

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.

*“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.

		Demo Company Ltd Summary			
		This Year Total	Apr	May	Jun
Assumptions					
Depreciation (% of Fixed Assets)	Depreciation (% of Fixed Assets):	32.4%	32.4%	32.4%	32.4%
Interest (% of Debt Open Balance)		7.9%	7.9%	7.9%	7.9%
Accounts Receivable (Days)			20		
Inventory (Days)				20	
Accounts Payable (Days)					29
Corporation Tax Liability (addition only)					
Corporation Tax Payment					
Dividend/Owner Payment / (Receipt)		1,500	1,500	1,500	
Capital Expenditure					
Debt Issued (Repaid)		(2,500)	(2,500)		
Equity Issued (Repaid)					

Figure 1 - Step 8: Depreciation Tool Tip

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.
 - 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		14	11	30	50	63	90	141	134	
Inventory (Days)		160	175			240	240	235	250	240	220	240	
Accounts Payable (Days)		31	30			32	47	59	46	42	43	30	

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.

		Demo Company Ltd St			
		This Year Total	Apr	May	Jun
Assumptions					
Depreciation (% of Fixed Assets)			25.0%	25.0%	25.0%
Interest (% of Debt Open Balance)	Interest (% of Debt Open Balance):		7.9%	7.9%	7.9%
Accounts Receivable (Days)	▼ The % entered is applied to the total Debt balance to determine the interest charge in the month.		27	20	
Inventory (Days)			175	192	217
Accounts Payable (Days)				30	
Corporation Tax Liability (addition only)	▼ If you have multiple loans, the number entered should reflect the average interest paid.				
Corporation Tax Payment					
Dividend/Owner Payment / (Receipt)					1,500
Capital Expenditure	▼ Note: Ensure Interest Paid is set to zero on the Baseline Forecast Tab				
Debt Issued (Repaid)			(2,500)	(2,500)	
Equity Issued (Repaid)					
Profit & Loss					
Revenue			934,888		

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%	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			11	30	50	63	90	141	134
Inventory (Days)	160	175			240	240	235	250	240	220	240
Accounts Payable (Days)	31				33		49	46	42		

Figure 4 - Step 8: Interest Rate Percentage Forecast Assumptions

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	May	Jun
Assumptions				
Depreciation (% of Fixed Assets)	32.4%	25.0%	25.0%	25.0%
Interest (% of Debt Open Balance)	12.6%	7.9%	7.9%	7.9%
Accounts Receivable (Days)	30	27	20	11
Inventory (Days)	160	175	192	210
Accounts Payable (Days)	31	30	30	
Corporation Tax Liability (addition only)				
Corporation Tax Payment				
Dividend/Owner Payment / (Receipt)				1,500
Capital Expenditure				
Debt Issued (Repaid)				
Equity Issued (Repaid)				
Profit & Loss				
Revenue	931,068			
Cost of Sales	264,060			

Inventory (Days):
The number shown reflects the average Inventory Days over the past 12 months. Increasing this number will increase the working capital requirements (cash) of the business and decreasing this number has the opposite impact.

Calculation:
 $\text{Stock} / \text{Cost of Sales (over past 12 months)} * 365 \text{ days}$

Inventory Days Tool Tip

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%	7.9%
Accounts Receivable (Days)	30	37	30	34	44	30	50	68	60	141	124
Inventory (Days)	160	175	192	213	240	240	235	250	240	220	240
Accounts Payable (Days)	31	30	40	29	32	47	39	46	42	43	38
Corporation Tax Liability (addition only)	15,000										
Corporation Tax Payment						1,500	1,500	1,500	1,500	1,500	1,500
Dividend/Owner Payment / (Receipt)		1,500									

Inventory Days Assumptions

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.

	This Year Total	Apr	May	Jun
Corporation Tax Liability (addition only)	Corporation Tax Liability (addition only):			
Corporation Tax Payment	Enter the Corporation Tax liability in the month it is recognised on the P&L (this may be on a monthly or annual basis).	1,500	1,500	1,500
Dividend/Owner Payment / (Receipt)	You can chose to calculate the liability separately or input the calculation in the appropriate cell.			
Capital Expenditure	Note: Enter an increase in Corporation Tax liability as a positive number and reduction as a negative number			
Debt Issued (Repaid)				
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin				
Gross Margin %				
Salaries & Related Costs		1,000	1,000	1,000
Overhead	527,059	10,112	20,119	20,119
Depreciation & Amortisation	12,000	521	510	499
Interest	628	33	16	

Corporation Tax Liability Tool Tip

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.

