

Universal Funding Proposal Model

Generating the Funding Proposal

(B)



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“First comes thought; then organisation of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination”

Napoleon Hill

What The Model Provides?

- A detailed 5-year forecast model
 - ✓ Years 1 and 2 detailed by month
 - ✓ Years 3 to 5 detailed per year
- Understand and Plan for the Future
- Model the Impact of Funding
- Support Funding Applications

The 'Universal' Model can be used with any Accounting system

11 Modules

- 1 of 11: Instructions
- 2 of 11: Data Input Templates for P&L and Balance Sheet
- 3 of 11: Entering Historic P&L Data
- 4 of 11: Enter Historic Balance Sheet Data
- 5 of 11: Establish your 'Baseline' Forecast (P&L)
- 6 of 11: Establish Treatment for Base Line Balance Sheet Data
- 7 of 11: Enter Cash Flow and Balance Sheet Assumptions
- 8 of 11: Adjust P&L Forecast to Reflect Impact of Funding
- 9 of 11: Enter Cash Flow Assumptions with Funding
- 10 of 11: Generate Funding Proposal
- 11 of 11: Generate Forecast Report

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Module 10 of 11

1 of 11: Instructions

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Status and Next Step

- With 'With Funding' Cash Flow Assumptions complete...
- The process can move to the next stage:
Generate and complete your

FUNDING PROPOSAL

Step 10 – 3 Way Forecast With Funding Adjustments

Generate Funding Proposal		Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast											
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Assumptions													
Depreciation (% of Fixed Assets)	0.0%	25.0%	25.0%	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)	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Accounts Receivable (Days)	-	15	23	28	38	48	49	44	40				
Inventory (Days)	-	0	0	0	0	0	0	0	0				
Accounts Payable (Days)	-	17	26	31	36	40	41	38	37				
Corporation Tax Liability (addition only)	-	0	0	0	0	0	0	0	0				
Corporation Tax Payment	0	0	0	0	0	0	0	0	0				
Dividend/Owner Payment / (Receipt)	0	0	0	0	0	0	0	0	0				
Capital Expenditure	0	0	0	0	0	0	0	0	0				
Debt Issued (Repaid)	0	0	0	0	0	0	0	0	0				
Equity Issued (Repaid)	0	0	0	0	0	0	0	0	0				
Profit & Loss													
Revenue	931,068	66,047	66,041	71,766	103,043	126,700	153,106	167,515	166,664	126,700	126,700	126,700	126,700
Cost of Sales	270,000	21,175	21,173	23,008	33,036	40,621	48,215	51,215	51,215	40,621	40,621	40,621	40,621
Gross Margin	661,068	44,872	44,868	48,757	70,007	86,079	104,891	116,300	115,449	86,079	86,079	86,079	86,079
Gross Margin %	71.0%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%
Salaries & Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-

