive learning and examination phase. For the joint boat tour on the Aare river, Thomas orders an inflatable boat from OutdoorSport Ltd. on July 2, 2018. When placing the order, Thomas informs the seller of OutdoorSport Ltd., Deborah, that the boat needs to be delivered on Friday, July 20, 2018, as the boat tour will take place on the following day. The boat is to be transported in the VW Polo, which Thomas obtains from Carshare Ltd. for a day in return for payment.

2.1 Which contract did Thomas conclude with whom ... *(4 points)*

... concerning the inflatable boat? With whom? **OutdoorSport Ltd.** Which contract? **Sales contract**, art. **184 et seqq. CO**;

... concerning the VW Polo? With whom? **Carshare Ltd.** Which contract? **Rental contract**, art. **253 et seqq. CO**.

The inflatable boat has not been delivered on July 20, 2018.

2.2 What is the legal problem regarding the inflatable boat? *(1 point)*

Debtor's delay / default

Legal provision(s): art. 102 ff. CO

2.3 What is the legal problem? What legal possibilities are available to Thomas with regard to the inflatable boat? How should he proceed? *(8 points)*

Expiry-date business: no formal reminder from buyer needed

Set time limit for subsequent performance (no transaction at a fixed date)

Creditor has different options after the expiry of the additional respite:

Maintain contract, compel performance in addition to suing for damages in connection with the delay

If declared immediately: Maintain contract, forego subsequent performance + positive contractual interest

If declared immediately: Withdrawing from contract + negative contractual interest

Recommended procedure: Points awarded for comprehensible reasoning

Legal provision(s): art. 102 para. 2, art. 107 CO (art. 109 CO)

Alternative scenario: The inflatable boat was delivered on July 20, 2018. Thomas and his friends enjoy the carefree hours on the Aare. It is only when the boat begins to sink that they realize water enters through the seams. Thomas' smartphone, which originally cost CHF 900, is damaged by the penetrating water. The repair costs amount to CHF 200. During the rescue operation, Thomas loses his sunglasses, which cost CHF 190, in the Aare. Thomas also hurts his knee when he jumps ashore to save himself, which is why he has to cancel an order worth CHF 400, which he had accepted as a freelance photographer. It turns out that the leaking seams are to the result of a production defect. As a retail seller, OutdoorSport Ltd. purchases its products from the respective manufacturer and inspects the goods appropriately in each case.

2.4 Which contractual claims does Thomas have against the OutdoorSport Ltd.? (4 points)

Reduction
Rescission
Substitute performance
+ in each case compensation

2.5 Which contractual claim should Thomas assert? (2 points)

Claim: Rescission
Explanation: The seller is liable for direct damage independently of his or her fault.
Legal provision(s): art. 208 para. 2 CO

2.6 What is the amount Thomas can most likely expect to be awarded in damages? (1 point)

- | | | | | | |
|-----------|--------------------------|-----------|-------------------------------------|---------|--------------------------|
| CHF 0 | <input type="checkbox"/> | CHF 390 | <input checked="" type="checkbox"/> | CHF 400 | <input type="checkbox"/> |
| CHF 590 | <input type="checkbox"/> | CHF 690 | <input type="checkbox"/> | CHF 790 | <input type="checkbox"/> |
| CHF 1'500 | <input type="checkbox"/> | CHF 1'690 | <input type="checkbox"/> | | |

Question 3

(36 points)

Please solve this question on the exam sheet using the provided space.

Alissa Mueller has been working as an independent management consultant for decades. Her sole proprietorship is doing well. As she is seriously considering early retirement, she wants to talk with her daughter Joanna to arrange the succession. After lengthy discussions, it becomes clear that Johanna is not sure whether she would like to take over the sole proprietorship, as she is extremely successful in the real estate business herself. She also intends to set up her own company. In order for Alissa to later transfer her business to her daughter or a third party, Joanna suggest they establish a company limited by shares into which Alissa will transfer her sole proprietorship. Alissa agrees to the project.

On December 31, 2017, the balance sheet of the sole proprietorship shows a bank account amounting to CHF 20'000, accounts receivable of CHF 40'000, non-current assets of CHF 15'000 and liabilities of CHF 20'000.

