### **Universal Funding Proposal**

### &

### **Business Planning / Forecasting Model**

### **Baseline Cash Flow Assumptions**

Version 1.0 - 7 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.

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# "It takes as much energy to wish as it does to plan"

**Eleanor Roosevelt** 

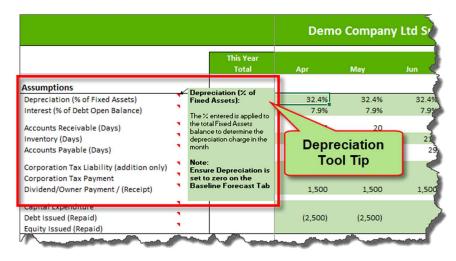
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### **1. Entering and Setting Up your Baseline 3 Way Forecast - Step 8**

#### 1.1. Baseline 3 Way Forecast – Depreciation Percentage Assumptions

#### Introduction and Tool Tip

• Enter the depreciation % to be applied to your Fixed Asset balance.





#### Depreciation: Explanation and Entry of Assumptions

- The % entered is applied to the opening Fixed Assets balance to determine the depreciation charge in the month.
- The model will automatically calculate a recommended depreciation charge based on the transactions over the past 12 months, which can be amended.
- The figure generated will impact the following elements of your 3 Way Forecast:
  - Profit & Loss The Depreciation charge will reduce your profit.
  - $\circ$   $\:$  Balance Sheet The Depreciation charge will reduce your Fixed Assets.
  - Operating Cashflow The Depreciation charge will be added back as it is not a cash charge within your Profit & Loss.

			Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast										
		This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Assumptions													
Depreciation (% of Fixed Assets)		32.4%	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)		12.6%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	
Accounts Receivable (Days)	•	30	27	7 >	14	11	30	50	63	90	141	134	
Inventory (Days)	•	160	175	Don	reciation	240	240	235	250	240	220	240	
Accounts Payable (Days)	•	31	30			32	47	5.9	46	42	43	3	
		- mark	~~	Assı	Imptions	hand	-	~	~~~~		-	-	

Figure 2 - Step 8: Depreciation Forecast Assumptions

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#### Additional Information

- Ensure any assumption for Depreciation in your Baseline Forecast is set to zero, this will ensure the correct treatment (as described above) will be applied.
- If you have multiple asset categories, you should enter the average depreciation %.

#### 1.2. Baseline 3 Way Forecast - Interest Assumptions (% of Debt Open Balance)

#### Introduction and Tool Tip

• Enter the interest % to be applied to the debt balance.

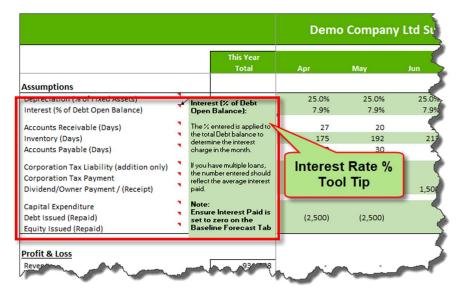


Figure 3 - Step 8: Interest Rate Percentage Tool Tip

#### Interest (% of Debt Open Balance): Explanation and Entry of Assumptions

- The % entered is applied to your opening Debt balance to determine your interest charge in the month.
- The model will automatically calculate a recommended interest charge based on your transactions over the past 12 months, which can be amended.
- The figure generated will impact the following elements of your 3 Way Forecast:
  - Your Profit & Loss Interest charge will reduce profit.
  - Your Operating Cashflow Interest charge is included within your Net Earnings in the Cash from Operations calculation.

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		Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast									
	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 🕈
Assumptions											
Depreciation (% of Fixed Assets)	32.4%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	25.0%	23.0%	23.0%
Interest (% of Debt Open Balance)	12.6%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9
Accounts Receivable (Days)	30	27	2		11	30	50	63	90	141	134
Inventory (Days)	160	175	Intere	st Rate %	240	240	235	250	240	220	24
Accounte Payrille (Days)	- al	and the second		imptions	-32-		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	45	42		Name -



#### **Additional Information**

- Ensure any assumption for Interest Paid in your Baseline Forecast is set to zero, this will ensure the correct treatment (as described above) will be applied.
- If you have multiple loans, the number entered should reflect the average interest paid.

