

Universal Funding Proposal & Business Planning / Forecasting Model Baseline Balance Sheet

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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.

“Give me six hours to chop down a tree and I will spend the first four sharpening the axe”

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1. Entering and Setting Up the Baseline Balance Sheet – (Step 7)

Having entered all Forecast Assumptions to project your future sales performance you now need to ensure the correct treatment of the Baseline Balance Sheet to correctly categorise Fixed Assets, Current Assets, Current Liabilities, Long Term Liabilities and Shareholders' Funds.

Each Asset / Liabilities needs to be categorised to be one of either:

- ◆ Cash
- ◆ Corporation Tax
- ◆ Debt
- ◆ Other
- ◆ Payable
- ◆ Receivable
- ◆ Stock / W.I.P.
- ◆ VAT

Demo Company Ltd Balance Sheet Assumptions											
	Balance	Treatment		Balance	Treatment		Balance	Treatment			
Current Assets	Stock	115,698	Stock / W.I.P.	Current Liabilities	Accounts Payable	45,894	Payable	Long Term Liabilities	IP Court Case	25,000	Other
	Accounts Receivable	76,452	Receivable		Corporation Tax Liability	15,000	Corporation Tax				
	Bank Account	26,458	Cash		VAT Liability	11,654	VAT				
	Rent Deposit	15,000	Other		PAYE Liability	8,654	Payable				
	Paypal Account	7,854	Cash		Bank Loan	5,000	Debt				
				Pension Liability	2,654	Payable					

Figure 1 - Step 7: Baseline Balance Sheet

1.1. Baseline Balance Sheet – Current Assets

Start with your Current Assets, (this detail is pulled through from Step 5). To correctly forecast your Cash Flow requirements the Universal Forecasting and Funding Proposal Model needs to know exactly how to treat each of the current assets.

Examples:

Cash: Any bank accounts provide capital you can access at any time and should be configured to be 'Cash' and will therefore be summed to provide the opening cash balance.

Receivable: Money that is owed to your business by trade customers is an asset, but until the money is collected and banked it cannot be used. The 'Receivable' treatment should be applied to all Trade Debtors,

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(or your Payables, or monies owed to your business, or however the relevant 'Asset' has been described in your accounts).

Stock / WIP: Stock represents working capital tied up in your business that can only be realised when sales are made.

Other: Items such as a Rent Deposit is an Asset, however it cannot be accessed so it simply sits on the Balance sheet unchanged from one year to the next. Any Balance Sheet Assets marked as 'Other' are simply carried forward at the same value throughout the period of the forecast.

	Balance	Treatment
Stock	115,698	Stock / W.I.P
Accounts Receivable	76,452	Receivable
Bank Account	26,458	Cash
Rent Deposit	15,000	Other
Paypal Account	7,854	Cash

Current Assets

Current Liabilities

Accounts
Corpora
VAT Liab
PAYE Lia
Bank Lo
Pension L

Configure Treatment for Current Assets

Figure 2 - Step 7: Configure Treatment for Current Assets

1.2. Baseline Balance Sheet – Current Liabilities

Having setup, the treatment of your Current Assets, move onto your Current Liabilities in a similar manner.

Examples:

Corporation Tax: Corporation Tax must be paid but it is treated differently to other taxation such as VAT.

VAT: VAT must also be paid, but it is treated differently to Corporation Tax.

Debt: Existing debt needs to be categorised in order that the 3 Way Forecast can correctly deal with your cash flow related to debt.

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Payable: Suppliers who have not yet been paid. The 'Payable' treatment should be applied to all your Trade Creditors, (or your Receivables, monies owed to your business, or however the relevant 'Liability' has been described in your accounts).

Treatment		Balance	Treatment
W.I.P	Accounts Payable	45,894	Payable
Payable	Corporation Tax Liability	15,000	Corporation Tax
	VAT Liability	11,654	VAT
	PAYE Liability	8,654	Payable
	Bank Loan	5,000	Debt
	Pension Liability	2,654	Payable

Current Liabilities

Long Term Liabilities

Configure Treatment for Current Liabilities

Figure 3 - Step 7: Configure Treatment for Current Liabilities

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1.3. Baseline Balance Sheet – Long Term Liabilities

Having setup the treatment of your Current Assets and Current Liabilities, do the same with any Long-Term Liabilities.

Other: If your company has a known liability in the future, for example an IP Court Case with projected costs, it simply sits on the Balance sheet unchanged from one year to the next. Any Balance Sheet Liabilities marked as 'Other' are simply carried forward at the same value throughout the period.

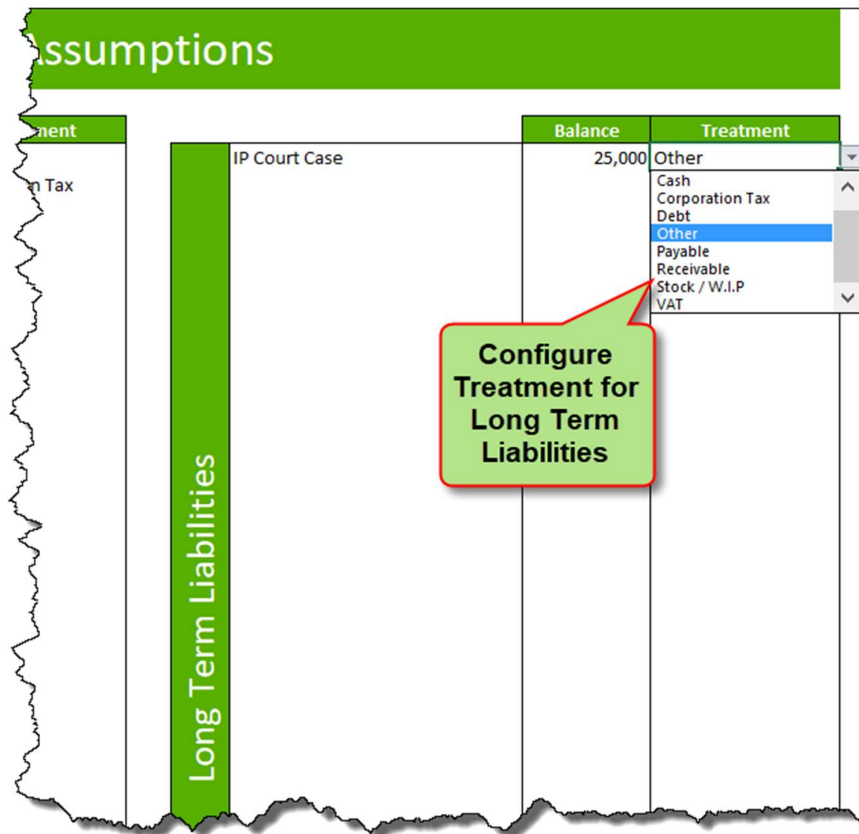


Figure 4 - Step 7: Configure Treatment for Long Term Liabilities

Your accountant may be able to complete all the above steps for you so before you start you are strongly advised to seek advice to avoid wasting time unnecessarily.

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