3.1 How is the contribution of the sole proprietorship to the company limited by shares to be legally qualified and what special features must be taken into account? (6 points)

Activity represents contribution in kind or acquisition in kind
This is subject to special establishment regulations which are intended to ensure that the contributed goods correspond to the value of the issued shares, that the share capital is covered by the assets and that the liability substrate of the creditors is not removed at the time of formation (or shortly thereafter)
List special features:
Contributions in kind must be made on the basis of a written or publicly notarised contribution in kind agreement (Art. 634 para. 1 CO)
After registration in the Commercial Register, the company must be able to dispose of it immediately as owner or have an unconditional claim to registration in the land register (Art. 634 No. 2 CO)
Incorporation report with audit confirmation must be available (Art. 634 para. 3 CO)
The Articles of Association must contain the subject matter and its evaluation as well as the name of the shareholder making the contribution and the shares to be distributed (Art. 628 para. 1 CO).
Subject Contribution in kind and shares issued for this purpose are to be entered in the Commercial Register (Art. 642 OR)
Legal provision(s): art. 634 CO

- 3.2 Can Alissa and Joanna found a company limited by shares with the existing funds and resources? Explain your answer. (6 points)

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Explanation:
The law stipulates that the share capital of a company limited by shares must amount to at least CHF 100,000 (Art. 621 CO)
and a contribution of at least 20 percent of the nominal value of each share must be made upon formation (Art. 632 para. 1 CO).
The contributions made must in any case amount to CHF 50,000 (Art. 632 para. 2 CO).
In this case, the net assets that can be contributed to the Ltd. amount to CHF 55'000.00 (CHF 75'000 assets minus CHF 20'000 liabilities).
According to the requirements mentioned above, this is sufficient to establish the company limited by shares
The difference to the minimum capital of CHF 45,000 is included in the balance sheet on the assets side as a claim of the company against the shareholder
Legal provision(s): art. 621, 632 CO

After long consideration, Joanna finally decided to take over part of the shares of the newly founded Mueller Consulting Ltd. from her mother. However, Alissa is worried that her daughter, as an inexperienced majority shareholder, might make bad business decisions. For the time being, therefore, Alissa retains the majority of the shares; later, she would like to continue to participate in the company as a minority shareholder. At the next annual general meeting, Alissa includes the following provisions in the articles of association:

- 3.3 How do you assess the new provisions of the articles of association of Mueller Consulting Ltd. from a legal perspective? (9 points)

Art. 8: Every shareholder is obliged to safeguard the interests of the company in good faith and to refrain from doing anything which may damage the company. (3 points)

Art. 8 of the articles of association of Mueller Consulting Ltd. is <input type="checkbox"/> valid. <input checked="" type="checkbox"/> invalid.
Explanation:
The only shareholder obligation arising from company law is the payment of the subscribed shares. A further obligation is not possible by statute.
Legal provision(s): art. 680 para. 1 CO

Art. 15: Investments of more than CHF 1 million require the unanimous approval of the general assembly. (3 points)

Art. 15 of the articles of association of Mueller Consulting Ltd. is <input type="checkbox"/> valid. <input checked="" type="checkbox"/> invalid.
Explanation:
Budget planning and accounting are part of the irrevocable and non-transferable duties of the Board of Directors.
Legal provision(s): art. 716a para. 1 figure 2 CO

Art. 21: Shareholders who together represent at least 8% of the share capital can request an extraordinary general meeting. (3 points)

Art. 21 of the articles of association of Mueller Consulting Ltd. is <input checked="" type="checkbox"/> valid. <input type="checkbox"/> invalid.
Explanation:
Shareholders who alone or together hold 10 percent of the share capital may request that a General Meeting be convened (Art. 699 para. 3 CO). A lower threshold value is possible due to the relatively mandatory legal norm.
Legal provision(s): art. 699 para. 3 CO

3.4 The accounts receivable of CHF 40'000 in the opening balance sheet of Mueller Consulting Ltd. are receivables towards one single client, who filed for bankruptcy within the year 2018. Consequently, a total of CHF 30'000 of the accounts receivable have to be impaired. Draw up the balance sheet of Mueller Consulting Ltd. at the end of the fiscal year 2018, assuming that the impairment is the only change compared to the numbers published in the opening balance sheet in December 2017. On which stage of the balance sheet crisis is Mueller Consulting Ltd. situated? (6 points)

