

Universal Funding Proposal & Business Planning / Forecasting Model Baseline Profit and Loss Forecast

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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.

“Always plan ahead. It wasn't raining when Noah built the ark”

Richard Cushing

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1. Entering and Setting Up your Baseline Forecast – (Step 6)

With your historic Profit and Loss information and your Closing Balance Sheet data entered and configured correctly, the process can move to the next stage by setting up your baseline forecast.

The Universal Forecasting and Funding Proposal Model will automatically pull through the data from the history and populate the last two years of sales, gross margins and overheads for you.

The Universal Forecasting and Funding Proposal Model will also provide you with a pre-populated suggested forecast for the next five years with years 1 and 2 detailed by month, and years 3, 4, and 5 by year. As described below, you can either adjust the Year on Year Percentage adjustments and / or overwrite the values for any particular line item and for any particular month.

	2020				YoY %				% Applied	Forecast					
	Mar	TY	LY	YoY%	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar		Apr	May	Jun	Jul	Aug	Sep
Sales															
Sales Nominal 1	13,464	215,081	204,839	5.0%	5%	5%	5%	5%					6,837	6,037	
Sales Nominal 2	10,771	172,065	163,872	5.0%	5%	5%	5%	5%					5,470	4,843	
Sales Nominal 3	8,617	137,652	131,097		5%	5%	5%	5%					4,376	3,875	
Sales Nominal 4	6,894	110,122	104,878		5%	5%	5%	5%					3,501	3,107	
Sales Nominal 5	5,515	88,097	83,902		5%	5%	5%	5%					2,801	2,487	
Sales Nominal 6	4,412	70,478	67,122		5%	5%	5%	5%					2,240	1,997	
Sales Nominal 7	3,530	56,382	53,697		5%	5%	5%	5%					1,792	1,587	
Sales Nominal 8	2,824	45,106	42,958	5.0%	5%	5%	5%	5%					1,434	1,277	
Sales Nominal 9	2,259	36,085	34,366	5.0%	5%	5%	5%	5%					1,147	1,016	
Other															
New Customer 1															
New Customer 2															
New Customer 3															
New Customer 4															
New Customer 5															
New Customer 6															
New Customer 7															
New Customer 8															
New Customer 9															
New Customer 10															
New Customer 11															
New Customer 12															
New Customer 13															
New Customer 14															
New Customer 15															
Total Sales	58,285	921,068	886,733	5.0%	5%	5%	5%	5%		0	0	0	0	29,598	26,207
Cost of Sales	(22,500)				0.0%	0.0%	0.0%	0.0%		0	0	0	0	(9,489)	(8,407)
Gross Margin	35,785									0	0	0	0	20,109	17,805

Figure 1 - Step 6: Baseline 3 Way Forecast

Many of the cells in the Universal Forecasting and Funding Proposal Model are locked to prevent the input formulas being accidentally broken. This also minimises the amount of work you need to do to fully populate your Forecast and / or prepare your Funding Proposal.

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1.1. Check the Totals and Sub-Totals for the last 24 months match the history.

Your next task is to double check all totals and sub-totals are correct by comparing them to the corresponding figures for the preceding 24 months. If there are any errors the setup of the input data and categorisation of the various nominals must be checked to identify the source of errors before continuing.

	2020				
	Mar	TY	LY	YoY%	Apr - J
Sales					
Sales Nominal 1	13,464	215,081	204,839	5.0%	
Sale	10,771	172,065	163,872	5.0%	
Sale	8,617	137,652	131,097	5.0%	
New					
New Customer 14					
New Customer 15					
Total Sales	58,285	931,068	886,732	5.0%	
Cost of Sales	(22,500)	(270,000)	(270,000)	0.0%	
Gross Margin	35,785	661,068	616,732	7.2%	
Gross Margin %	61.4%	71.0%	69.6%	1.4%	64.1%
Overheads					
Salaries	6,800	80,265	77,431	3.7%	
New Overhead 13					
New Overhead 14					
New Overhead 15					
Total Overheads	48,509	419,932	416,277	0.9%	
Net Profit	(12,724)	241,136	200,455	20.3%	63.1%
Net Profit %	(21.8%)	25.9%	22.6%	3.3%	

Figure 2 – Step 6: Check Sub-Totals and Totals Match the History

Things to check:

- Have all Sales, Cost of Sales and Overhead lines been categorised, if any have been missed then the totals showing on your Baseline Forecast tab are likely to be lower than your historic actuals?
- Have any sub-totals or totals from the input tabs been categorised in error, remember, only the rows that provide the detail for each section of the profit and loss account should be categorised, if any have been incorrectly categorised this will result in your totals being over or understated on your Baseline Forecast.

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- Has your historic data been entered most recent month first in Tab 4, the Profit and Loss Input, if the data has been entered in the wrong order the Universal Forecasting and Funding Proposal Model will show sales for five years ago as being last year's sales, and vice versa.

1.2. Baseline Sales Forecast, Months 1 to 12

The Universal Forecasting and Funding Proposal Model will provide you with a summary highlighting revenue this year (TY), vs last year (LY) and the Year on Year Percentage movement, positive or (negative). The comparative movement in sales quarter by quarter is also provided to help you forecast next year and beyond.

