

## Universal Funding Proposal & Business Planning / Forecasting Model Generate Funding Proposal

Version 1.0 - 1 of 11 (B)



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# Playbook

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## The Universal Forecast and Funding Proposal Model - Purpose

Use the Universal Forecast and Funding Proposal Model to support your business planning and create the following:

- **Your 5-year Business Plan and Forecast**
  - ✓ Years 1 and 2 detailed by month
  - ✓ Years 3 to 5 detailed per year
- **Understand and Plan for Your Future**
- **Model the Impact of Funding on Your Business**
- **Apply for Loan or Equity Funding**

You can use the Universal Forecasting and Funding Proposal Model regardless of the accounting system you use, to build a 5-year Business Plan / Forecast for your business.

Use your plan to understand, plan and budget for the future to help you and your team maintain a clear picture of exactly where you are on your journey.

If your business needs to raise finance, your Business Plan can quickly and easily be used to generate a robust Funding Proposal that provides everything lenders or investors need to approve funding.

*“First comes thought; then organisation of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination”*

## Napoleon Hill

# Playbook

## 1. Generate Funding Proposal – (Step 10)

The Universal Forecast and Funding Proposal Model is simply used to enter your historic financial data and forecast assumptions. When all assumptions have been input click the 'Generate Funding Proposal' button in the top left of the Funding 3 Way Forecast – Step 10.

Generate Funding Proposal		Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast										
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>Assumptions</b>												
Depreciation (% of Fixed Assets)	0.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Interest (% of Debt Open Balance)	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Accounts Receivable (Days)	-	15	23	28	38	48	49	44	40			
Inventory (Days)	-	0	0	0	0	0	0	0	0			
Accounts Payable (Days)	-	17	26	31	36	40	41	38	37			
Corporation Tax Liability (addition only)	-	0	0	0	0	0	0	0	0			
Corporation Tax Payment	-	0	0	0	0	0	0	0	0			
Dividend/Owner Payment / (Receipt)	-	0	0	0	0	0	0	0	0			
Capital Expenditure	-	0	0	0	0	0	0	0	0			
Debt Issued (Repaid)	-	0	0	0	0	0	0	0	0			
Equity Issued (Repaid)	-	0	0	0	0	0	0	0	0			
<b>Profit &amp; Loss</b>												
Revenue	931,068	66,047	66,041	71,766	103,043	126,700	113,195	95,313	99,584	123,000	123,000	123,000
Cost of Sales	270,000	21,175	21,173	23,008	33,036	40,621	40,621	38,000	38,000	40,000	40,000	40,000
Gross Margin	661,068	44,872	44,868	48,757	70,007	86,079	72,574	57,313	61,584	83,000	83,000	83,000
Gross Margin %	71.0%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%
Salaries & Dividends	-	-	-	-	-	-	-	-	-			

Figure 1103 - Step: With Funding 3 Way Forecast - Generate Funding Proposal

This will trigger an automatic routine that will pre-populate the financial elements of your final Funding Proposal. The Funding Proposal is generated and saved as a separate file.

You will be asked to select the location you wish to use to save your Funding Proposal. By default, the Universal Forecast and Funding Proposal Model will suggest a file name in the following format:

1. The words 'Funding Proposal'
2. Name of Company (This is the Company Name entered on the Monthly P&L Step 4)
3. The Date: Year, Month, Day, e.g. 24<sup>th</sup> May 2020 would be 20200524

You can choose to enter any name you wish for your Funding Proposal file by simply over-writing the automatically suggested file name.

Do not change the file type as additional information needs to be entered before the final Funding Proposal can be generated.

Having saved your Funding Proposal as a new Excel Workbook, go to the location where your file has been saved, open the file and complete the following details.