Click here to Generate Funding Proposal

The 'With Funding' 3 Way Forecast - Tab 10

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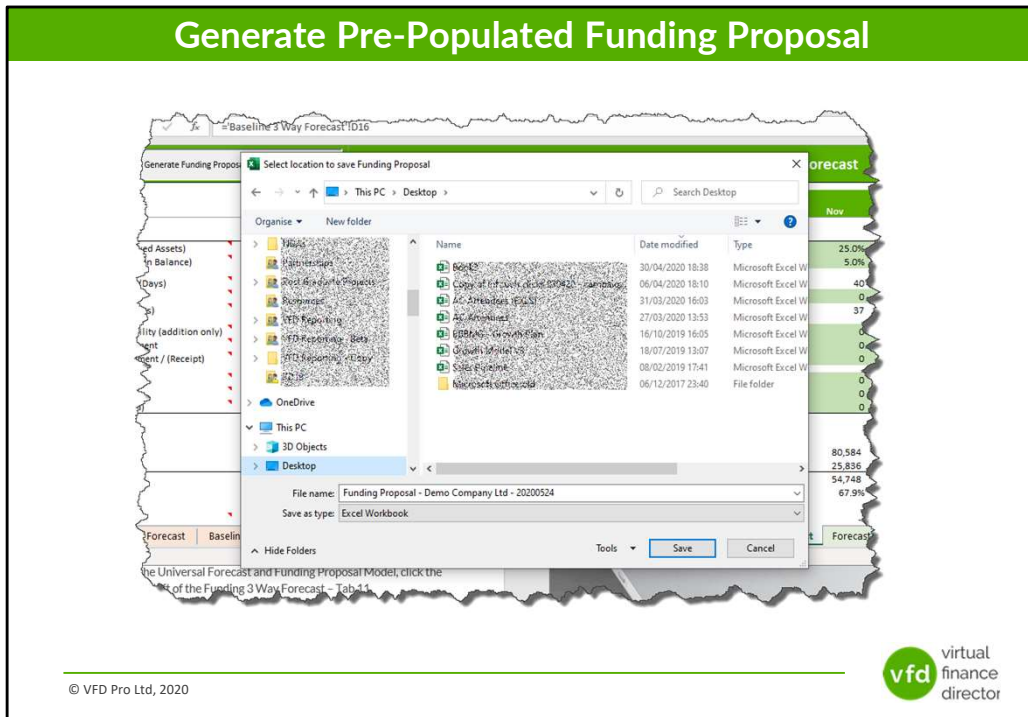
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Generate Funding Proposal – (Step 10)

The Universal Forecast and Funding Proposal Model is simply used to enter your historic financial data and forecast assumptions. When all assumptions have been input click the 'Generate Funding Proposal' button in the top left of the Funding 3 Way Forecast – Step 10.

This will trigger an automatic routine that will pre-populate the financial elements of your final Funding Proposal. The Funding Proposal is generated and saved as a separate file.

Generate Pre-Populated Funding Proposal



You will be asked to select the location you wish to use to save your Funding Proposal. By default, the Universal Forecast and Funding Proposal Model will suggest a file name in the following format:

The words 'Funding Proposal'

Name of Company (This is the Company Name entered on the Monthly P&L Step 4)

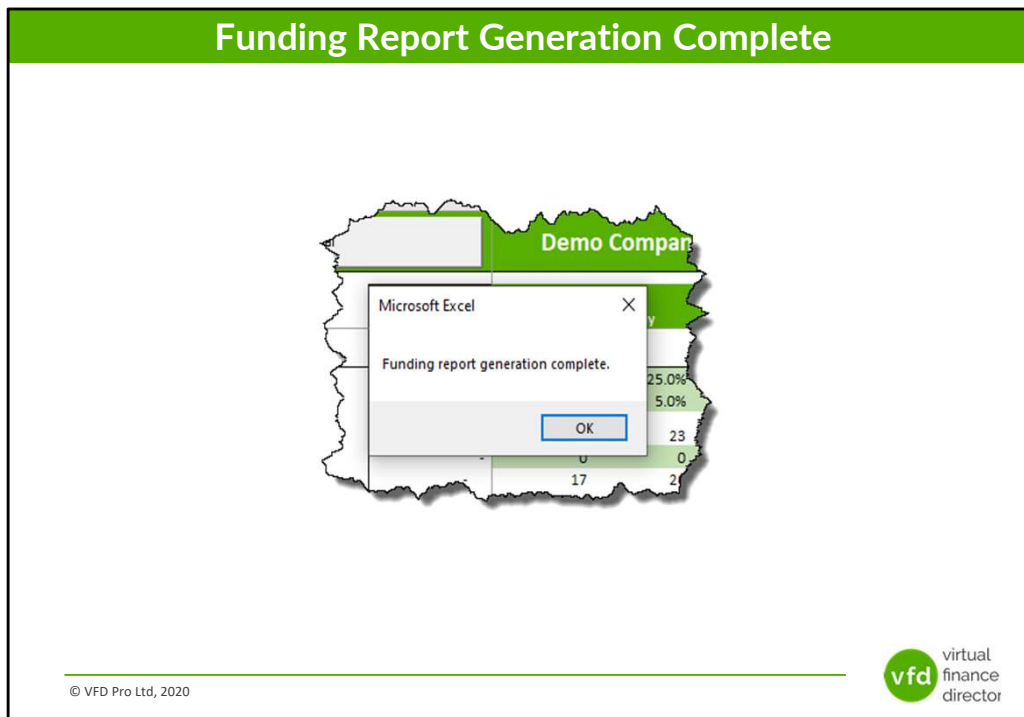
The Date: Year, Month, Day, e.g. 24th May 2020 would be 20200524