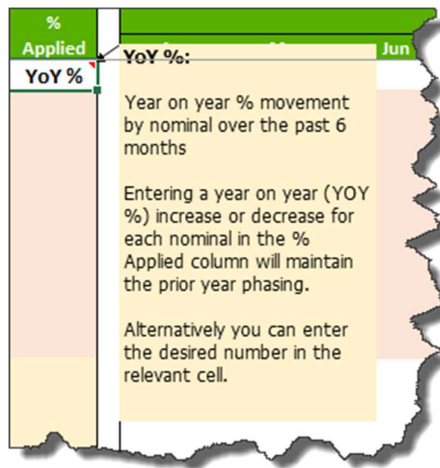


Figure 3 – Step 6: Percentage Applied - Tool Tip

The YoY % Applied column gives you a 'Starter for Ten' percentage by customer or by sales channel, (Sales Nominal), the suggested percentage is the average of the movement over the last 6 months.

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	TY	LY	YoY%	YoY %						% Applied	YoY %	Apr	May	Jun	Jul	Aug	Sep
				Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar										
				Apr	May	Jun	Jul	Aug	Sep								
Sales																	
Sales Nominal 1	215,081	204,839	5.0%	5%	5%	5%	5%	5.0%	5.0%	14,970	14,968	16,266	23,355	28,716			
Sales Nominal 2	172,065	163,872	5.0%	5%	5%	5%	5%	5.0%	5.0%	11,976	11,975	13,012	18,684	22,973			
Sales Nominal 3	137,652	131,097	5.0%	5%	5%	5%	5%	5.0%	5.0%	9,580	9,580	10,410	14,947	18,378			
Sales Nominal 4	110,122	104,878	5.0%	5%	5%	5%	5%	5.0%	5.0%	7,664	7,664	8,328	11,958	14,703			
Sales Nominal 5	88,097	83,902	5.0%	5%	5%	5%	5%	5.0%	5.0%	6,132	6,131	6,662	9,566	11,762			
Sales Nominal 6	70,478	67,122	5.0%	5%	5%	5%	5%	5.0%	5.0%	4,905	4,905	5,330	7,653	9,410			
Sales Nominal 7	56,382	53,697	5.0%	5%	5%	5%	5%	5.0%	5.0%	3,924	3,924	4,264	6,122	7,528			
Sales Nominal 8	45,106	42,958	5.0%	5%	5%	5%	5%	5.0%	5.0%	3,139	3,139	3,411	4,898	6,022			
Sales Nominal 9	36,085	34,366	5.0%	5%	5%	5%	5%	5.0%	5.0%	2,511	2,511	2,729	3,918	4,818			
Other																	
New Customer 1																	
New Customer 2																	
New Customer 3																	
New Customer 4																	
New Customer 5																	
New Customer 6																	
New Customer 7																	
New Customer 8																	
New Customer 9																	
New Customer 10																	

Enter Percentage to Apply to Last Years Sales

Figure 4 - Step 6: Baseline Sales Forecast, Months 1 to 12

The YoY % entered is then applied to populate your forecast over the next 12 months using your prior year's actual sales as the basis of the phasing. If for example your YoY % Applied is set to 10% for all Sales, this will take the figure for each customer / sales channel in January last year and automatically enter this value plus 10% into the cell for January next year, ditto for February, March etc. etc. etc.

	TY	LY	YoY%	YoY %						% Applied	YoY %	Apr	May	Jun	Jul	Aug	Sep
				Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar										
				Apr	May	Jun	Jul	Aug	Sep								
Sales																	
Sales Nominal 1	215,081	204,839	5.0%	5%	5%	5%	5%	5.0%	5.0%	14,970	14,968	16,266	23,355	28,716	29,161		
Sales Nominal 2	172,065	163,872	5.0%	5%	5%	5%	5%	10.0%	10.0%	12,546	12,545	13,632	19,573	24,067	24,673		
Sales Nominal 3	137,652	131,097	5.0%	5%	5%	5%	5%	(10.0%)	(10.0%)	8,212	8,211	8,923	12,812	15,753	16,283		
Sales Nominal 4	110,122	104,878	5.0%	5%	5%	5%	5%	(100.0%)	(100.0%)	0	0	0	0	0	0		
Sales Nominal 5	88,097	83,902	5.0%	5%	5%	5%	5%	100.0%	100.0%	11,679	11,678	12,690	18,221	22,404	23,024		
Sales Nominal 6	70,478	67,122	5.0%	5%	5%	5%	5%	5.0%	5.0%	4,905	4,905	5,330	7,653	9,410	9,865		
Sales Nominal 7	56,382	53,697	5.0%	5%	5%	5%	5%	5.0%	5.0%	3,924	3,924	4,264	6,122	7,528	7,983		
Sales Nominal 8	45,106	42,958	5.0%	5%	5%	5%	5%	5.0%	5.0%	3,139	3,139	3,411	4,898	6,022	6,477		
Sales Nominal 9	36,085	34,366	5.0%	5%	5%	5%	5%	5.0%	5.0%	2,511	2,511	2,729	3,918	4,818	5,124		
Other																	
New Customer 1																	
New Customer 2																	
New Customer 3																	
New Customer 4																	
New Customer 5																	
New Customer 6																	
New Customer 7																	
New Customer 8																	
New Customer 9																	
New Customer 10																	

Default = Average of last 6 months: Amend Percentage Applied for Each Customer / Revenue Line

Figure 5 - Step 6: Amend Percentage Applied, Months 1 to 12

Using the % Applied column gives you a quick and easy way to forecast future sales in the event that future years are expected to be very similar to previous years.