The 'SAVE FILE' dialogue book will look similar to the example shown below:

# Playbook

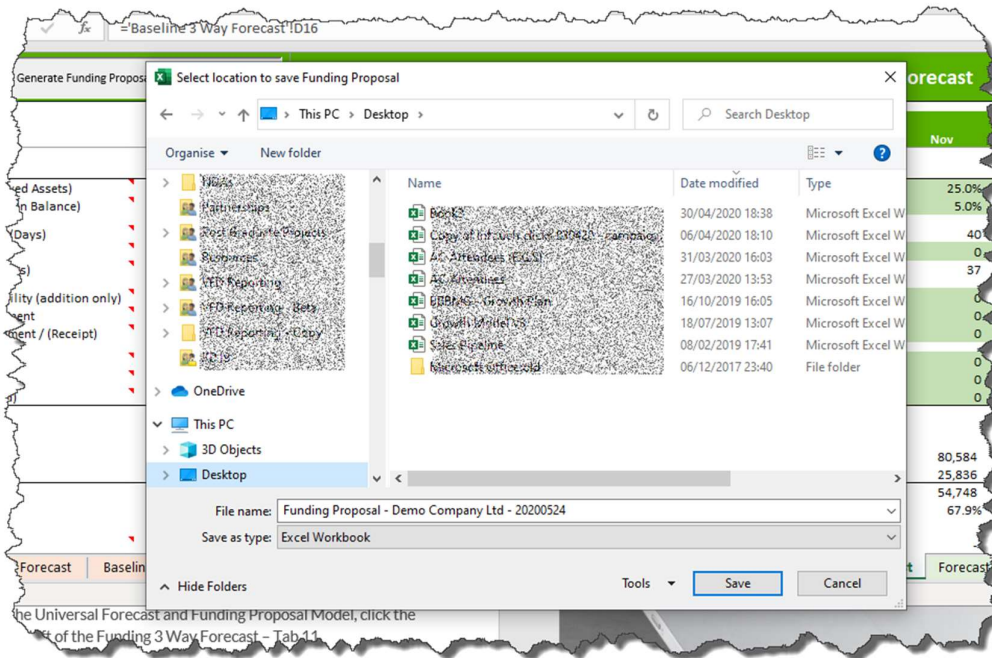


Figure 2104 - Tab 10: Select Location to Save Funding Proposal

Note: When your Funding Proposal has been successfully generated and saved, the following confirmation message will be displayed.

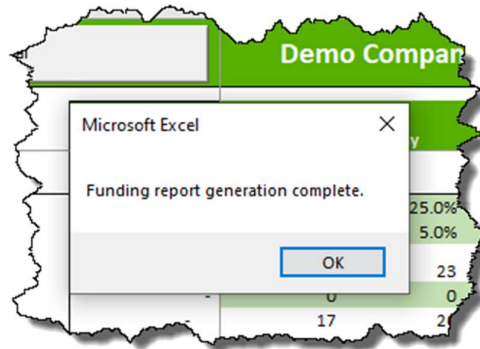


Figure 3105 - Step 10: Confirmation that Funding Report Generation is Complete

If the Universal Forecast and Funding Proposal Model is purely to generate the Funding Proposal, it can be closed as it is no longer required. The final steps are all carried out using your newly created Funding Proposal Report.

**Note 1:** If any of the underlying forecast assumptions change, the above process must be repeated, and a new Funding Proposal Model generated. Please be aware, any narrative entries made in the Funding Proposal Report file will need to be copied and pasted into any new Funding Proposal generated using the amended forecast assumptions.

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**Note 2:** If you also wish to generate a 5 Year Business Plan and Financial Forecast, in addition to the steps outlined above and any work invested to create your Funding Proposal Report, the Forecast Report – Tab 11 must also be completed.

## 1.1. Completing Your Funding Proposal

As described above, the Funding Proposal is created and saved as a separate Excel spreadsheet with most of the data pre-populated for you. All you are required to do is to add the information required by lenders in order to maximise the probability your funding application will be successful.

Go to wherever you saved your Funding Proposal and open the file.