You can choose to enter any name you wish for your Funding Proposal file by simply over-writing the automatically suggested file name.

Do not change the file type as additional information needs to be entered before the final Funding Proposal can be generated.

Having saved your Funding Proposal as a new Excel Workbook, go to the location where your file has been saved, open the file and complete the following details.

The 'SAVE FILE' dialogue box will look similar to this screen capture.



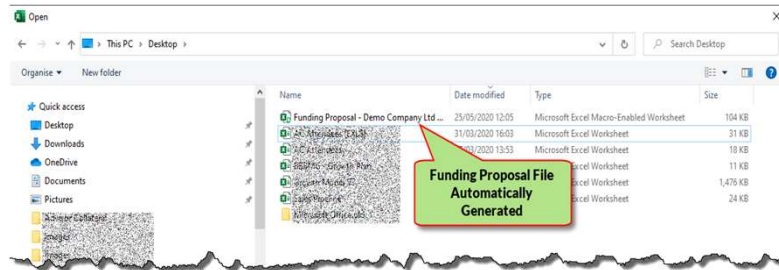
Generate Funding Proposal – (Step 10)

The Universal Forecast and Funding Proposal Model is simply used to enter your historic financial data and forecast assumptions. When all assumptions have been input click the 'Generate Funding Proposal' button in the top left of the Funding 3 Way Forecast – Step 10.

Note 1: If any of the underlying forecast assumptions change, the above process must be repeated, and a new Funding Proposal Model generated. Please be aware, any narrative entries made in the Funding Proposal Report file will need to be copied and pasted into any new Funding Proposal generated using the amended forecast assumptions.

Note 2: If you also wish to generate a 5 Year Business Plan and Financial Forecast, in addition to the steps outlined above and any work invested to create your Funding Proposal Report, the Forecast Report – Tab 11 must also be completed.

Open Newly Created Funding Proposal



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Completing Your Funding Proposal

As described above, the Funding Proposal is created and saved as a separate Excel spreadsheet with most of the data pre-populated for you. All you are required to do is to add the information required by lenders in order to maximise the probability your funding application will be successful.

Go to wherever you saved your Funding Proposal and open the file.