For example a customer (or sales channel), who has ceased trading and is no longer purchasing from you, you would set the % Applied to -100% (100%) which would drive all your future sales forecast for that

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particular customer (or sales channel) to zero.

If you enter +100% in the % Applied column, this will increase your sales month by month by 100%, i.e. double your last year's sales performance, whilst retaining the same phasing or seasonality.

The YoY % Applied does not have to be used, if you prefer you can simply ignore this and enter your sales forecast assumptions directly into the Universal Forecasting and Funding Proposal Model for each customer / sales channel, (Sales Nominal), to provide a best guess estimate for future sales month by month.

Note: If you are not using the YOY % Applied, you should delete the percentage in the % Applied column to avoid future confusion.

For example, to cater for a period during which trading is impossible, for example due to Covid-19 lockdown, sales may be projected to be £0 for a number of months, following which a gradual increase back to pre Covid-19 sales levels and a return to growth may be forecast as shown below.

If you know that sales will be particularly high or low in any particular month or months, you can simply over-type the calculation, noting that the % Applied calculation will no longer apply to the affected cells.

	TY	LY	YoY%	YoY %				% Applied	YoY %									
				Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar		Apr	May	Jun	Jul	Aug	Sep				
Sales																		
Sales Nominal 1	215,081	204,839	5.0%	5%	5%	5%	5%											6,837
Sales Nominal 2	172,065	163,872	5.0%	5%	5%	5%	5%											5,470
Sales Nominal 3	137,652	131,097	5.0%	5%	5%	5%	5%											4,376
Sales Nominal 4	110,122	104,878	5.0%	5%	5%	5%	5%											3,501
Sales Nominal 5	88,097	83,902	5.0%	5%	5%	5%	5%											2,801
Sales Nominal 6	70,478	67,122	5.0%	5%	5%	5%	5%											2,240
Sales Nominal 7	56,382	53,697	5.0%	5%	5%	5%	5%											1,792
Sales Nominal 8	45,106	42,958	5.0%	5%	5%	5%	5%											1,434
Sales Nominal 9	36,085	34,366	5.0%	5%	5%	5%	5%											1,147
Other																		
New Customer 1																		
New Customer 2																		
New Customer 3																		
New Customer 4																		
New Customer 5																		
New Customer 6																		
New Customer 7																		
New Customer 8																		
New Customer 9																		
New Customer 10																		

Figure 6 - Step 6: Over-Write Calculations Where Appropriate, Months 1 to 12

Recap: The suggested way to use the Universal Forecasting and Funding Proposal Model is to start by using the Year on Year Percentage to apply a quick forecast that adopts the phasing and seasonality from previous years customer by customer or sales channel by sales channel. Then enter sales estimates in the relevant cells, effectively overwriting the figures provided by the model.

1.3. Baseline Sales Forecast Months 13 to 24

When you are happy with your forecast for the next 12 months, you need to do the same for month 13 to

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24. Take care to ensure that any exceptional trading circumstances in year 1 are correctly adjusted for in your forecast for months 13 to 24.

If you do nothing the model will simply apply the % Applied formula to the sales you forecast for the next 12 months.

YoY%	YoY %:	Forecast for Year 2 (month 13 - 24)										Yr2 Total	YoY
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
0.0%	Entering a year on year (YOY %)	15,491	22,243	6,837	6,054	4,598	8,697	13,688	4,565	8,634	10,098	122,290	93
0.0%	increase or decrease for each nominal in the %	12,393	17,794	21,879	19,373	14,715	13,916	21,901	7,304	9,210	10,771	166,363	229
0.0%	Applied column will maintain the prior year phasing.	9,914	14,235	17,503	15,498	11,772	11,132	17,521	5,843	7,368	8,617	133,090	27
0.0%		7,931	11,388	14,003	12,399	9,418	8,906	14,017	4,675	5,894	6,894	106,472	229
0.0%	Alternatively you can enter the desired number in the relevant cell.	6,345	9,111	11,202	9,919	7,534	7,125	11,213	3,740	4,715	5,515	85,178	27
0.0%		5,076	7,288	8,962	7,935	6,027	5,700	8,971	2,992	3,772	4,412	68,142	229
0.0%		4,061	5,831	7,169	6,348	4,822	4,560	7,177	2,393	3,018	3,530	54,514	229
0.0%		3,249	4,665	5,735	5,078	3,857	3,648	5,741	1,915	2,414	2,824	43,611	225
0.0%		2,599	3,732	4,588	4,063	3,086	2,918	4,593	1,532	1,931	2,259	34,889	225

Figure 7 - Step 6: Forecast Sales Revenue for Months 13 to 24

Note: If exceptional circumstance apply in the first year, it may still be sensible to apply the Year on Year Percentage calculation for months 13 to 24 by using the actual sales for last year, or even the year before that. By default, the YoY % Applied will use the forecast sales for year one and use these as the basis for year 2 with the YoY % Applied.