#### 1.3. Baseline 3 Way Forecast – Inventory Assumptions (Days)

#### Introduction and Tool Tip

• Enter the number of days stock is held in your business (based on the Cost of Sales for the preceding 12 months).

		This Year Total	Apr	Мау	Jun
Assumptions	-				
Depreciation (% of Fixed Assets)	N	32.4%	25.0%	25.0%	25.0
Interest (% of Debt Open Balance)	•	12.6%	7.9%	7.9%	7.9%
Accounts Receivable (Days)	Inuon	tory (Days):	27	20	1/
Inventory (Days)	1		175	192	21
Accounts Payable (Days)		umber shown reflects erage Inventory Days	30	30	<
Corporation Tax Liability (addition only)		e past 12 months. sing this number will			
Corporation Tax Payment	increa	se the working capital	$\mathbf{C}$		
Dividend/Owner Payment / (Receipt)	busine	ements (cash) of the ess and decreasing		ory Days	1,500
Capital Expenditure		imber has the ite impact.	Τος	ol Tip	
Debt Issued (Repaid)			(_,_,_,_	(2,000)	/
Equity Issued (Repaid)		lation: Cost of Sales			-
		past 12 months) *			
Profit & Loss	0000	luy s			
Revenue		931,068		-	2
Cost of Sales		264,060		ma ima	

Figure 5 - Tab 8: Inventory Days Tool Tip

#### Inventory (Days): Explanation and Entry of Assumptions

- The value entered is applied to the total Cost of Sales for the preceding 12 months to determine your stock valuation.
- The model will automatically calculate the current days stock is held based on your transactions over the past 12 months, which can be amended.

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- The figure generated will impact the following elements of the 3 Way Forecast:
  - Your Balance Sheet Stock valuation.
  - Your Operating Cashflow Net working capital movement.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Assumptions											
Depreciation (% of Fixed Assets)	32.4%	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)	12.6%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.99
Accounts Possiushia (Pays)	20	27	20	14	11	20	50	62	00	1.41	124
Inventory (Days)	160	175	192	213	240	240	235	250	240	220	240
Accounts Payable (Days)	31	30	ALL .	29	32	47	59	46	42	43	35
Corporation Tax Liability (addition only)	15,000		Inven	tory Days						15.000	
Dividend/Owner Receipt	hand	1,500	Assu	Imptions	1,500	1.500		1,50	500	35000	man

Figure 6 - Step 8: Inventory Days Forecast Assumptions

#### Additional Information

- Reducing your stock valuation will have the effect of reducing your cost of sales working capital requirements by utilising existing instead of purchasing new stock/materials.
- Your Stock valuation is calculated using the following formula (Cost of Sales for the past 12 months \* Inventory (Days) / 365 Days).

#### 1.4. Baseline 3 Way Forecast - Corporation Tax Liability Assumptions

#### Introduction and Tool Tip

• Enter your Corporation Tax liability in the month it is recognised on your P&L.

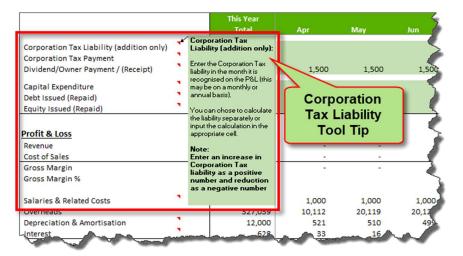


Figure 7 - Step 8: Corporation Tax Tool Tip

Corporation Tax Liability (addition only): Explanation and Entry of Assumptions

• The value entered is applied to your Profit & Loss in the corresponding month.

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- The figure entered will impact the following elements of your 3 Way Forecast:
  - $\circ$   $\;$  Your Profit & Loss Corporation Tax charge in the month.
  - Your Balance Sheet Increase/Decrease in your Corporation Tax liability.



