Universal Funding Proposal Model

Enter Profit and Loss History

(B)



@VFD Pro Ltd. 202

"By failing to prepare, you are preparing to fail"

Benjamin Franklin



What The Model Provides?

- A detailed 5-year forecast model
 - ✓ Years 1 and 2 detailed by month
 - √ Years 3 to 5 detailed per year
- Understand and Plan for the Future
- Model the Impact of Funding
- Support Funding Applications

The 'Universal' Model can be used with any Accounting system



11 Modules

- 1 of 11: Instructions
- 2 of 11: Data Input Templates for P&L and Balance Sheet
- 3 of 11: Entering Historic P&L Data
- 4 of 11: Enter Historic Balance Sheet Data
- 5 of 11: Establish your 'Baseline' Forecast (P&L)
- 6 of 11: Establish Treatment for Base Line Balance Sheet Data
- 7 of 11: Enter Cash Flow and Balance Sheet Assumptions
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Module 3 of 11

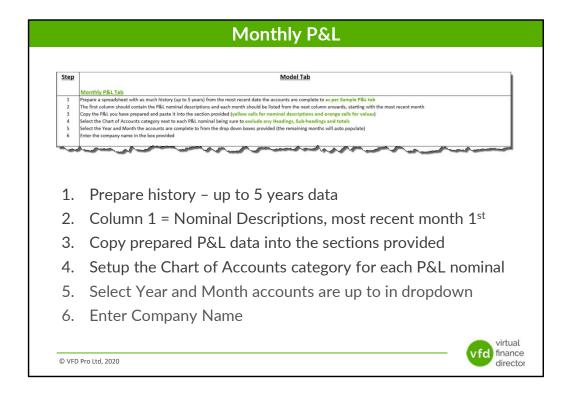
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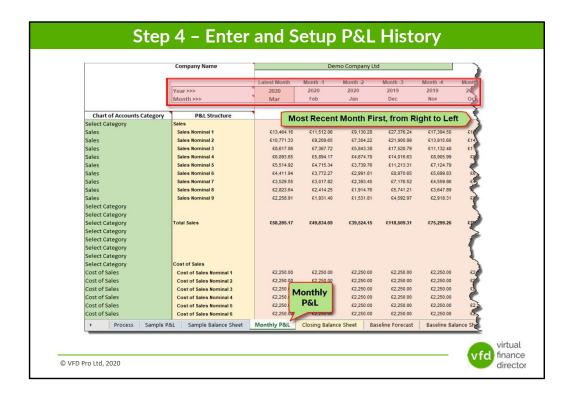
Objective of this Module

- With historic Profit and Loss and Balance Sheet data entered and configured
- The process can move to the next stage: Historic P&L data can be entered into the model





- 1. History: Typically exported or using a back-up file from the companies accounting system. Ideally full granular history for last 5 years, (can be less than 5 years). If sales are by nominal or by customer that is fine. If granular history is not available then a sub total for total sales by month is perfectly acceptable. If only annual figures are available you can divide by 12 to enter an average monthly sales figure. The same goes for margin and overheads.
- 2. Column 1 contains the P&L nominal descriptions. The history by default is listed from column 2

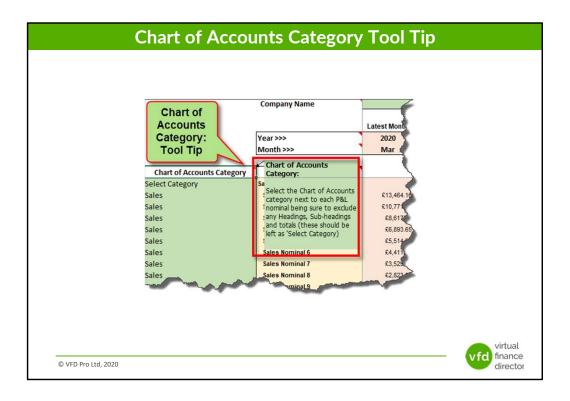


When your historic Profit and Loss data is ready, simply copy and paste taking care to ensure the first column of figures is the most recent month as per the illustration above.