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1.4. Baseline Sales Forecast Years 3, 4 and 5

The sales forecast for years 3, 4, and 5 is detailed by year, rather than by month. In a similar manner to the way the Universal Forecasting and Funding Proposal Model works for years 1 and 2, a 'Starter for Ten' suggestion is made by applying a Year on Year Percentage to the forecast sales from months 18 to 24 to provide a calculated total for Year 3.

You can either accept or adjust the applied Year on Year Percentage for each customer / sales channel, (Sales Nominal), or over-write the total provided for year 3 on a line by line basis.

Sales	Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions		VAT
	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total	%
Sales Nominal 1	5.0%	128,404	5.0%	134,825	5.0%	141,566	20.0%
Sales Nominal 2	5.0%	174,681	5.0%	183,415	5.0%	192,586	20.0%
Sales Nominal 3	5.0%	139,745	5.0%	146,732	5.0%	154,068	20.0%
Sales Nominal 4	5.0%	111,796	5.0%	117,386	5.0%	123,255	20.0%
Sales Nominal 5	5.0%	89,437	5.0%	93,908	5.0%	98,604	20.0%
Sales Nominal 6	5.0%	71,549	5.0%	75,127	5.0%	78,883	20.0%
Sales Nominal 7	5.0%	57,239	5.0%	60,101	5.0%	63,106	20.0%
Sales Nominal 8	5.0%	45,792	5.0%	48,081	5.0%	50,485	20.0%
Sales Nominal 9	5.0%	36,633	5.0%	38,465	5.0%	40,388	20.0%

Figure 8 - Step 6: Forecast Sales Revenue for Years 3, 4, and 5

The sales forecast for years 4 and 5 is calculated or entered in the same way.

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1.5. Baseline Sales Forecast Years 1 to 5: New Customer or Sales Channels

New customers or sales channels can be entered individually or as a sub total in the space provided.

	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	2018 Sep	2018 Oct	2018 Nov	2018 Dec
Other									
New Customer 1									
New Customer 2									
New Customer 3									
New Customer 4									
New Customer 5									
New Customer 6									
New Customer 7									
New Customer 8									
New Customer 9									
New Customer 10									
New Customer 11									
New Customer 12									
New Customer 13									
New Customer 14									
New Customer 15									
Total Sales	58,777	58,772	63,866	91,701	112,753	99,837	75,833	71,714	112,753
Cost of Sales	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)	(22,500)

Figure 9 - Step 6: Add New Customers / Revenue Assumptions

Having entered your Sales Forecast for years 1 to 5 you can now repeat the process for Gross Margin and Overheads.

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1.6. Baseline Sales Forecast – VAT Rate for each Sales/Revenue Nominal

To ensure the correct application of VAT to your sales, you need to enter the appropriate VAT rate to each customer / sales channel as shown below. By default, all VAT entries will be set to 20%.

Sales	Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions		VAT %
	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total	
Sales Nominal 1	5.0%	128,404	5.0%	134,825	5.0%	141,566	20.0%
Sales Nominal 2	5.0%	174,681	5.0%	183,415	5.0%	192,586	20.0%
Sales Nominal 3	5.0%	139,745	5.0%	146,732	5.0%	154,068	20.0%
Sales Nominal 4	5.0%	111,796	5.0%	117,386	5.0%	123,255	20.0%
Sales Nominal 5	5.0%	89,437	5.0%	93,908	5.0%	98,604	20.0%
Sales Nominal 6	5.0%	71,549	5.0%	75,127	5.0%	78,800	20.0%
Sales Nominal 7	5.0%	57,239	5.0%	60,100	5.0%	63,000	20.0%
Sales Nominal 8	5.0%	45,792	5.0%	48,000	5.0%	50,000	20.0%
Sales Nominal 9	5.0%	36,633	5.0%	38,000	5.0%	39,000	20.0%

Enter the Correct VAT Rate for Each Sales /

Figure 10 - Step 6: Enter the Correct VAT Rate for Each Sales/Revenue Nominal

1.7. Baseline Forecast – Cost of Sales/Variable Costs or Gross Margin Assumptions

As with the Sales forecast, the Universal Forecasting and Funding Proposal Model gives you a ‘Starter for Ten’ based on the cost of sales / variable costs and gross margin percentage achieved in your prior year.