Balance Sheet 12/31/2018

Assets	in CHF	Liabilities & Equity	
Cash	20'000	Liabilities	20'000
Receivables	10'000	Share capital	55'000
Non-current assets	15'000	Retained earnings	-30'000

Balance sheet crisis stage: Capital loss
Explanation: Loss carried forward > 50% share capital
Legal provision(s): Art. 725 para. 1 CO

- 3.5 On which stage of the balance sheet crisis would Mueller Consulting Ltd. be situated if the liabilities were no longer fully covered by assets? Who has which duties in this situation? (4 points)

Balance sheet crisis stage: Overindebtedness
Explanation: Loss carried forward > 100% share capital
Who has which duties: The board of directors must notify the court
Legal provision(s): Art. 725 para. 2 CO

- 3.6 Assume that the liabilities of Mueller Consulting Ltd. only consist of a private loan from Alissa Mueller amounting to CHF 20'000. In order to improve the balance sheet after 12/31/2018 (see exercise 3.4), Alissa Mueller is willing to carry out a debt/equity swap, including an additional premium of CHF 10'000. Show what the balance sheet would look like after such a transaction. (5 points)

Balance Sheet after restructuring			
Assets	in CHF		Liabilities & Equity
Cash	30'000	Liabilities	0
Receivables	10'000	Share capital	75'000
Non-current assets	15'000	Retained earnings	-20'000

Exercise 4*(20 points)*

Please solve the following questions on the exam sheet using the provided space.

In 2013, the following article appeared in the newspaper:

8 August 2013

Meyer Burger fights for survival

Not many years ago, Meyer Burger was seen as a company with a prosperous future. Now the solar company is fighting for its very survival. The main problem for the Thun-based industrial group is that, right now, no one really knows what direction the solar industry is heading in.

2011 was a boom year for Meyer Burger. It doubled its sales. Similar growth was seen in 2007 and 2008. But 2011 was also the year when the success stopped, and the solar group tumbled into serious crisis.

At the moment, the level of new customer orders is 20% of what it was before the crisis. The company, with revenue of CHF 1.3 billion in 2011, reported sales of CHF 90.4 million for the first half of 2013. The group employed 3,000 people in mid-2011, but only 1,800 remain two years later. The share price fell from more than CHF 36 to below CHF 5.

The group's most important product is a special type of saw that is used to cut silicon, sapphire and other crystals into thin slices (wafer). Silicon wafers are used for solar panels and sapphire wafers for semi-conductor industry, among others.

These products are highly innovative, but the markets for them have collapsed. [...] 1

Additionally, you can find the balance sheet, income statement and cash flow statement of Meyer Burger Ltd. for the fiscal year 2013 in the appendix on the last pages of this exam.

4.1 What crisis stage has Meyer Burger Ltd. reached in 2013? *(4 points)*

Crisis stage: Liquidity crisis

Reason: Negative operating CF

4.2 On which stage of the balance sheet crisis is Meyer Burger Ltd. situated in 2013? Assume that all reserves are treated as legal reserves. *(4 points)*

Balance sheet crisis stage: Adverse balance

Explanation: Loss carried forward < 50% Share capital

- 4.3 Explain why the cash balance of Meyer Burger Ltd. increased in 2013 even though the company reported a loss in the income statement. (2 points)

Cash went up due to the company's capital increase with premium.

- 4.4 Which measures has Meyer Burger Ltd. already undertaken in order to improve its liquidity, adverse balance and income situation? Name one measure for each of the three issues, based on the newspaper article and the financial information in the appendix. In addition, explain how each of the three measures affected the published financial information of the fiscal year 2013. (10 points)

Liquidity and capital: Capital increase with significant premium (most obvious 2013: MCHF 144.8), positive effect on share capital, capital reserves and cash

Profit optimization: Layoffs (see text), positive effect on personnel expenses

Exercise 5

(20 points)

Please solve the following questions on the exam sheet using the provided space.

- 5.1 One factor that endangers the continuation of a company is negative net working capital. Define negative net working capital and explain why such a situation is dangerous for a company. (4 points)

Definition:

A company shows a negative net working capital if its current liabilities are greater than current assets.