Depending on your Accounting system there is a 50/50 chance that the default order will be laid out in the correct manner. If this is not the case, you will need to manipulate your figures in a spreadsheet to put it into the correct layout before copying and pasting into the Universal Forecasting and Funding Proposal Model.

Do include sub totals and totals as these are used to check the validity of the data entry later, as explained below, the sub totals and totals (and Headings), are not directly used in the Universal Forecasting and Funding Proposal Model.

Having copied your historic Profit and Loss data, the Universal Forecasting and Funding Proposal Model needs to be configured to categorise your data as Sales, Cost of Sales or Overheads as follows.



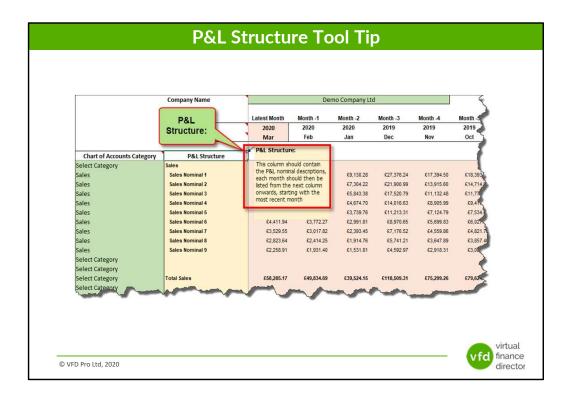
Note: Throughout the Universal Forecasting and Funding Proposal Model there are 'Tool Tips' that tell you what needs to be done to correctly use the model.

The presence of a Tool Tip is highlighted by a small red triangle in the top right-hand corner of a cell as per the example.

Each line on your Profit and Loss data input tab will need to be categorised to 'tell' the Universal Forecasting and Funding Proposal Model how to treat each entry. This is achieved using a drop-down selector in the first column adjacent to each Profit and Loss entry.

The Chart of Accounts Category' Tool Tip provides a brief description / set of instructions:

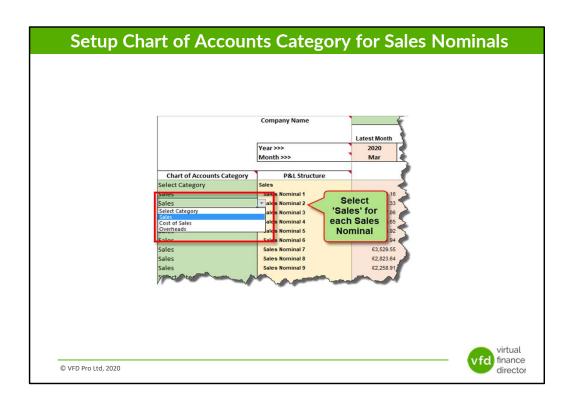
'Select the Chart of Accounts Category next to each P&L nominal, being sure to exclude Headings, Sub-Headings and Totals, (these should be left as 'Select Category''



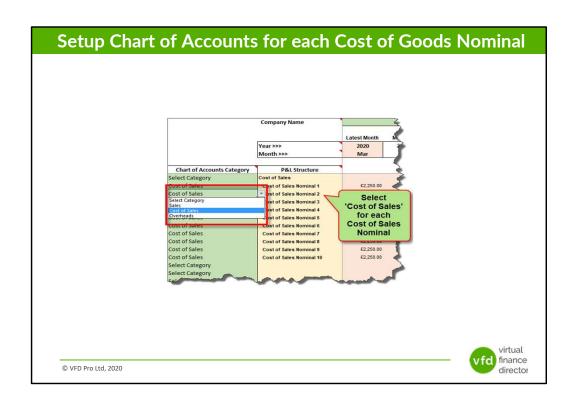
The P&L Structure is the first column copied into Tab 4 and should contain a description of each entry in your Profit and Loss account data, (The Nominal Descriptions); Sales, Cost of Sales or Overheads.