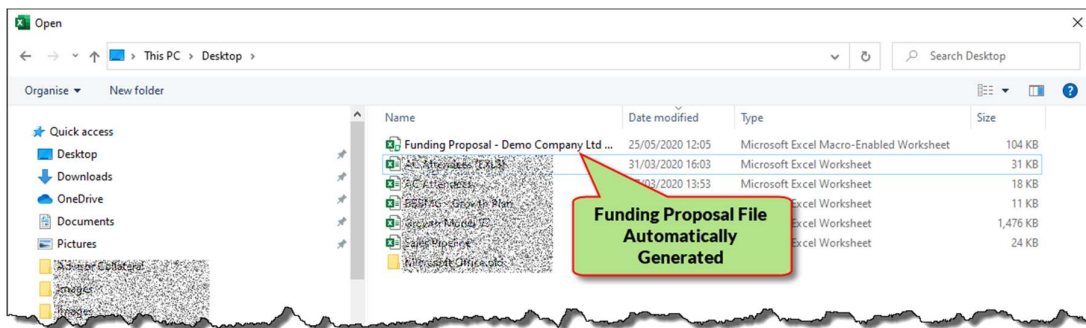


Figure 4106 - Step 10: Open Saved Copy of the Funding Proposal

## Completing Your Funding Proposal

Your Funding Proposal comprises areas for text entry, automatically pre-populated text and graphics and instructions detailing the information you need to enter in each section of the report.

# Playbook

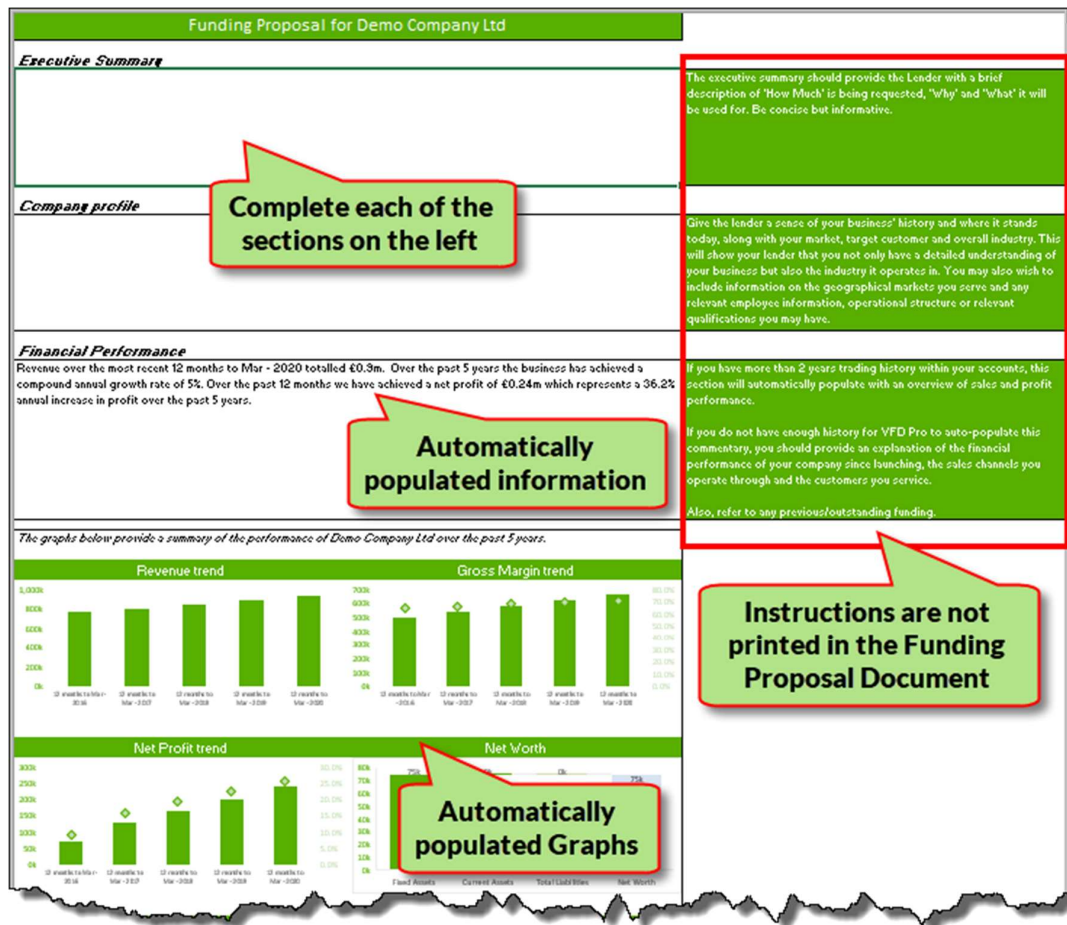


Figure 5107 - Tab 10: Completing the Funding Proposal - Overview

The historic and forecast figures generated by the Universal Forecast and Funding Proposal Model are automatically populated so you only need to enter the text where appropriate.