Figure 8 - Step 8: Corporation Tax Liability Forecast Assumptions

#### Additional Information

- Only enter the increase or decrease in your tax liability, the payment of your Corporation Tax is entered on the Corporation Tax Payment line.
- Enter an increase in Corporation Tax liability as a positive number and reduction as a negative number.
- Corporation Tax calculations can be complicated, we recommend seeking advice from your accountant.

#### 1.5. Baseline 3 Way Forecast - Corporation Tax Payment Assumptions

#### Introduction and Tool Tip

• Enter your Corporation Tax payment in the month it is paid.

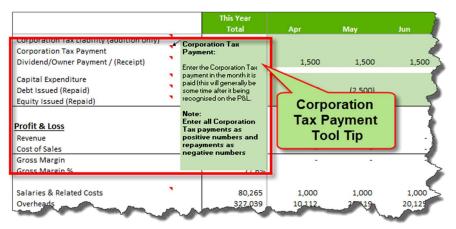


Figure 9 - Step 8: Corporation Tax Payment Tool Tip

#### Corporation Tax Payment: Explanation and Entry of Assumptions

- The figure you enter will impact the following elements of your 3 Way Forecast:
  - Your Balance Sheet Decrease in Corporation Tax liability.

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• Your Operating Cashflow – Corporation Tax payment increases the requirement for working capital and therefore decreases the Cash balance.



Figure 10 - Step 8: Corporation Tax Payment Forecast Assumptions

#### Additional Information

• The Corporation Tax payment will generally be some time after it is recognised in your P&L.

#### 1.6. Baseline 3 Way Forecast - Dividend Assumptions

#### Introduction and Tool Tip

• All your dividend or Owner payment assumptions should be accounted for here.

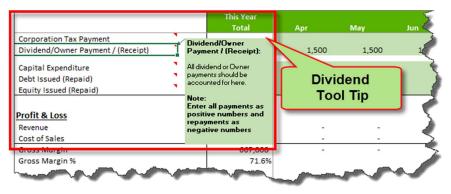


Figure 11 - Step 8: Dividend Tool Tip

#### Dividend/Owner Payment / (Receipt): Explanation and Entry of Assumptions

- The figure you enter will impact the following elements of your 3 Way Forecast:
  - Your Balance Sheet Change in Cash balance.
  - Your Financing Cashflow Impact on the cash required from financing activity.

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Figure 12 - Step 8: Dividend Forecast Assumptions

#### **1.7.** Baseline 3 Way Forecast – Capital Expenditure Assumptions

#### Introduction and Tool Tip

• All your planned Capital Expenditure should be recorded here.

		This Year Total	Apr	Мау	Jun
Capital Expenditure Debt Issued (Repaid) Equity Issued (Repaid)	All p Expe	ital Expenditure: lanned Capital enditure should be rded here. This value is . added to the opening	(2,500)	(2,500)	
Profit & Loss Revenue Cost of Sales Gross Margin Gross Margin %	Fixe the c abov Not Pos ince	d Assets balance and depreciation % assumed ve will be applied.	Expe	pital nditure ol Tip	
Salaries & Related Costs Overbeads	neg	ative numbers will uce the balance	1,000	1,000 20.119	1,00 20,13
Depreciation & Amortisation Interest		12,000 628	676 33	657 16	64
Total Expenses		419,932	11,821	21,793	21,76

Figure 13 - Step 8: Capital Expenditure Tool Tip

#### Capital Expenditure: Explanation and Entry of Assumptions

- This value is added to your opening Fixed Assets balance. The depreciation % assumed above will be then applied from the following month.
- The figure generated will impact the following elements of your 3 Way Forecast:
  - Your Profit & Loss Increase in Depreciation charge will reduce profit.
  - Your Balance Sheet Capital expenditure will increase Fixed Assets.
  - Your Investing Cashflow Impact on the cash required from investing activity.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Capital Expenditure			~			4,000	4,000	4,000	4,000	4,000	4,000	4,000 📢
Dept Issued (Repaid) Equity Issued (Repaid)		(2,500)	2									
Profit & Loss Revenue	931,068		and the second	al Expend sumption	and a second	29,598	26,207	19-906	37.654	59,255	19,762	37,376

Figure 14 - Step 8: Capital Expenditure Forecast Assumptions

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#### 1.8. Baseline 3 Way Forecast - Debt Repayment (Existing Debt) Assumptions

#### Introduction and Tool Tip

• All Debt issued and capital repaid is captured here.