Playbook

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

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Corporation Tax Liability (addition only)	15,000										
Corporation Tax Payment											15,000
Dividend/Owner Payment / (Receipt)			1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Capital Expenditure						4,000	4,000	4,000	4,000	4,000	4,000
Debt Issued (Repaid)											4,000
Equity Issued (Repaid)											

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.

	This Year Total	Apr	May	Jun
Corporation Tax Liability (addition only)				
Corporation Tax Payment		1,500	1,500	1,500
Dividend/Owner Payment / (Receipt)				
Capital Expenditure				
Debt Issued (Repaid)			(2,500)	
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin				
Gross Margin %				
Salaries & Related Costs	80,265	1,000	1,000	1,000
Overheads	327,039	10,112	2,119	20,125

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.

Playbook

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

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Corporation Tax Liability (addition only)	15,000											
Corporation Tax Payment										15,000		
Dividend/Owner Payment / (Receipt)		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Capital Expenditure						4,000	4,000	4,000	4,000	4,000	4,000	4,000
Debt Issued (Repaid)												
Equity Issued (Repaid)												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,906	37,650	59,255	19,762	37,376
Cost of Sales	264,060					8,237	8,217	6,242	11,805	18,579		11,719

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.

	This Year Total	Apr	May	Jun
Corporation Tax Payment				
Dividend/Owner Payment / (Receipt)		1,500	1,500	1,500
Capital Expenditure				
Debt Issued (Repaid)				
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin	607,008			
Gross Margin %	71.6%			

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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	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Dividend/Owner Payment / (Receipt)		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Capital Expenditure		(2,500)					4,000	4,000	4,000	4,000	4,000	4,000
Debt Issued (Repaid)												
Equity Issued (Repaid)												

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	May	Jun
Capital Expenditure		(2,500)	(2,500)	
Debt Issued (Repaid)				
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin				
Gross Margin %				
Salaries & Related Costs		1,000	1,000	1,000
Overheads	37,713	10,112	20,119	20,119
Depreciation & Amortisation	12,000	676	657	640
Interest	628	33	16	
Total Expenses	419,932	11,821	21,793	21,760

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		(2,500)				4,000	4,000	4,000	4,000	4,000	4,000	4,000
Debt Issued (Repaid)												
Equity Issued (Repaid)												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,806	37,655	59,255	19,762	37,376
Cost of Sales												

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.

	This Year Total	Apr	May	Jun
Capital Expenditure				
Debt Issued (Repaid)		(2,500)	(2,500)	
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin				
Gross Margin %				
Salaries & Related Costs		1,000	1,000	1,000
Overheads		10,112	20,119	20,119
Depreciation & Amortisation		676	657	657
Interest		33	16	
Total Expenses		11,821	21,793	21,793
Profit before tax	247,936	(11,821)	(21,793)	(21,793)

Debt Issued (Repaid):
All Debt issued and repaid is captured here.

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.

Note: You will need to ensure that the Interest % assumption above reflects the blended average if multiple loans are held.

Debt Issued & Repaid Tool Tip

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.
 - Financing Cashflow – Impact on the cash required from financing activity.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Capital Expenditure												
Debt Issued (Repaid)		(2,500)	(2,500)									
Equity Issued (Repaid)												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,900	37,650	59,255	19,762	37,370

Debt Issued & Repaid Assumptions

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

Additional Information

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

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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.

	This Year Total	Apr	May	Jun
Debt Issued (Repaid)		(2,500)	(2,500)	
Equity Issued (Repaid)				
Profit & Loss				
Revenue				
Cost of Sales				
Gross Margin				
Gross Margin %				
Salaries & Related Costs		1,000	1,000	1,000
Overheads		10,112	20,119	20,125
Depreciation & Amortisation		676	657	640
Interest		33	16	-
Total Expenses		11,821	21,793	21,765
Profit before tax	247,076	(11,821)	(21,793)	(21,765)

Equity Issued (Repaid):
Any equity issued or buy back of shares should be captured here.

Any equity issued should be recorded as a positive number and any buy back of shares should be recorded as a negative number.

Note:
The number entered here will be reflected in both the Cash of the business as well as Shareholder's Equity.