	2020				YoY %				% Applied	%				
	Mar	TY	LY	YoY%	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar		Apr	May	Jun	Jul	Aug
Cost of Sales														
Cost of Sales Nominal 8	3,469	41,628	41,628	0.0%	0%	0%	0%	0%	4.9%	% applied reflects the cost as a proportion of total sales by nominal over the past 6 months	0	0	1,463	
Cost of Sales Nominal 1	3,000	36,000	36,000	0.0%	0%	0%	0%	0%	4.3%		0	0	1,265	
Cost of Sales Nominal 2	2,945	35,340	35,340	0.0%	0%	0%	0%	0%	4.2%		0	0	1,242	
Cost of Sales Nominal 6	2,647	31,764	31,764	0.0%	0%	0%	0%	0%	3.8%		0	0	1,116	
Cost of Sales Nominal 3	2,645	31,740	31,740	0.0%	0%	0%	0%	0%	3.8%	Entering a % will apply that % to the total sales in the month.	0	0	1,116	
Cost of Sales Nominal 10	1,987	23,844	23,844	0.0%	0%	0%	0%	0%	2.8%		0	0	838	
Cost of Sales Nominal 7	1,648	19,776	19,776	0.0%	0%	0%	0%	0%	2.3%		0	0	695	
Cost of Sales Nominal 4	1,365	16,380	16,380	0.0%	0%	0%	0%	0%	1.9%	Alternatively you can enter the desired number in the relevant cell.	0	0	576	
Cost of Sales Nominal 5	1,245	14,940	14,940	0.0%	0%	0%	0%	0%	1.8%		0	0	525	
Cost of Sales Nominal 9	1,054	12,648	12,648	0.0%	0%	0%	0%	0%	1.5%		0	0	445	
Other														
New Cost of Sales 1														
New Cost of Sales 2														
New Cost of Sales 3														
New Cost of Sales 4														
New Cost of Sales 5														
Cost of Sales	22,005	264,060	264,060	0.0%	0%	0%	0%	0%			0	0	0	9,280
Gross Margin	36,280	667,008	622,672	7.1%							0	0	0	20,317
Gross Margin %	62.2%	71.6%	70.2%	1.4%	65.3%	79.3%	75.9%	55.3%			0.0%	0.0%	0.0%	68.6%
Overheads									YoY %					

Figure 11 - Step 6: Enter Cost of Goods Assumptions

To view the Gross Margin Tool Tip, simply hover over the Gross Margin Percentage cell to view the relevant user instructions as per the image below.

Playbook

	2020				YoY %				% Applied					
	Mar	Ty	LY	YoY%	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar		Apr	May	Jun	Jul	Aug
Cost of Sales														
Cost of Sales Nominal 8	3,469	41,628	41,628	0.0%	0%	0%	0%	0%	4.9%	0	0	0	0	1,463
Cost of Sales Nominal 1	3,000	36,000	36,000	0.0%	0%	0%	0%	0%	4.3%	0	0	0	0	1,265
Cost of Sales Nominal 2	2,945	35,340	35,340	0.0%	0%	0%	0%	0%	4.2%	0	0	0	0	1,242
Cost of Sales Nominal 6	2,647	31,764	31,764	0.0%	0%	0%	0%	0%	3.8%	0	0	0	0	1,116
Cost of Sales Nominal 3	2,645	31,740	31,740	0.0%	0%	0%	0%	0%	3.8%	0	0	0	0	1,116
Cost of Sales Nominal 10	1,987	23,844	23,844	0.0%	0%	0%	0%	0%	2.8%	0	0	0	0	838
Cost of Sales Nominal 7	1,648	19,776	19,776	0.0%	0%	0%	0%	0%	2.3%	0	0	0	0	695
Cost of Sales Nominal 4	1,365	16,380	16,380	0.0%	0%	0%	0%	0%	1.9%	0	0	0	0	576
Cost of Sales Nominal 5	1,245	14,940	14,940	0.0%	0%	0%	0%	0%	1.8%	0	0	0	0	525
Cost of Sales Nominal 9	1,054	12,648	12,648	0.0%	0%	0%	0%	0%	1.5%	0	0	0	0	445
Other														
New Cost of Sales 1														
New Cost of Sales 2														
New Cost of Sales 3														
New Cost of Sales 4														
New Cost of Sales 5														
Cost of Sales	22,005	264,060	264,060	0.0%	0%	0%	0%	0%		0	0	0	0	9,280
Gross Margin	36,280	667,008	622,672	7.1%						0	0	0	0	20,317
Gross Margin %	62.2%	71.6%	70.2%	1.4%	65.3%	79.3%	75.9%	55.3%		0.0%	0.0%	0.0%	0.0%	68.6%
Overheads														

Figure 12 - Tab 6: % Applied, Cost of Sales % or Gross Margin 5

You can either use the Cost of Sales value that has been calculated for you or amend as appropriate. As with sales / revenue, you can over-type the cost of sales value for any particular which over-rides the % Applied calculation. Finally, you can also over-type the Gross Margin Percentage entered is applied to each of the subsequent 12 months.

Having entered the Cost of Sales / Variable Costs and / or Gross Margin Percentage Forecast for each of the next 24 months, scroll to the right to enter the Gross Margin Percentage Forecast and repeat the process for years 3, 4, and 5.

Note: You are also given a Gross Margin Percentage Tool Tips for years 3, 4 and 5.

Playbook

1.8. Baseline Sales Forecast – VAT Rate for each Cost of Sales / Variable Cost Nominal

To ensure the correct application of VAT to your Cost of Sales / Variable Costs, you need to enter the appropriate VAT rate to each Cost of Sales Nominal as shown below. By default, all VAT entries will be set to 20%.