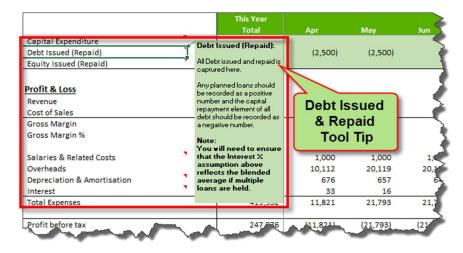


Figure 15 - Step 8: Debt Issued and Repaid Tool Tip

#### Debt Issued (Repaid): Explanation and Entry of Assumptions

- Any planned loans should be recorded as a positive number and the capital repayment element of all debt should be recorded as a negative number.
- The figure generated will impact the following elements of the 3 Way Forecast:
  - Profit & Loss Interest charge resulting from the debt will reduce profit.
  - Balance Sheet Increase/decrease in Debt balance.
  - $\circ$   $\;$  Financing Cashflow Impact on the cash required from financing activity.



Figure 16 - Step 8: Debut Issued and Repaid Forecast Assumptions

#### Additional Information

• Any loan additions may require an amendment to the interest % to reflect the average interest % charge.

#### 1.9. Baseline 3 Way Forecast - Share Issue or Buy-Back Assumptions

#### Introduction and Tool Tip

• Any equity issued or buy back of shares should be captured here.

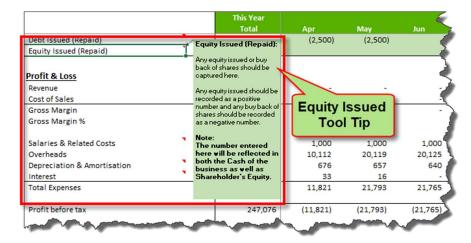


Figure 17 - Tab 8: Equity Tool Tip

#### Equity Issued (Repaid): Explanation and Entry of Assumptions

- Any equity issued should be recorded as a positive number and any buy back of shares should be recorded as a negative number.
- The figure entered will impact the following elements of the 3 Way Forecast:
  - Your Balance Sheet Increase/decrease in Shareholder's Equity.
  - Your Financing Cashflow Impact on the cash required from financing activity.

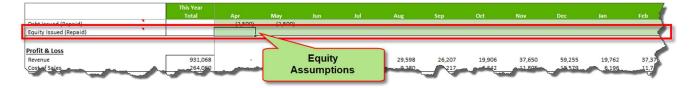


Figure 18 - Step 8: Equity Assumptions

#### 1.10. Baseline 3 Way Forecast – Salary and Dividends

#### Introduction and Tool Tip

• Any Salary related expenditure within your Baseline Forecast is consolidated here.

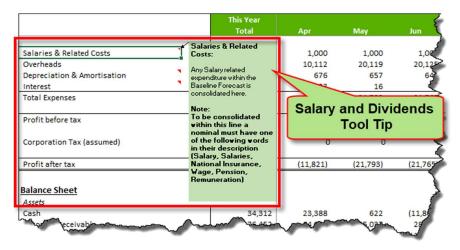


Figure 19 - Step 8: Salary and Dividends Tool Tip

#### Salaries & Dividends: Explanation and Entry of Assumptions

• To be consolidated within this line a nominal must have one of the following words in their description (Salary, Salaries, National Insurance, Wage, Pension, Remuneration).

#### Additional Information

• Any costs that are consolidated in this line are excluded from your Input VAT calculation.

#### 1.11. Baseline 3 Way Forecast – Goodwill / Intangible Assets

#### Introduction and Tool Tip

• Any nominal entered on your Closing Balance Sheet tab that has Goodwill or Intangible in the description and is categorised as a Fixed Asset will be consolidated in this line.