Danger:

A negative net working capital can be dangerous, since it makes it impossible for a company to pay short-term debt with funds available at short notice (see current ratio).

- 5.2 M Ltd. acquires 80% of D Ltd. for CHF 240 million. The revalued net assets of D Ltd. are CHF 200 million. How much goodwill did M Ltd. pay, using the full goodwill method, and the partial goodwill method, respectively? (4 points)

Full goodwill method:

in MCHF

Price paid for acquired share (20%) + Fictional price minorities (20%) = $240 / 0.8 = 300$

Goodwill = $300 - 200 = 100$

Partial goodwill method:

in MCHF

Fair Value share of net assets = $200 \times 0.8 = 160$

Goodwill = $240 - 160 = 80$

- 5.3 Trend Ltd. is a start-up based in Zurich selling sustainable clothing. Trend Ltd. starts its operation in 2017 and purchases and sells its first clothes.

On 30 August 2017, Trend Ltd. purchases shirts for a total of CHF 100'000 against invoice. On 29 September 2017, Trend Ltd. pays the invoice and transfers CHF 100'000 to the supplier. On 30 October 2017, it sells all the shirts to a customer for CHF 150'000 against invoice. Trend Ltd. also compiles an interim financial report as per 30 October.

What influence do these transactions have, and at what point in time, on what positions of the statement of financial position (balance sheet), the statement of profit or loss (using the cost of sales format), and/or the statement of cash flows? (9 points)

Date	Statement of Financial Position	Statement of Profit or Loss	Statement of Cash Flows
30 August 2017	Inventories +100 Payables +100	0	0
29 September 2017	Cash -100 Payables -100	0	Op. CF -100
30 October 2017	Inventories -100 Receivables +150 Equity +50	Revenue +150 COGS -100	0

5.4 Which of the following statements regarding Cash Flows applies at all times? (3 points)

- A positive Cash Flow from financing activities leads to an increase in net debts.
- A positive Cash Flow from financing activities leads to a decrease in net debts.
- An increase in sales leads to higher Cash Flow from operating activities, if the indirect method is used.
- A sale of a production machine for CHF 100 000 (with a book value of CHF 150 000) leads to increased Cash Flow from investing activities.

Appendix

Meyer Burger Ltd. Balance Sheet 2013

In TCHF	Notes	31.12.2013		31.12.2012	
	4.x				
Total assets					
Current assets					
Cash and cash equivalents		173 179		134 504	
Trade receivables	1	27 802		36 637	
Other receivables	2	19 976		27 040	
Net receivables from construction contracts	3	233		841	
Inventories	4	147 887		173 733	
Prepaid expenses and accrued income	5	8 643		17 190	
Total current assets		377 719	48.2%	389 945	46.7%
Long-term assets					
Other long-term receivables	2	694		672	
Financial assets	6	-		335	
Property, plant and equipment	7	141 665		164 443	
Intangible assets	8	178 088		227 130	
Deferred tax assets	14	85 851		52 245	
Total long-term assets		406 298	51.8%	444 824	53.3%
Total assets		784 017	100.0%	834 769	100.0%
Liabilities and equity					
Liabilities					
Current liabilities					
Financial liabilities	9	298		825	
Trade payables		44 043		31 404	
Net liabilities from construction contracts	3	415		8 883	
Customer prepayments		66 092		62 247	
Other liabilities		3 575		6 589	
Provisions	11	46 574		73 272	
Accrued expenses and prepaid income	12	39 898		59 079	
Current liabilities		200 894	25.6%	242 298	29.0%
Non-current liabilities					
Financial liabilities	9	163 201		132 975	
Other liabilities		2 228		2 225	
Provisions	11	3 381		21 790	
Deferred tax liabilities	14	5 692		19 337	
Non-current liabilities		174 502	22.3%	176 327	21.1%
Liabilities		375 396	47.9%	418 625	50.1%
Equity					
Share capital	15	4 236		2 407	
Capital reserves		667 079		512 156	
Treasury shares		-3 523		-7 384	
Reserve for share-based payments	16	3 652		10 642	
Retained earnings		-269 310		-114 194	
Equity excl. minority interests		402 134	51.3%	403 626	48.4%
Minority interests		6 487		12 518	
Equity incl. minority interests		408 621	52.1%	416 144	49.9%
Liabilities and equity		784 017	100.0%	834 769	100.0%