The 'P&L Structure' Tool Tip provides a brief description / set of instructions:

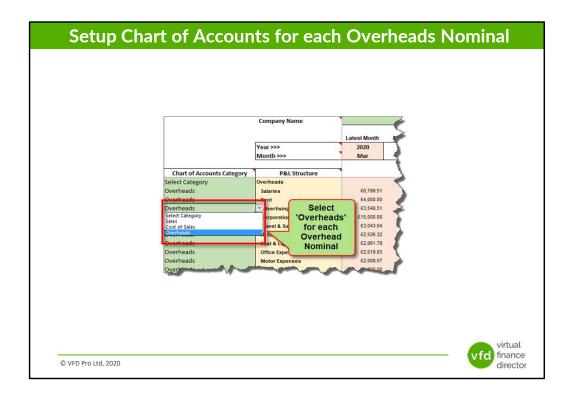
'This column should contain the P&L Nominal Descriptions, each month should then be listed from the next column onwards, starting with the most recent month'.



Each customer or sales channel should be categorised as 'Sales' so the Universal Forecasting and Funding Proposal Model can correctly identify each, use the data in the correct manner to generate an accurate output.



Each Cost of Sales entry should be categorised as 'Cost of Sales' so the Universal Forecasting and Funding Proposal Model can correctly identify each, use the data in the correct manner to generate an accurate output.

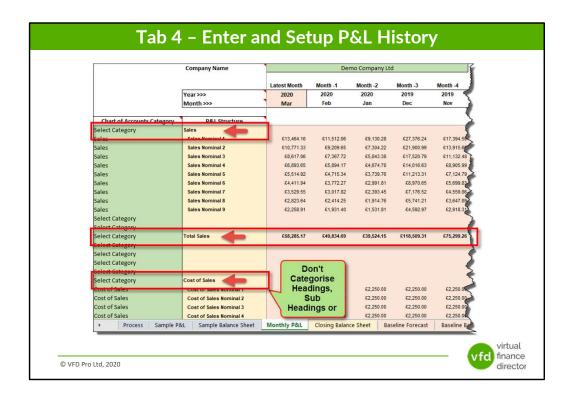


Each Overheads entry should be categorised as 'Overheads' so the Universal Forecasting and Funding Proposal Model can correctly identify each, use the data in the correct manner to generate an accurate output.

Note: Cost of Sales lines, (Cost of Sales Nominals, or Variable Costs), are sometimes incorrectly recorded in the Accounts of businesses as Overheads, (Overheads Nominals or Fixed Costs). If this is the case this can be corrected here by simply categorising any overheads that vary as a direct function of sales volume as 'Cost of Sales'.

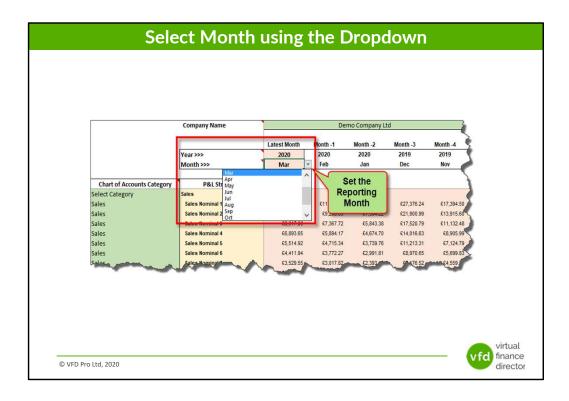
Example: In a contracting business, labour is sold by the hour, however, staff costs are frequently entered into the accounts as Overheads or Fixed Costs. If the number of hours sold is forecast to increase by 200% over a 5-year term, in order to deliver those hours, the total labour available must also increase by 200%.

To overcome this, any incorrectly posted overhead items can simply be categorised as 'Cost of Sales'.