The Funding Proposal Model – Descriptive Text & Tool Tips

Funding Proposal for Demo Company Ltd	
<p>Executive Summary</p> <p style="text-align: center; border: 1px solid red; padding: 5px; color: white; font-weight: bold;">Complete each of the sections on the left</p>	<p>The executive summary should provide the Lender with a brief description of "How Much" is being requested, "Why" and "What" it will be used for. Be concise but informative.</p>
<p>Company profile</p>	<p>Give the lender a sense of your business? History and where it stands today, along with your market, target customer and overall industry. This will show your lender that you not only have a detailed understanding of your business but also the industry it operates in. You may also wish to include information on the geographical markets you serve and any relevant employee information, operational structure or relevant qualifications you may have.</p>
<p>Financial Performance</p> <p>Revenue over the most recent 12 months to Mar-2020 totalled £0.3m. Over the past 5 years the business has achieved a compounded annual growth rate of 5%. Over the past 12 months we have achieved a net profit of £0.24m which represents a 36.2% annual increase in profit over the past 5 years.</p> <p style="text-align: center; border: 1px solid red; padding: 5px; color: white; font-weight: bold;">Automatically populated information</p>	<p>If you have more than 12 years trading history within your accounts, this module will automatically populate with an overview of sales and profit performance.</p> <p>If you do not have enough history for VFD Pro to auto-populate, this commentary, you should provide, an explanation of the financial performance of your company since founding the risk classes you operate through and the customer you service.</p> <p>Also, refer to any previous/overstanding lending.</p>
<p><i>The graphs below provide a summary of the performance of Demo Company Ltd over the past 5 years.</i></p>	
<p style="text-align: center;">Revenue trend</p> 	<p style="text-align: center;">Gross Margin trend</p> 
<p style="text-align: center;">Net Profit trend</p> 	<p style="text-align: center;">Net Worth</p>  <p style="text-align: center; border: 1px solid red; padding: 5px; color: white; font-weight: bold;">Automatically populated Graphs</p>
<p style="border: 1px solid red; padding: 5px; color: white; font-weight: bold;">Instructions are not printed in the Funding Proposal Document</p>	

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Completing Your Funding Proposal

Your Funding Proposal comprises areas for text entry, automatically pre-populated text and graphics and instructions detailing the information you need to enter in each section of the report.

The historic and forecast figures generated by the Universal Forecast and Funding Proposal Model are automatically populated so you only need to enter the text where appropriate.

The tool tips are provided to the right of each area you need to complete to guide your progress. These are used purely in your working document and are not included in the final report you will provide to potential lenders.

The Executive Summary

The executive summary should provide the Lender with a brief description of 'How Much' is being requested, 'Why' and 'What' it will be used for. Be concise but informative.

Executive Summary

Description of

Sec

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Executive Summary:

You need to provide the lender with a brief description of how much is being requested, why and what the loan will be used for. You should aim to be informative but concise.

The Company Profile

Give the lender a sense of your business' history and where it stands today, along with your market, target customer and overall industry. This will show your lender that you not only have a detailed understanding of your business but also the industry it operates in. You may also wish to include information on the geographical markets you serve and any relevant employee information, operational structure or relevant qualifications you may have.

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Company Profile:

Give the lender a sense of your business' history and where it stands in relation to the market in which it operates, your target customer and your overall industry.

This will show your lender that you not only have a detailed understanding of your business but also the industry in which it operates.

You may also wish to include information on the geographical markets you serve and any relevant employee information, operational structure or relevant qualifications you may have.

Pre Populated Financial Performance Narrative

Financial Performance
Revenue over the last 5 years with a growth rate of 5% or more over the past 5 years.

pre

The graphs below show...

...this section will populate.


...this commentary, your company and the customers you service.

...this section will populate.

...this commentary, your company and the customers you service.

Also, refer to any previous/outstanding funding.

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Financial Performance:

If you have more than two years trading history entered in the Universal Forecast and Funding Proposal Model, this section will automatically populate the narrative to provide an overview of sales and profit performance.

If you do not have enough history to automatically populate this section of the proposal you should provide an explanation of the financial performance of your company since launch, the sales channels you operate through and the customers you service.

You should also refer to any previous or outstanding funding here.

Note: If you wish to overwrite the automatically generated text and enter your own financial performance summary, the model allows you to simply over-type the default text.



In addition to the descriptive text, the Model automatically pre-populates the historic trading performance and presents the following graphically:

- Revenue Trend
- Margin Trend
- Net Profit Trend
- Net Worth
- Revenue over the last two years – monthly trend
- Net profit over the last two years – monthly trend

Strengths, Weaknesses, Opportunities and Threats

SWOT Analysis

Strengths

SWOT is a common framework that allows you to describe the commercial environment your business operates in. It is simple to understand and helps you identify the key issues that impact your business both positive and negative.

