Universal Funding Proposal

&

Business Planning / Forecasting Model

Baseline Balance Sheet

Version 1.0 – 6 of 11 (B)

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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"

Unknown

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

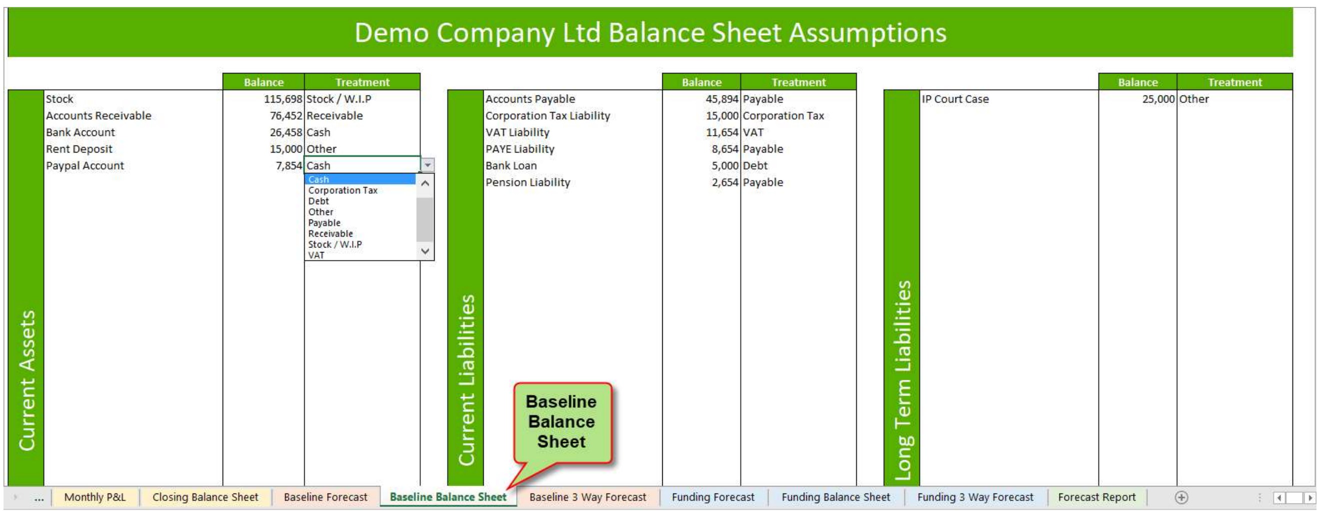

Figure 1 - Step 7: Baseline Balance Sheet

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, (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.

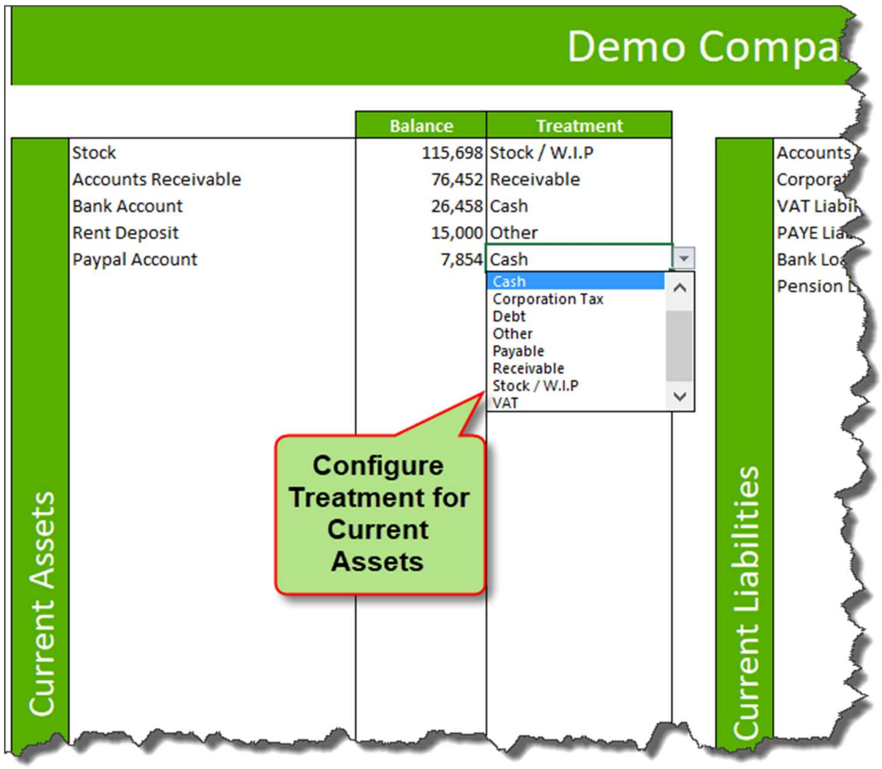

Figure 2 - Step 7: Configure Treatment for Current Assets

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.