The tool tips are provided to the right of each area you need to complete to guide your progress. These are used purely in your working document and are not included in the final report you will provide to potential lenders.



# Playbook

## 1.2. Executive Summary:

You need to provide the lender with a brief description of how much is being requested, why and what the loan will be used for. You should aim to be informative but concise.

Funding Proposal for Demo Company Ltd	
<b>Executive Summary</b>	
<b>How much is being requested? and What will it be used for?</b>	The executive summary should provide the Lender with a brief description of 'How Much' is being requested, 'Why' and 'What' it will be used for. Be concise but informative. <b>Instructions</b>

Figure 6108 - Step 10: Funding Proposal - Executive Summary

## 1.3. Company Profile:

Give the lender a sense of your business' history and where it stands in relation to the market in which it operates, your target customer and your overall industry.

This will show your lender that you not only have a detailed understanding of your business but also the industry in which it operates.

You may also wish to include information on the geographical markets you serve and any relevant employee information, operational structure or relevant qualifications you may have.

<b>Company profile</b>	
<b>About the business, the markets served, industry etc.</b>	Give the lender a sense of your business' history and where it stands today, along with your market, target customer and overall industry. This will show your lender that you not only have a detailed understanding of your business but also the industry it operates in. You may also wish to include information on the geographical markets you serve and any relevant employee information, operational structure or relevant qualifications you may have.
<b>Financial Performance</b>	
Revenue over the most recent 12 months to Mar - 2020 totalled £0.9m. Over the past 5 years the business has achieved a compound annual growth rate of 5%. Over the last 12 months we have achieved a net profit of £0.24m which represents a 20% annual increase. Sales are up 10% on performance.	If you have more than 2 years trading history within your accounts, this section will automatically generate a view of sales and profit performance.

Figure 7109 - Step 10: Funding Proposal - Company Profile

# Playbook

## 1.4. Financial Performance:

If you have more than two years trading history entered in the Universal Forecast and Funding Proposal Model, this section will automatically populate the narrative to provide an overview of sales and profit performance.

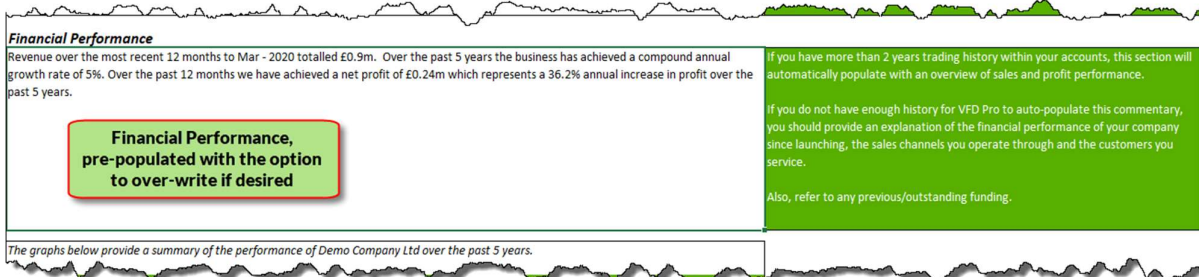


Figure 8110 - Step 10: Funding Proposal - Financial Performance to Date

If you do not have enough history to automatically populate this section of the proposal you should provide an explanation of the financial performance of your company since launch, the sales channels you operate through and the customers you service.

You should also refer to any previous or outstanding funding here.

**Note:** If you wish to overwrite the automatically generated text and enter your own financial performance summary, the model allows you to simply over-type the default text.