Cost of Sales	Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions		VAT
	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total	
Cost of Sales Nominal 8	4.9%	42,277	4.9%	44,390	4.9%	46,610	20.0%
Cost of Sales Nominal 1	4.3%	36,561	4.3%	38,389	4.3%	40,308	20.0%
Cost of Sales Nominal 2	4.2%	35,891	4.2%	37,685	4.2%	39,569	20.0%
Cost of Sales Nominal 6	3.8%	32,259	3.8%	33,872	3.8%	35,565	20.0%
Cost of Sales Nominal 3	3.8%	32,235	3.8%	33,846	3.8%	35,539	20.0%
Cost of Sales Nominal 10	2.8%	24,216	2.8%	25,426	2.8%	26,636	20.0%
Cost of Sales Nominal 7	2.3%	20,084	2.3%	21,000	2.3%	22,000	20.0%
Cost of Sales Nominal 4	1.9%	16,635	1.9%	17,000	1.9%	17,500	20.0%
Cost of Sales Nominal 5	1.8%	15,173	1.8%	15,500	1.8%	16,000	20.0%
Cost of Sales Nominal 9	1.5%	12,845	1.5%	13,200	1.5%	13,600	20.0%
Other							20.0%
New Cost of Sales 1							20.0%
New Cost of Sales 2							20.0%

Enter the Correct VAT Rate for Each Cost of Sales / Variable Cost Nominal

Figure 13 - Step 6: Enter the Correct VAT Rate for Each Cost of Sales / Variable Cost Nominal

1.9. Baseline Forecast – Overheads Assumptions

The method of forecasting your Overhead assumptions is the same as that applied to Sales. By default, the Universal Forecasting and Funding Proposal Model assumes your Year on Year Percentage change in all overheads will be zero, i.e. Overheads will remain constant. The YoY % cell can be updated to apply a positive percentage or a negative percentage (decrease).

As overheads typically do not change in direct relation to sales, your assumptions for taking on more staff, investing, capital investment, increases in office space etc. will be estimated and entered in the month in which the expenditure is expected to be incurred.

Overheads	2020				YoY %				% Applied	Forecast				
	Mar	TY	LY	YoY%	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar		Apr	May	Jun	Jul	Aug
Salaries	6,800	80,265	77,431	3.7%	4%	4%	4%	4%	0.0%	Year on year % movement by nominal over the past 6 months				
Rent	4,000	48,000	48,000	0.0%	0%	0%	0%	0%	0.0%	2,000				
Advertising & Marketing	3,549	43,549	43,700	(0.3%)	(1%)	1%	1%	(1%)	0.0%	2,000				
Travel & Subsistence	3,043	37,345	37,345	0.0%	0%	0%	0%	0%	0.0%	3,102				
IT Software & Consumables	2,526	31,004	31,004	0.0%	0%	0%	0%	0%	0.0%	1,275				
Heat & Light	2,062	25,303	25,303	0.0%	0%	0%	0%	0%	0.0%	1,281				
Office Expenses	2,020	24,788	24,788	0.0%	0%	0%	0%	0%	0.0%	200				
Motor Expenses	2,009	24,650	24,650	0.0%	0%	0%	0%	0%	0.0%	200				
Corporation Tax	15,000	15,000	15,000	0.0%	0%	0%	0%	0%	0.0%	2,059				
Rates	1,200	14,400	13,680	5.3%	5%	5%	5%	5%	0.0%	2,048				
Depreciation	1,000	12,000	12,000	0.0%	0%	0%	0%	0%	0.0%	0				
General Expenses	1,000	12,000	12,000	0.0%	0%	0%	0%	0%	0.0%	1,200				
Overheads 14	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	1,200				
Overheads 15	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	0				
Overheads 16	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	0				
Overheads 17	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	1,000				
Overheads 18	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	1,000				
Overheads 19	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	1,000				

Default Overhead Default % Applied = 0% Enter new % Applied, or... Enter Forecast Overheads £, or...

Alternatively you can enter the desired number in the relevant cell.
 Note: Any nominals that have a description including Depreciation, Interest Paid or Tax are automatically set to zero as they are calculated on the 3 Way Forecast tab

Figure 14 - Step 6: Overhead Forecast

Playbook

					Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions	
	Feb	Mar	Yr2 Total	YoY%	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total
Overheads										
Salaries	6,779	6,800	78,620	168.3%	2.0%	80,193	2.0%	81,797	2.0%	83,433
Rent	4,000	4,000	48,000	33.3%	2.0%	48,960	2.0%	49,939	2.0%	50,938
Advertising & Marketing	3,728	3,549	37,256	0.0%	2.0%	38,002	2.0%	38,762	2.0%	39,537
Travel & Subsistence	3,000	3,000	36,000	43.5%	2.0%	36,720	2.0%	37,454	2.0%	38,203
IT Software & Consumables	2,654	2,526	23,334	0.0%	2.0%	23,801	2.0%	24,277	2.0%	24,763
Heat & Light	2,166	2,062	24,999	40.5%	2.0%	25,499	2.0%	26,009	2.0%	26,529
Office Expenses	2,122	2,020	24,653	41.3%	2.0%	25,146	2.0%	25,649	2.0%	26,162
Motor Expenses	2,000	2,000	24,000	44.9%	2.0%	24,480	2.0%	24,970	2.0%	25,469
Corporation Tax										
Rates	1,200	1,200	14,400	0.0%	2.0%	14,688	2.0%	14,982	2.0%	15,281
Depreciation										

Figure 15 - Step 6: Overhead Forecast Years 2, 3, 4, 5

Tool Tips are provided to assist you at every stage, as per the illustrations below.