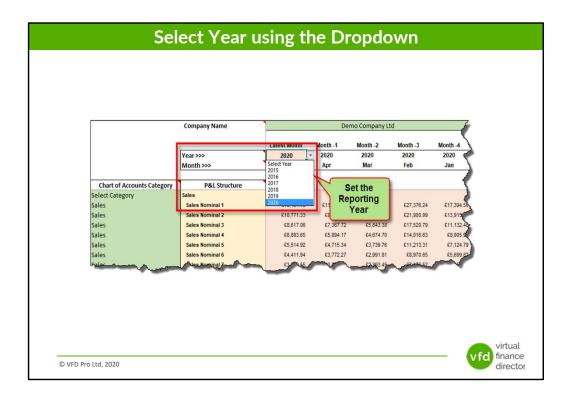


Only the individual line items should be categorised.

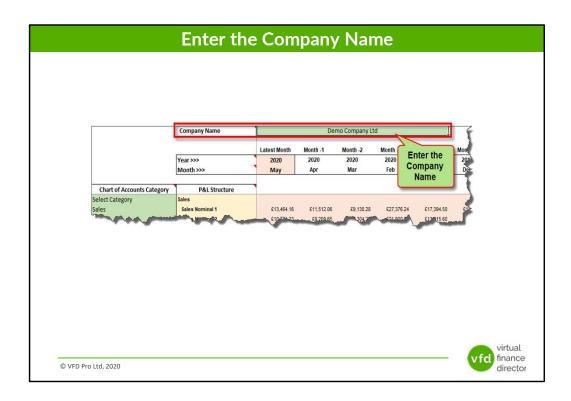
If for example each line item in sales were to be correctly categorised as 'Sales' (set Sales to be the Chart of Accounts Category), and the 'Total Sales' line, also (incorrectly) categorised as 'Sales', this would cause a problem. The Universal Forecasting and Funding Proposal Model would count each separate entry PLUS the total as sales, as a consequence the total sales reported in the model would be two times higher than reality.



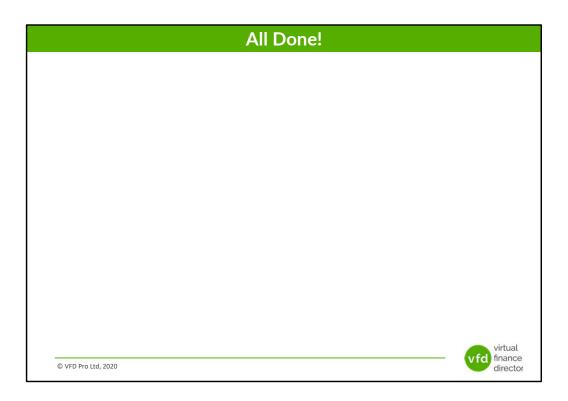
The most recent month is entered using the drop down and the other months automatically populate:

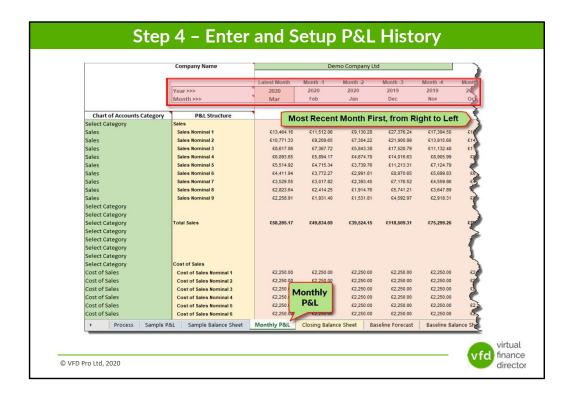


Select the year.



Enter your company name as you want it presented on the final report (and for all other references to your company name) in the area highlighted at the top of the Monthly P&L, Step 4.





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Status and Next Step

- With historic Profit and Loss data entered, chart of accounts and other setting configured correctly
- The process can move to the next stage:
 Enter Opening Balance Sheet data into the model



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