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).

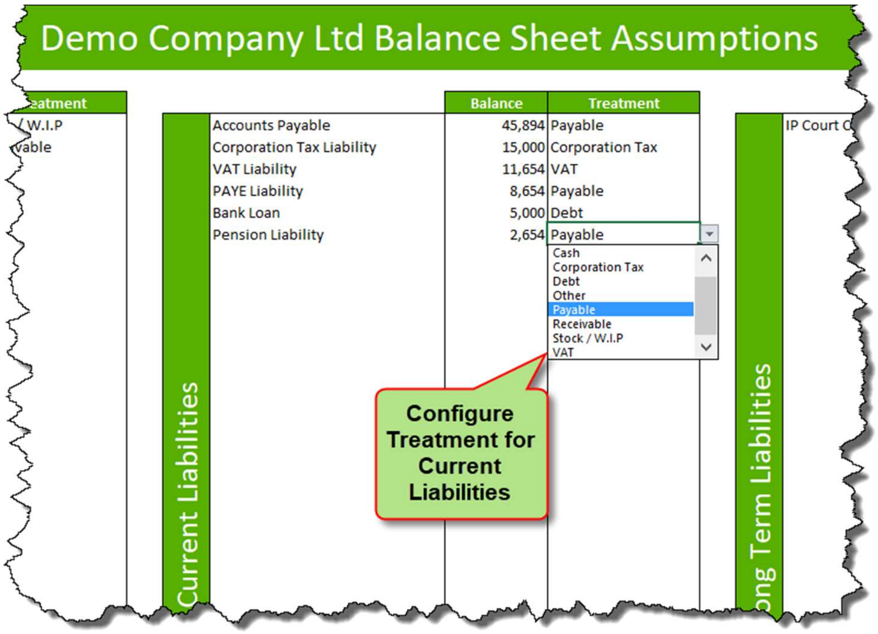

Figure 3 - Step 7: Configure Treatment for Current Liabilities

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.

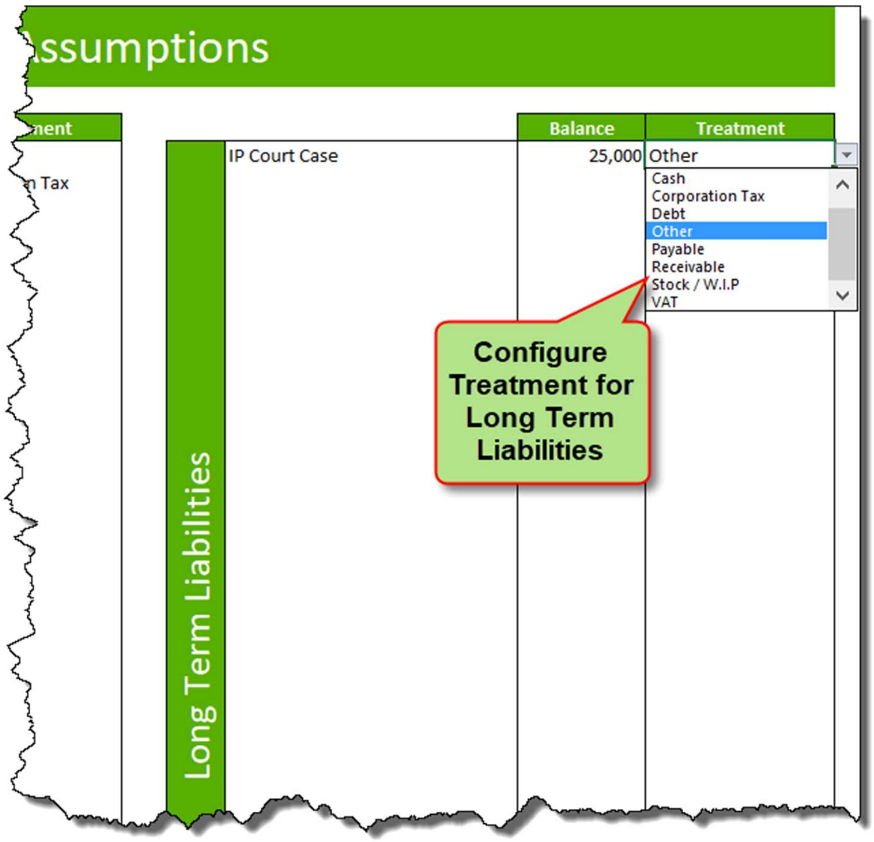

Figure 4 - Step 7: Configure Treatment for Long Term Liabilities

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.

2. List of Figures