Equity Issued Tool Tip

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.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Debt Issued (Repaid)		(2,500)	(2,500)									
Equity Issued (Repaid)												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,906	37,650	59,255	19,762	37,375
Cost of Sales	264,050					8,280	217	5,342	11,805	18,579	6,196	11,765

Equity Assumptions

Figure 18 - Step 8: Equity Assumptions

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1.10. Baseline 3 Way Forecast – Salary and Dividends

Introduction and Tool Tip

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

	This Year Total	Apr	May	Jun
Salaries & Related Costs	1,000	1,000	1,000	1,000
Overheads	10,112	20,119	20,119	20,119
Depreciation & Amortisation	676	657	657	657
Interest	16	16	16	16
Total Expenses				
Profit before tax				
Corporation Tax (assumed)	0	0	0	0
Profit after tax	(11,821)	(21,793)	(21,765)	(21,765)
Balance Sheet				
Assets				
Cash	34,312	23,388	622	(11,821)
Receivables	75,452	75,452	75,452	75,452

Salary and Dividends Tool Tip

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.

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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				
Depreciation & Amortisation	676	676	657	640
Interest	33	33	16	-
Total Expenses	11,821	11,821	21,793	21,765
Profit before tax				(1,765)
Corporation Tax (assumed)				
Profit after tax				(1,765)
Balance Sheet				
Assets				
Cash		23,388	622	(11,807)
Accounts Receivable	64,984	64,984	45,037	28,081
Stock / W.I.P	115,698	115,722	115,752	115,571
Other Current Assets	15,000	15,000	15,000	15,000

Depreciation & Amortisation Tool Tip

The value shown here is the opening Fixed Assets balance multiplied by the Depreciation % applied to the month.

Note: If you have forecast depreciation in the Baseline Forecast, it will appear in the Overheads section above. As described above, Depreciation should be set to zero in the Baseline Forecast.

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
Shareholder's Equity				
Equity plus Historic Retained Earnings	202,606	202,606	202,606	202,606
Retained Earnings	(11,821)	(11,821)	(33,614)	(55,378)
Dividend Payment	(1,500)	(1,500)	(3,000)	(4,500)
Shareholder's Equity	189,285	189,285	165,992	142,728
Total Liabilities & Shareholder's Equity				373
Cash Flow Statement				
Operating Cash Flow				
Net Earnings				65
Plus: Depreciation & Amortization				640
Less: Changes in Working Capital	(4,222)	(4,222)	(2,368)	(10,197)
Cash from Operations	(6,924)	(6,924)	(18,767)	(10,928)
Investing Cash Flow				
Investments in Property & Equipment				
Cash from Investing				

Equity and Retained Earnings Tool Tip

Individual Shareholder's Equity nominals do not feed through to the Shareholder's Equity section of the 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'.

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

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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				
VAT Opening Balance	11,654	11,654	9,632	(4,024)
VAT Payable on Revenue		-	(2,000)	(2,000)
VAT Recoverable on Expenditure		(2,022)	(2,024)	(2,025)
Net VAT Payable / (Repayable)		(2,022)	(4,024)	(4,025)
VAT Payment / (Repayment)		-	9,632	-
VAT Closing Balance		9,632	(4,024)	(8,049)
Receivables Recovered		15%	15%	15%
Opening Receivables		37	37	37
Revenue (less bad debts)		00	00	00
VAT on Revenue		37	37	37
Total Receivables		55	55	55
Amount of Total Balance Received		81	81	81
Closing Receivables				
Payables Paid		25%	25%	25%
Opening Payables		57,202	52,003	48,109
Purchases (Excl. Salaries & Bad Debts)		10,112	10,119	10,125
VAT on Purchases		2,022	2,024	2,025
Total Payables		69,337	64,145	60,259

VAT Payment / (Repayment):

Selecting the appropriate VAT cycle from the drop down box will assume that all outstanding VAT Payable or Recoverable is paid during the month following the VAT return.

Note: You can manually amend the payment in each month, the outstanding balance is automatically carried forward to the following month

VAT Payments Tool Tip

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.