In addition to the descriptive text, the Model automatically pre-populates the historic trading performance and presents the following graphically:

- 1.1. Revenue Trend
- 1.2. Margin Trend
- 1.3. Net Profit Trend
- 1.4. Net Worth
- 1.5. Revenue over the last two years – monthly trend
- 1.6. Net profit over the last two years – monthly trend

# Playbook



Figure 9.1.1 - Step 10: Funding Proposal - 5 Year History

## 1.5. Strengths, Weaknesses, Opportunities, Threats:

The SWOT Analysis is a common framework that allows you to describe the commercial environment your business operates in. It is simple to understand and helps you identify the key issues that impact your business, both positive and negative:

- **Strengths:** Factors that give you an edge over your competitors.
- **Weaknesses:** Factors that can be harmful if used against your company,
- **Opportunities:** Favourable situations which can give your business a competitive advantage.
- **Threats:** Unfavourable situations which can negatively affect your business.

# Playbook

SWOT Analysis	
Strengths	Weaknesses
Opportunities	Threats

SWOT is a common framework that allows you to describe the commercial environment your business operates in. It is simple to understand and helps you identify the key issues that impact your business both positive and negative.

Strengths: factors that give an edge for the company over its competitors.  
Weaknesses: factors that can be harmful if used against the company.  
Opportunities: favourable situations which can bring a competitive advantage.  
Threats: unfavourable situations which can negatively affect the business.

Strengths and weaknesses are internal to the company and can be directly managed by it, while the opportunities and threats are external and the company can only anticipate and react to them

Below are some guidelines which should be followed:

1. Factors have to be identified relative to the competitors. It allows specifying whether the factor is a strength or a weakness.
2. Keep your list short (3-5 points) focussing on the key issues.
3. Ensure all points are specific and clearly defined.
4. All points made must be fact not opinion, where relevant you should reference industry experts.
5. You should be able to take action to maximise opportunities or mitigate risks.

Funding requirements

Figure 10112 - Step 10: Funding Proposal - SWOT Analysis

Please bear the following in mind as you complete this section of the Funding Proposal:

- Factors must be identified relative to your competitors to identify whether the factor is a strength or a weakness.
- Keep your list short (3 to 5 points), focussing on the key issues.
- Ensure all points are specific and clearly defined.
- All points made must be fact and not opinion, where relevant you should reference industry experts.
- You should be able to take action to maximise opportunities or mitigate risks.

# Playbook

## 1.6. Funding Requirements:

This section is for you to specify exactly what the amount you are borrowing will be spent on. It is important that the lender is able to reconcile this back to your business plan, giving them confidence in your ability to deliver and repay the loan.

Be as detailed as you can and don't be afraid to show a contingency.

**Funding requirements**

Funding required  Assumed Term

£

**Detail what the loan will be used for and the term, including a contingency**

This section is for you to specify exactly what the amount you are borrowing will be spent on. It is important that the lender is able to reconcile this back to your business plan, giving them confidence in your ability to deliver.

Be as detailed as you can and don't be afraid to show a contingency.

Figure 11113 - Step 10: Funding Proposal - Funding Requirements

## 1.7. Performance Post Funding:

This section is automatically pre-populated and shows your baseline forecast figures for the next 5 years compared with the 'with funding', scenario entered into the Universal Forecast and Funding Proposal Model.

If your business has not made a profit up to now, use this section to show that you were on the right track.

**Performance post funding**

The investment detailed above will drive an increase in revenue by an average of 1.9% in each of the next 5 years and as a result, gross margin £ will increase by an average of 1.9% per year over the next 5 years. This will deliver an increase in profit of £12.8k by year 5 of our business plan.

Our cash floor is also expected to increase from £6.4k to £7k

**Performance Post Funding pre-populated with the option to over-write if desired.**

This section shows the baseline forecast for the next 5 years compared to the funding scenario.

If you have not made a profit up to now use this to show that you were on the right track.

**Forecast assumptions**

Figure 12114 - Tab 10: Funding Proposal - Performance Post Funding

**Note:** If you wish to overwrite the automatically generated text and enter your own financial performance summary, the model allows you to simply over-type the automatically generated text.