Meyer Burger Ltd. Income Statement 2013

In TCHF	Notes	1.1.-31.12.2013		1.1.-31.12.2012	
	4.x				
Net sales	18/19	202 655	100.0 %	645 242	100.0 %
Other income	20	10 814		19 693	
Income		213 470		664 934	
Changes in inventories of finished products and work in process		-6 697		-241 319	
Cost of products and services		-110 218		-158 228	
Capitalised services	7/8	5 989		19 267	
Operating income after costs of products and services		102 544	50.6 %	284 654	44.1 %
Personnel expenses	21	-165 675		-213 732	
Operating expenses	22	-54 163		-103 839	
Earnings before interests, taxes, depreciation (EBITDA)		-117 294	-57.9 %	-32 917	-5.1 %
Depreciation and impairment property, plant, equipment	7	-27 346		-25 042	
Depreciation and impairment intangible assets	8	-52 208		-70 048	
Earnings before interests and taxes (EBIT)		-196 848	-97.1 %	-128 007	-19.8 %
Financial result	23	-14 052		-9 226	
Result from investments in associated companies		-		6	
Operating result		-210 900	-104.1 %	-137 226	-21.3 %
Non-operating result	24	-410		24	
Earnings before taxes		-211 310	-104.3 %	-137 203	-21.3 %
Income taxes	25	48 493		26 429	
Result		-162 817	-80.3 %	-110 773	-17.2 %

Meyer Burger Ltd. Cashflow Statement 2013

in TCHF	Notes	1.1.-31.12. 2013	1.1.-31.12. 2012
	4x		
Result		-162 817	-110 773
Earnings from investments in associated companies		-	-6
Depreciation and amortisation	7/8	73 030	86 476
Impairment / reversal of impairment on long-term assets	7	6 523	8 667
Gain / loss from sale of property, plant, equipment and intangible assets	20/22/24	-795	-51
Deferred income taxes	25	-48 788	-37 254
Decrease (+) / increase (-) in other (long-term) assets		-846	4 431
Increase (+) / decrease (-) in (non-current) financial liabilities		-	-32
Increase (+) / decrease (-) in (non-current) provisions	11	-18 409	-2 200
Increase (+) / decrease (-) in other (non-current) liabilities		182	1 091
Decrease (+) / increase (-) in trade receivables	1	8 877	42 092
Decrease (+) / increase (-) in net assets from construction contracts	3	640	11 689
Decrease (+) / increase (-) in inventories	4	30 045	37 217
Decrease (+) / increase (-) in other receivables and accruals	2/5	14 632	29 737
Decrease (+) / increase (-) in other (short-term) assets		-	2 343
Increase (+) / decrease (-) in (non-current) provisions	11	-27 117	-20 243
Increase (+) / decrease (-) in (non-current) financial liabilities		-	-670
Increase (+) / decrease (-) in trade payables		12 546	-33 910
Increase (+) / decrease (-) in customer prepayments		3 788	-168 306
Increase (+) / decrease (-) in other (non-current) liabilities and deferrals		-31 340	-21 591
Other non-cash related changes		9 429	3 278
Cash flow from operating activities (operative cash flow)		-130 419	-168 014
Sale / purchase of financial assets (available-for-sale and loans)		-	7
Investments in property, plant and equipment	7	-11 896	-59 399
Sale of property, plant and equipment	7	5 095	1 935
Sale of investment properties		170	-
Investments in intangible assets	8	-960	-10 403
Sale of fully consolidated companies net of cash		124	-137
Cash flow from investing activities		-7 467	-67 997
Capital increases (incl. premium)		144 838	2 415
Purchase of treasury shares		-	-11 193
Purchase of shares of Roth & Rau AG after change in control		-2 028	-11 176
Sale of treasury shares		3 786	6 798
Repayment of (current) financial liabilities		-546	-241
Issuance of (non-current) financial liabilities	9	30 000	129 091
Repayment of (non-current) financial liabilities		-	-4 112
Cash flow from financing activities		176 050	111 583
Change in cash and cash equivalents		38 165	-124 428