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
VAT / Receivables / Payables Schedule												
VAT Opening Balance	11,654	11,654	9,632	(4,024)	(8,049)	(11,875)	(870)	(2,220)	(4,709)	(69)	2,813	256
VAT Payable on Revenue		-	(2,000)	(2,000)	(1,000)	5,920	5,241	3,981	7,530	11,851	3,952	7,475
VAT Recoverable on Expenditure		(2,022)	(2,024)	(2,025)	(2,826)	(6,790)	(6,591)	(6,470)	(7,599)	(8,969)	(6,509)	(7,629)
Net VAT Payable / (Repayable)		(2,022)	(4,024)	(4,025)	(3,826)	(870)	(1,350)	(2,489)	(69)	2,882	(2,556)	(154)
VAT Payment / (Repayment)		Jan, Apr, Jul, Oct	-	9,632	-	-	(11,875)	-	-	(4,709)	-	256
VAT Closing Balance	11,654	9,632	(4,024)	(8,049)	(11,875)	(870)	(2,220)	(4,709)	(69)	2,813	256	(154)
Receivables Recovered		15%	15%			15%	15%	20%	20%	25%	25%	30%
Opening Receivables		76,452	64,984			18,769	46,143	65,953	71,872	93,642	123,560	110,456
Revenue (less bad debts)		0000				29,598	26,207	18,769	18,769	18,769	18,769	18,769

VAT Payment Assumptions

Figure 23 - Step 8: VAT Payment Forecast Assumptions

Playbook

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.

	This Year Total	Apr	May	Jun
Receivables Recovered		15%	15%	15%
Opening Receivables		76,452	64,984	45,037
Revenue (less bad debts)		-	(10,000)	(10,000)
VAT on Revenue			(2,000)	(2,000)
Total Receivables				
Amount of Total Balance Received				
Closing Receivables				
Payables Paid				
Opening Payables				
Purchases (Excl. Salaries & Bad Debts)		10,112	10,119	10,125
VAT on Purchases		2,022	2,024	2,025
Total Payables		69,337	64,145	60,250
Amount of Total Balance Paid		(17,334)	(16,036)	(15,065)
Closing Payables				
	57,203	52,003	48,109	45,190

Receivables Recovered:
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.

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

Receivables Recovered Tool Tip

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	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Receivables Recovered		15%	15%	15%	15%	15%	15%	20%	20%	25%	25%	30%
Opening Receivables		76,452	64,984	45,037	28,081	18,769	46,143	65,953	71,872	95,642	123,560	110,412
Revenue (less bad debts)		-	-	(10,000)	(5,000)	29,598	26,207	19,906	37,650	59,255	19,762	37,376
VAT on Revenue						5,920	5,241	3,981	7,530	11,851	3,952	7,475
Total Receivables		76,452	64,984	35,037	23,081	34,518	51,384	79,833	79,402	107,493	127,512	117,887
Amount of Total Balance Received		(11,468)	(10,000)	(10,000)	(5,000)	23,698	21,166	16,025	30,120	47,404	15,810	30,001
Closing Receivables		64,984	54,984	25,037	18,081	10,820	30,218	63,808	49,282	59,842	111,702	87,886
Payables Paid												
Opening Payables												
Purchases (Excl. Salaries & Bad Debts)												
VAT on Purchases												
Total Payables												
Amount of Total Balance Paid												
Closing Payables												

Receivables Recovered Assumptions

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%.

Playbook

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.

	This Year Total	Apr	May	Jun
Payables Paid		25%	25%	25%
Opening Payables		57,202	52,003	48,109
Purchases (Excl. Salaries & Bad Debts)		10,112	10,119	10,125
VAT on Purchases			2,024	2,025
Total Payables			259	(65)
Amount of Total Balance Paid				194
Closing Payables				
For Reference				
Accounts Receivable (Days)		27.3	20.4	13.8
Accounts Payable (Days)	31.1	30.2	29.5	29.5

Payables Paid:
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.

Note:
Each business will have a different mix invoice / Direct Debit / Standing Order payments

Payables Paid Tool Tip

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	52,003	48,109	45,194	40,614	35,513	28,795	20,609	12,201	5,009	48,056
Purchases (Excl. Salaries & Bad Debts)		10,112	10,119			33,948	32,956	32,352	37,994	44,847	32,543	38,146
VAT on Purchases		2,022	2,024			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	91,861
Amount of Total Balance Paid		(17,334)	(16,036)			(21,838)	(26,265)	(58,809)	(52,201)	(53,009)	(46,030)	(45,902)
Closing Payables	57,202	52,003	48,109		46,614	65,513	78,795	58,809	52,201	43,009	46,030	45,902

Payables Paid Assumptions

Figure 27 - Step 8: Payables Paid Forecast Assumptions

Additional Information

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

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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