## 1.8. Forecast Assumptions:

Use this section to summarise all of the key assumptions that make up your business plan and your financial forecasts.

If there are differences between the assumptions used in your Baseline and your Scenario forecast, they should be explained here, (i.e. 'our baseline assumption for revenue is a 5% growth in each of the next 5 years, with funding and investment in our sales team we believe we could generate 15% growth in each year').

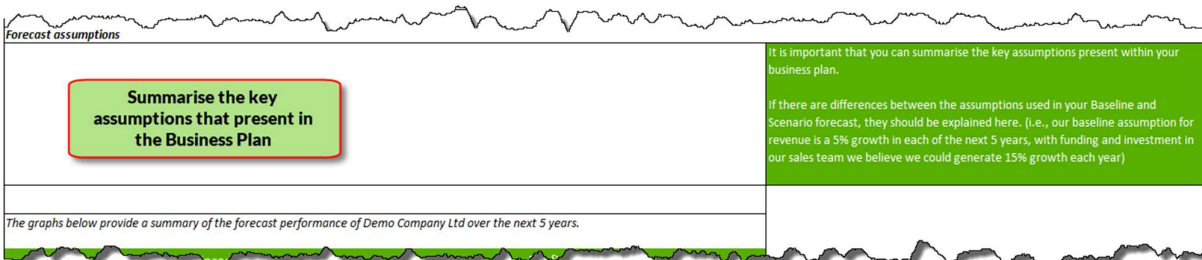


Figure 13115 - Step: Funding Proposal - Forecast Assumptions

## 1.9. Profit and Loss Forecast

In addition to the descriptive text, the Model automatically pre-populates the historic trading performance and presents the following graphically:

- Revenue Forecast
- Profit Forecast
- Cash Balance Forecast
- Net Worth Forecast
- Monthly Revenue Forecast
- Monthly Profit Forecast

# Playbook



Figure 14116 - Step 10: Funding Proposal - Profit and Loss History

# Playbook

## 1.10. Other Information:

This section is used to enter any other comments you feel are relevant to your funding proposal.

If you did not have enough space in any of the above sections, you can utilise this section to write more, and/or attach additional documents to support your final funding proposal / application.

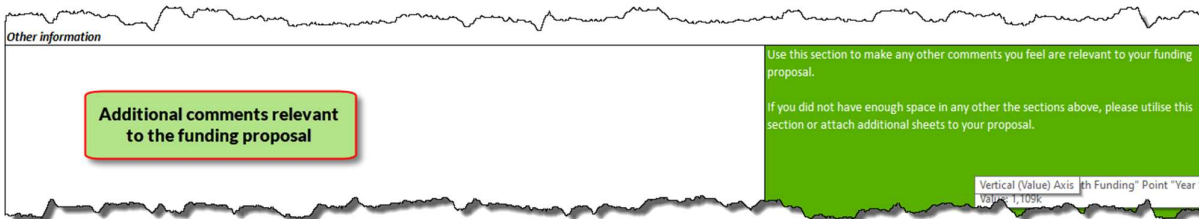


Figure 15417 - Step 10: Funding Proposal - Other Information

## 1.11. Appendix 1: 5 Year Forecast:

This is automatically populated using the history and assumptions entered in the Universal Forecast and Funding Proposal Model and is presented in three sections detailing your trading figures for the last year and the subsequent 5 years:

- Profit and Loss
- Balance Sheet
- Cash Flow Statement



# Playbook

**Appendix 1 - 5 Year Forecast**

	This Year	Next Year	Year 2	Year 3	Year 4	Year 5
<b>Profit &amp; Loss</b>						
Revenue	931.1k	996.4k	996.4k	996.4k	996.4k	996.4k
Cost of Sales	270.0k	319.5k	319.5k	319.5k	319.5k	319.5k
Gross Margin	661.1k	677.0k	677.0k	677.0k	677.0k	677.0k
Gross Margin %	71.0%	67.9%	67.9%	67.9%	67.9%	67.9%
Salaries & Dividends	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Overheads	419.9k	419.9k	419.9k	419.9k	419.9k	419.9k
Depreciation & Amortisation	0.0k	5.6k	4.3k	3.4k	2.6k	2.0k
Interest	0.0k	33.3k	50.0k	50.0k	50.0k	50.0k
Total Expenses	419.9k	458.8k	474.3k	473.3k	472.5k	472.0k
Profit before tax	241.1k	218.1k	202.7k	203.7k	204.4k	205.0k
Corporation Tax (assumed)	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Profit after tax	241.1k	218.1k	202.7k	203.7k	204.4k	205.0k
<b>Balance Sheet</b>						
<b>Assets</b>						
Cash	0.0k	1,223.1k	1,432.7k	1,621.1k	1,808.4k	1,994.5k
Accounts Receivable	0.0k	75.9k	75.9k	152.2k	233.1k	318.9k
Stock / W.I.P	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Other Current Assets	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Goodwill / Intangible Assets	50.0k	50.0k	50.0k	50.0k	50.0k	50.0k
Fixed Assets	25.0k	19.4k	15.1k	11.7k	9.1k	7.1k
Total Assets	75.0k	1,368.5k	1,573.7k	1,835.1k	2,100.6k	2,370.4k

Figure 16118 - Tab 10: Appendix 1 - 5 Year forecast

## 1.12. Appendix 2: 5 Year Forecast (Supporting Schedule):

The supporting schedule provides additional information for the lender detailing the assumptions and forecast for the following: trading figures for the last year and the subsequent 5 years:

- Working Capital Schedule
- Depreciation Schedule
- Debt and Interest Schedule
- VAT Schedule
- Receivables Schedule
- Payables Schedule

# Playbook

**Appendix 2 - 5 Year Forecast (supporting schedule)**

	This Year	Next Year	Year 2	Year 3	Year 4	Year 5
<b>Working Capital Schedule</b>						
Accounts Receivable		76k	76k	152k	233k	319k
Inventory		0k	0k	0k	0k	0k
Accounts Payable		74k	74k	132k	193k	258k
Corporation Tax		0k	0k	0k	0k	0k
VAT		1k	4k	4k	4k	4k
Net Working Capital (NWC)		1k	(2k)	17k	36k	57k
Change in NWC		1k	(3k)	19k	20k	21k
<b>Depreciation Schedule</b>						
Fixed Assets Opening Value		25k	19k	15k	12k	9k
Plus Capex		0k	0k	0k	0k	0k
Less Depreciation		6k	4k	3k	3k	2k
Assets Closing		19k	15k	12k	9k	7k
<b>Debt &amp; Interest Schedule</b>						
Debt Opening		0k	1,000k	1,000k	1,000k	1,000k
Issuance (repayment)		1,000k	0k	0k	0k	0k
Debt Closing		1,000k	1,000k	1,000k	1,000k	1,000k
Interest Expense		33k	50k	50k	50k	50k
<b>VAT Schedule</b>						
VAT Opening Balance		0k	1k	4k	4k	4k
VAT Payable on Revenue		199k	199k	199k	199k	199k
VAT Recoverable on Expenditure		(148k)	(148k)	(148k)	(148k)	(148k)

Figure 17119 - Tab 10: Funding Proposal - Appendix 2 - 5 Year Forecast (Supporting Schedule)

### 1.13. Appendix 3: Other Information:

The lender will want to understand what fixed assets the company has. This section is for you to enter detail of your main assets, and their value.

If the business has any outstanding debt, provide detail for each loan including:

- The lender
- The outstanding balance
- The original term
- The remaining term
- The reason for borrowing

# Playbook

<b>Appendix 3 - Other information</b>				
<b>Fixed assets</b>	£			£
<b>Detailed breakdown of main assets</b>				
<b>Opening Debt Balance</b>	£			
	0.0k			
<b>Lender</b>	<b>Balance £</b>	<b>Term (Yrs)</b>	<b>Term Left (Yrs)</b>	<b>Reason for borrowing</b>

Figure 18120 - Tab 10: Funding Proposal - Appendix 3 - Other Information

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