		This Year Total	Apr	May	Jun 🗧
Overheads		ciation &	10,112	20,119	20,125
Depreciation & Amortisation		isation:	676	657	640
nterest			33	16	-
Total Expenses		lue shown here is the g Fixed Assets	11,821	21,793	21,765
	balanc	e multiplied by the			4
Profit before tax	Deprece the mo	iation / applied to		(04 - 200)	
Corporation Tax (assumed) Profit after tax	depre Basel	have forecast ciation in the ine Forecast, it opear in the	Ámo	ciation an rtisation pol Tip	I <b>d</b> .,765)
<del>lalance Sheet</del> A <i>ssets</i> Cash	Over above above shoul	eads section As described Depreciation d be set to zero in aseline Forecast.	23,388	622	(11,807)
Accounts Receivable		(6,452	64,984	45,037	28,081
Stock / W.I.P		115,698	115,722	115,752	115,571
Other Constant Assets		15,000	15,000	15.000	15,800

Figure 20 - Step 8: Depreciation and Amortisation Tool Tip

Goodwill / Intangible Assets: Explanation and Entry of Assumptions

• These balances are assumed to remain constant throughout your forecast.

#### **1.12.** Baseline 3 Way Forecast – Equity and Historic Retained Earnings

#### Introduction and Tool Tip

- Individual Shareholder's Equity nominals do not feed through to the Shareholder's Equity section of your Balance Sheet.
- Historic Shareholder's Equity remains constant throughout the forecast and all additions or subtractions feed through to either 'Retained Earnings' or 'Dividend Payment'.

		This Year Total	Apr	May	Jun
Equity plus Historic Retained Earnings Retained Earnings Dividend Payment Shareholder's Equity Total Liabilities & Shareholder's Equity Cash Flow Statement Operating Cash Flow Net Earnings	Retai Individ Equity throug Equity Balan Histori remain throug all add feed th 'Retain	y plus Historic ned Earnings: ual Shareholder's nominals do not feed 1 h to the Shareholder's section of the se Sheet. c Shareholder's Equity is constant hout the forecast and litions or subtractions rough to either red Earnings' or nd Payment'	Retain	202,606 (33,614) (3,000) 165,992 uity and ed Earnin ool Tip (2,368) (18,767)	202,606 (55,378 (4,500) 142,728 <b>573</b> <b>142,728</b> <b>573</b> <b>655</b> <b>540</b> (10,197) (10,928
Investing Cash Flow Investments in Property & Equipment Cash westing			-		

Figure 21 - Step 8: Equity and Retained Earnings Tool Tip



#### 1.13. Baseline 3 Way Forecast – VAT Cycle and Payment Assumptions

#### Introduction and Tool Tip

• Selecting the appropriate VAT cycle from the drop-down box will assume that all outstanding VAT Payable or Recoverable is paid or received during the month following the end of your VAT quarter.