	% Applied	Apr	May	Jun
4%	0.0%			1,000
0%	0.0%			2,000
(1%)	0.0%			1,275
(1%)	0.0%			200
(1%)	0.0%			200
(1%)	0.0%			0
5%	(100.0%)			1,200
5%	0.0%			0
0%	(100.0%)			1,000
0%	0.0%			250
0%	0.0%			250
0%	0.0%			250
0%	0.0%			250
0%	0.0%			250
0%	0.0%	250	250	250
0%	0.0%	250	250	250

Year on year % movement by nominal over the past 6 months

Entering a year on year (YOY %) increase or decrease for each nominal in the % Applied column will maintain the prior year phasing.

Alternatively you can enter the desired number in the relevant cell.

Note:
Any nominals that have a description including Depreciation, Interest Paid or Tax are automatically set to zero as they are calculated on the 3 Way Forecast tab

Figure 16 - Step 6: Tool Tip for Overheads Year 1

					Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions	
	Feb	Mar	Yr2 Total	YoY%	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total
Overheads										
Salaries	6,779	6,800	78,620	168.3%	2.0%	80,193	Enter the desired annual total here.		2.0%	83,433
Rent	4,000	4,000	48,000	33.3%	2.0%	48,960	Note: The YoY % entered will no longer apply to this cell		2.0%	50,938
Advertising & Marketing	3,728	3,549	37,256	0.0%	2.0%	38,002			2.0%	39,537
Travel & Subsistence	3,000	3,000	36,000	43.5%	2.0%	36,720			2.0%	38,203
IT Software & Consumables	2,654	2,526	23,334	0.0%	2.0%	23,801			2.0%	24,763
Heat & Light	2,166	2,062	24,999	40.5%	2.0%	25,499	2.0%	26,009	2.0%	26,529
Office Expenses	2,122	2,020	24,653	41.3%	2.0%	25,146	2.0%	25,649	2.0%	26,162
Motor Expenses	2,000	2,000	24,000	44.9%	2.0%	24,480	2.0%	24,970	2.0%	25,469
Corporation Tax										

Figure 17 - Step 6: Tool Tips for Overheads years 2, 3, 4, 5

Playbook

1.10. Corporation Tax, Depreciation, and Interest Payments to Zero

Note that any overheads that include the words or variations on the description of Corporation Tax, Depreciation or Interest rates are automatically set to -100% because these are dealt with in the 3 Way Forecast to ensure the correct treatment for taxation and cash flow purposes.

Overheads	2020				YoY %						% Applied	Forecast for Year 1 (next 12 months)				
	Mar	TY	LY	YoY%	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr	May		Jun	Jul	Aug	Sep	
Salaries	6,800	80,265	77,431	3.7%	4%	4%	4%	4%	0.0%	Year on year % movement by nominal over the past 6 months						
Rent	4,000	48,000	48,000	0.0%	0%	0%	0%	0%	0.0%	Entering a year on year (YOY %) increase or decrease for each nominal in the % Applied column will maintain the prior year phasing.						
Advertising & Marketing	3,549	43,549	43,700	(0.3%)	(1%)	1%	1%	(1%)	0.0%	Alternatively you can enter the desired number in the relevant cell.						
Travel & Subsistence	3,043	37,345	37,475	(0.3%)	(1%)	1%	1%	(1%)	(100.0%)	Note: Any nominals that have a description including Depreciation, Interest Paid or Tax are automatically set to zero as they are calculated on the 3 Way Forecast tab						
IT Software & Consumables	2,526	31,004	31,111	(0.3%)	(1%)	1%	1%	(1%)	0.0%	0	0	0	0	0		
Heat & Light	2,062	25,303	25,391	(0.3%)	(1%)	1%	1%	(1%)	0.0%	1,200	1,200	1,200	1,200	1,200		
Office Expenses	2,020	24,788	24,874	(0.3%)	(1%)	1%	1%	(1%)	0.0%	0	0	0	0	0		
Motor Expenses	2,009	24,650	24,735	(0.3%)	(1%)	1%	1%	(1%)	0.0%	1,000	1,000	1,000	1,000	1,000		
Corporation Tax	15,000	15,000	14,250	5.3%	5%	5%	5%	5%	0.0%	250	250	250	250	250		
Rates	1,200	14,000	14,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Depreciation	1,000	12,000	12,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
General Expenses	1,000	12,000	12,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 14	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 15	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 16	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 17	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 18	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		
Overheads 19	250	3,000	3,000	0.0%	0%	0%	0%	0%	0.0%	250	250	250	250	250		

Figure 18 - Step 6: Corporation Tax, Depreciation and Interest Automatically Set to (-100%)

1.11. Baseline Forecast - New Overheads Assumptions

Having entered all necessary forecast assumptions for your existing Overheads, (Overhead Nominals), enter your assumptions for any new Overhead lines and their associated expenditure below in the space provided.