		This Year Total	Apr	May	Jun
VAT / Receivables / Payables Schedule					
/AT Opening Balance		11,654	11,654	9,632	(4,024)
/AT Payable on Revenue			-	(2,000)	(2,000)
/AT Recoverable on Expenditure			(2,022)	(2,024)	(2,025)
Net VAT Payable / (Repayable)	~ 4	AT Payment /	(2,022)	(4,024)	(4,025)
/AT Payment / (Repayment)		Repayment):	-	9,632	-
/AT Closing Balance		electing the appropriate	9,632	(4,024)	(8,049)
Receivables Recovered	<ul> <li>V</li> </ul>	AT cycle from the drop	cel	15%	15%
Opening Receivables		utstanding VAT Payable or			37
Opening Receivables Revenue (less bad debts)	B	atstanding VAT Payable or , ecoverable is paid during		-	037 DQ
	or R th	utstanding VAT Payable or		Payment	)37 00 ( <b>S</b> 00)
Revenue (less bad debts)	or R th	utstanding VAT Payable or ecoverable is paid during e month following the VAT turn.	VAT	and the second	CS 00) 137
Revenue (less bad debts) /AT on Revenue	or R th re N	utstanding VAT Payable or , ecoverable is paid during e month following the VAT turn.	VAT	Payment ool Tip	CS 00) 137
Revenue (less bad debts) /AT on Revenue Fotal Receivables	R th re Y	utstanding VAT Payable or ecoverable is paid during e month following the VAT turn.	VAT	and the second	S 00)
Revenue (less bad debts) /AT on Revenue Fotal Receivables Amount of Total Balance Received		Itstanding VAT Payable or coverable is paid during e month following the VAT turn. ote: ou can manually mend the payment in ach month, the utstanding balance is	VAT	and the second	CS 00) 137
Revenue (less bad debts) /AT on Revenue fotal Receivables Amount of Total Balance Received Closing Receivables	- oR th re Yaa oa	astanding VAT Payable or acoverable is paid during e month following the VAT turn. ote: ou can manually mend the payment in ach month, the utstanding balance is utomatically carried		ool Tip	00) ( <b>S</b> 00) (37) (55) (81)
Revenue (less bad debts) /AT on Revenue Fotal Receivables Amount of Total Balance Received Closing Receivables Payables Paid	- or R th re Y a e o a fo	Itstanding VAT Payable or coverable is paid during e month following the VAT turn. ote: ou can manually mend the payment in ach month, the utstanding balance is	25%	25%	25%
Revenue (less bad debts) /AT on Revenue Fotal Receivables Amount of Total Balance Received Closing Receivables Payables Paid Opening Payables	- or R th re Y a e o a fo	Astanding WAT Payable or ecoverable is paid during e month following the VAT turn. ote: ou can manually mend the payment in ach month, the ustanding balance is utomatically carried roward to the following	25% 57,202	25% 52,003	S 000 00) 037 55) 081 25% 48,109

Figure 22 - Step 8: VAT Payment Tool Tip

#### VAT Payment / (Repayment): Explanation and Entry of Assumptions

- You can manually amend the payment in each month, the outstanding balance is automatically carried forward to the following month.
- The figure generated will impact the following elements of your 3 Way Forecast
  - Your Balance Sheet VAT balance.
  - Your Operating Cashflow VAT payment increases the requirement for working capital and therefore decreases the Cash balance.



Figure 23 - Step 8: VAT Payment Forecast Assumptions

#### 1.14. Baseline 3 Way Forecast – Debtors / Receivable Assumptions

#### Introduction and Tool Tip

• Enter the % of receivables generated by the end of the month that will be recovered in the month.

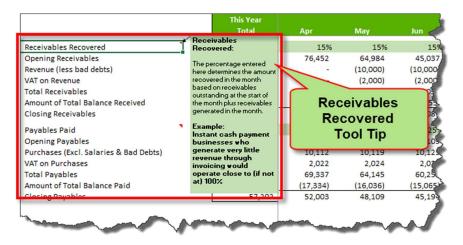


Figure 24 - Step 8 Receivables Recovered Tool Tip

#### **Receivables Recovered: Explanation and Entry of Assumptions**

- The percentage entered here determines the amount recovered in the month based on receivables outstanding at the start of the month plus receivables generated in the month.
- The figure generated will impact the following elements of your 3 Way Forecast
  - Your Balance Sheet The figure generated will reduce the outstanding Accounts Receivable.
  - Your Operating Cashflow The amount received is included within the 'Changes in Working Capital' in the Cash from Operations calculation.

	This Year Total	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Receivables Recovered		15%	15%	15%	15%	15%	15%	20%	20%	25%	25%	30%
Opening Receivables		/6,452	0.484	45,037	28,081	18,769	46,143	65,953	/1,8/2	93,642	123,560	110,43
Revenue (less bad debts)		-		(10.000)	(5.000)	29,598	26,207	19,906	37,650	59,255	19,762	37,37
VAT on Revenue		-	Destru	- Hara Da		5,920	5,241	3,981	7,530	11,851	3,952	7,475
Total Receivables		76,452	Receiv	ables Re	covered	54,286	77,592	89,840	117,052	164,747	147,275	155,304
Amount of Total Balance Received		(11,468)	A	ssumptic	ons	(8,143)	(11,639)	(17,968)	(23,410)	(41,187)	(36,819)	(46,592
Second and the second s		J-main				him	marcan	872	heartar	09.550		and a second

Figure 25 - Step 8: Receivables Recovered Forecast Assumptions

#### **Additional Information**

• Instant cash payment businesses who generate very little revenue through invoicing would operate close to (if not at) 100%.

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#### **1.15.** Baseline 3 Way Forecast – Creditor / Payable Assumptions

#### Introduction and Tool Tip

• Enter the % of payables generated by the end of the month that will be paid in the month.

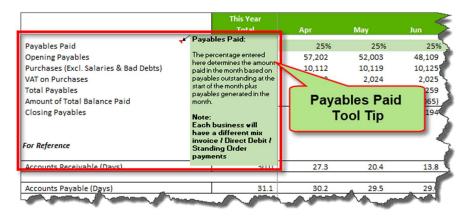


Figure 26 - Step 8: Payables Paid Tool Tip

#### Payables Paid: Explanation and Entry of Assumptions

- The percentage entered here determines the amount paid in the month based on payables outstanding at the start of the month plus payables generated in the month.
- The figure generated will impact the following elements of your 3 Way Forecast
  - Your Balance Sheet The figure generated will reduce the outstanding Accounts Payable.
  - Your Operating Cashflow The amount paid is included within the 'Changes in Working Capital' in the Cash from Operations calculation.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Payables Paid		25%	25%	25%	25%	25%	25%	50%	50%	50%	50%	50
Opening Payables		57,202	52,005	103	45,194	40,014	05,513	/8,/95	58,809	52,201	55,009	40,030
Purchases (Excl. Salaries & Bad Debts)		10,112	10,119	$\sim$		33,948	32,956	32,352	37,994	44,847	32,543	38,146
VAT on Purchases		2,022	2,024	Pavab	les Paid	6,790	6,591	6,470	7,599	8,969	6,509	7,629
Total Payables		69,337	64,145			87,351	105,060	117,618	104,402	106,017	92,061	91,8
Amount of Total Balance Paid		(17,334)	(16,036)	Assur	nptions	(21,838)	(26,265)	(58,809)	(52,201)	(53,009)	(46,030)	(45,902
Closing Payables	57,202	52,003	48,109	AF-3004	46,614	65,513	78,795	58,809	52,201	P2029	46,030	45,9

Figure 27 - Step 8: Payables Paid Forecast Assumptions

#### Additional Information

• Each business will have a different mix invoice / Direct Debit / Standing Order payments.

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### 2. 'With Funding' Profit and Loss Forecast Assumptions – (Step 9)

The 'With Funding' Forecast Tab is only used if your business is using the model to apply for funding. If you are not applying for funding you don't need to use Tab 9 or Tab 10 (Funding 3 Way Forecast), simply move to the Forecast Report, Tab 11.

The Funding Forecast Tab is used to enter the expected impact of funding on your business' Profit and Loss forecast.

Example Scenarios and impact on the Funding Forecast:

#### 1. Applying for a loan to increase your working capital during a temporary downturn in trading.

In this example there would be no impact on your Funding Forecast P&L or your Funding Balance Sheet, you would simply complete step 10 of your Funding 3 Way Forecast to enter your assumptions relative to your new loan capital, interest and repayments.

#### 2. Applying for a loan to invest in a Website and Online Marketing to increase your online sales.

In this instance the loan will have an impact on your projected Revenue, i.e. an increase in online sales/ There may also be other changes that need to be reflected in your Profit and Loss account for the capital cost of your new website, provision for website upgrades, maintenance and hosting costs.

#### 3. Applying for a loan to purchase plant or machinery to increase capacity and reduce variable costs.

Investing to increase your capacity will logically lead to increases sales volumes and presumably lower fixed or variable cost ratios. Your 'With Funding' assumptions will need to be added to your Funding Forecast P&L.

The assumptions made in your Baseline Forecast pre-populate the Funding Forecast Tab. You simply adjust your forecast: Sales, Cost of Sales / Gross Margin and Overheads to show the impact funding will have on your business, (if any).

The instructions for completion of the Funding Forecast are as detailed above for the Baseline Forecast detailed in section **Error! Reference source not found.** - **Error! Reference source not found.** 

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