Other Overheads	% Applied	Forecast for Year 1 (next 12 months)												Yr1 Total	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Bad Debt	0.0%	0	10,000	10,000	5,000	0	0	0	0	0	0	0	0	0	25,000
New Overhead 1															
New Overhead 2															
New Overhead 3															
New Overhead 4															
New Overhead 5															
New Overhead 6															
New Overhead 7															
New Overhead 8															
New Overhead 9															
New Overhead 10															
New Overhead 11															
New Overhead 12															
New Overhead 13															
New Overhead 14															
New Overhead 15															
Total Overheads		11,112	21,119	21,125	20,131	26,332	26,408	27,785	29,548	29,637	29,726	31,511	30,758	305,192	
Net Profit		(11,112)	(21,119)	(21,125)	(20,131)	(6,223)	(8,603)	(14,261)	(3,969)	10,620	(16,300)	(6,118)	(1,059)	(119,400)	
Net Profit %		0.0%	0.0%	0.0%	0.0%	(21.0%)	(32.8%)	(71.6%)	(10.5%)	17.9%	(82.5%)	(16.4%)	(2.4%)	(43.7%)	

Figure 19 - Step 6: New Overhead Forecast

Playbook

1.12. Baseline Forecast – Bad Debt Assumptions

Bad Debt has a different impact on your P&L and Balance Sheet to other overheads and **must** be entered on the Bad Debt line provided in the overheads section of the Baseline Forecast Tab as shown below. Doing this will allow the Universal Forecasting and Funding Proposal Model to correctly apply the treatment of Bad Debt and automatically make the necessary adjustments to Profit and Loss, Balance Sheet and Cash Flow treatment where necessary.

	% Applied	Forecast for Year 1 (next 12 months)														
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Yr1 Total		
Other Overheads	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt		0	10,000	10,000	5,000	0	0	0	0	0	0	0	0	0	0	25,000
New Overhead 1																
New Overhead 2																
New Overhead 3																
New Overhead 4																
New Overhead 5																
New Overhead 6																
New Overhead 7																
New Overhead 8																
New Overhead 9																
New Overhead 10																
New Overhead 11																
New Overhead 12																
New Overhead 13																
New Overhead 14																
New Overhead 15																
Total Overheads		11,112	21,119	21,125	20,131	26,332	26,408	27,785	29,548	29,637	29,726	31,511	30,758		305,192	
Net Profit		(11,112)	(21,119)	(21,125)	(20,131)	(6,223)	(8,603)	(14,261)	(3,969)	10,620	(16,300)	(6,118)	(1,059)		(119,400)	
Net Profit %		0.0%	0.0%	0.0%	0.0%	(21.0%)	(32.8%)	(71.6%)	(10.5%)	17.9%	(82.5%)	(16.4%)	(2.4%)		(43.7%)	

Figure 20 – Tab 6: Bad Debt Forecast Assumptions

Tool Tips are provided for Bad Debt as per the image below.

	2018 Apr	2018 May	2018 Jun
Other Overheads			
Bad Debt			0
New Overhead 1			
New Overhead 2			
New Overhead 3			
New Overhead 4			
New Overhead 5			
New Overhead 6			
New Overhead 7			

Bad Debt:

If you wish to forecast Bad Debts, please use the row provided. This will ensure the correct P&L, Balance Sheet and Cashflow treatment

Enter Bad Debt Assumptions Here

Figure 21 – Step 6: Bad Debt Tool Tip

Playbook

1.13. Baseline Sales Forecast – VAT Rate for each Overhead Nominal

To ensure the correct application of VAT to your Cost of Sales / Variable Costs, you need to enter the appropriate VAT rate to each Cost of Sales Nominal as shown below. By default, all VAT entries will be set to 20%.

	Yr3 Assumptions		Yr4 Assumptions		Yr5 Assumptions		VAT
	YoY%	Yr3 Total	YoY%	Yr4 Total	YoY%	Yr5 Total	
Overheads							%
Salaries	0.0%	78,620	0.0%	78,620	0.0%	78,620	0.0%
Rent	0.0%	48,000	0.0%	48,000	0.0%	48,000	20.0%
Advertising & Marketing	0.0%	37,256	0.0%	37,256	0.0%	37,256	20.0%
Travel & Subsistence	0.0%	36,000	0.0%	36,000	0.0%	36,000	20.0%
IT Software & Consumables	0.0%	23,334	0.0%	23,334	0.0%	23,334	20.0%
Heat & Light	0.0%	24,999	0.0%	24,999	0.0%	24,999	20.0%
Office Expenses	0.0%	24,653	0.0%	24,653	0.0%	24,653	20.0%
Motor Expenses	0.0%	24,000	0.0%	24,000	0.0%	24,000	20.0%
Corporation Tax							
Rates	0.0%	14,400	0.0%				20.0%
Depreciation							
General Expenses	0.0%	12,000	0.0%				20.0%
Overhead	0.0%		0.0%				20.0%

Enter the Correct VAT Rate for Each Overhead / Fixed Cost Nominal

Figure 22 - Step 6: Enter the Correct VAT Rate for Each Overhead / Fixed Cost Nominal

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