Strengths: factors that give an edge for the company over its competitors.
 Weaknesses: factors that can be harmful if used against the company.
 Opportunities: favourable situations which can bring a competitive advantage.
 Threats: unfavourable situations which can negatively affect the business.

Strengths and weaknesses are internal to the company and can be directly managed by it, while the opportunities and threats are external and the company can only anticipate and react to them

Below are some guidelines which should be followed:

1. Factors have to be identified relative to the competitors. It allows specifying whether the factor is a strength or a weakness.
2. Keep your list short (3-5 points) focussing on the key issues.
3. Ensure all points are specific and clearly defined.
4. All points made must be fact not opinion, where relevant you should reference industry experts.
5. You should be able to take action to maximise opportunities or mitigate risks.

Opportunities

Funding requirements

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Strengths, Weaknesses, Opportunities, Threats:

The SWOT Analysis is a common framework that allows you to describe the commercial environment your business operates in. It is simple to understand and helps you identify the key issues that impact your business, both positive and negative:

- Strengths:** Factors that give you an edge over your competitors.
- Weaknesses:** Factors that can be harmful if used against your company,
- Opportunities:** Favourable situations which can give your business a competitive advantage.
- Threats:** Unfavourable situations which can negatively affect your business.

Please bear the following in mind as you complete this section of the Funding Proposal:

Factors must be identified relative to your competitors to identify whether the factor is a strength or a weakness.

Keep your list short (3 to 5 points), focussing on the key issues.

Ensure all points are specific and clearly defined.

All points made must be fact and not opinion, where relevant you should reference industry experts.

You should be able to take action to maximise opportunities or mitigate risks.

Funding Requirements

This section is for you to specify exactly what the amount you are borrowing will be spent on. It is important that the lender is able to reconcile this back to your business plan, giving them confidence in your ability to deliver.

Be as detailed as you can and don't be afraid to show a contingency.

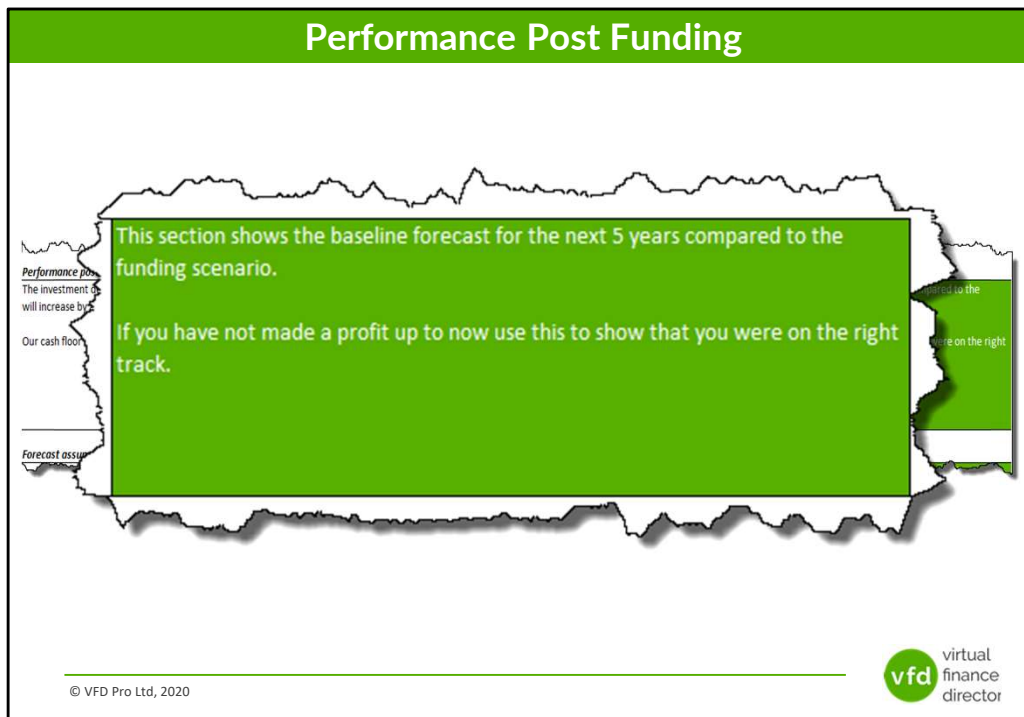
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Funding Requirements:

This section is for you to specify exactly what the amount you are borrowing will be spent on. It is important that the lender is able to reconcile this back to your business plan, giving them confidence in your ability to deliver and repay the loan.

Be as detailed as you can and don't be afraid to show a contingency.



Performance Post Funding:

This section is automatically pre-populated and shows your baseline forecast figures for the next 5 years compared with the 'with funding', scenario entered into the Universal Forecast and Funding Proposal Model.

If your business has not made a profit up to now, use this section to show that you were on the right track.


Note: If you wish to overwrite the automatically generated text and enter your own financial performance summary, the model allows you to simply over-type the automatically generated text.

Forecast Assumptions

It is important that you can summarise the key assumptions present within your business plan.

If there are differences between the assumptions used in your Baseline and Scenario forecast, they should be explained here. (i.e., our baseline assumption for revenue is a 5% growth in each of the next 5 years, with funding and investment in our sales team we believe we could generate 15% growth each year)

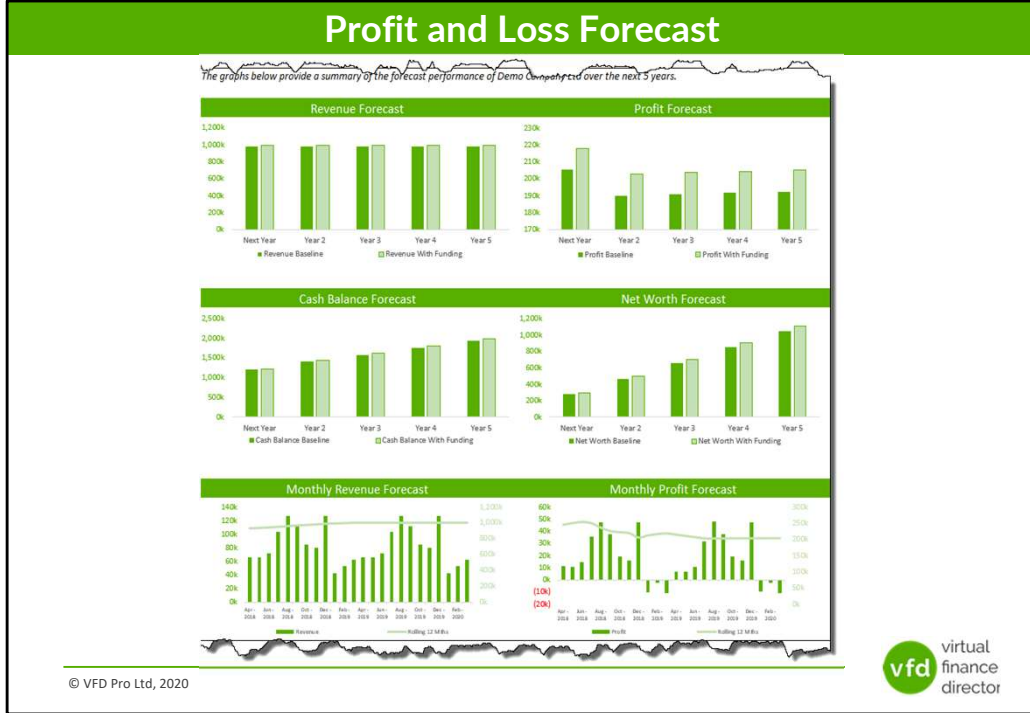
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Forecast Assumptions:

Use this section to summarise all of the key assumptions that make up your business plan and your financial forecasts.

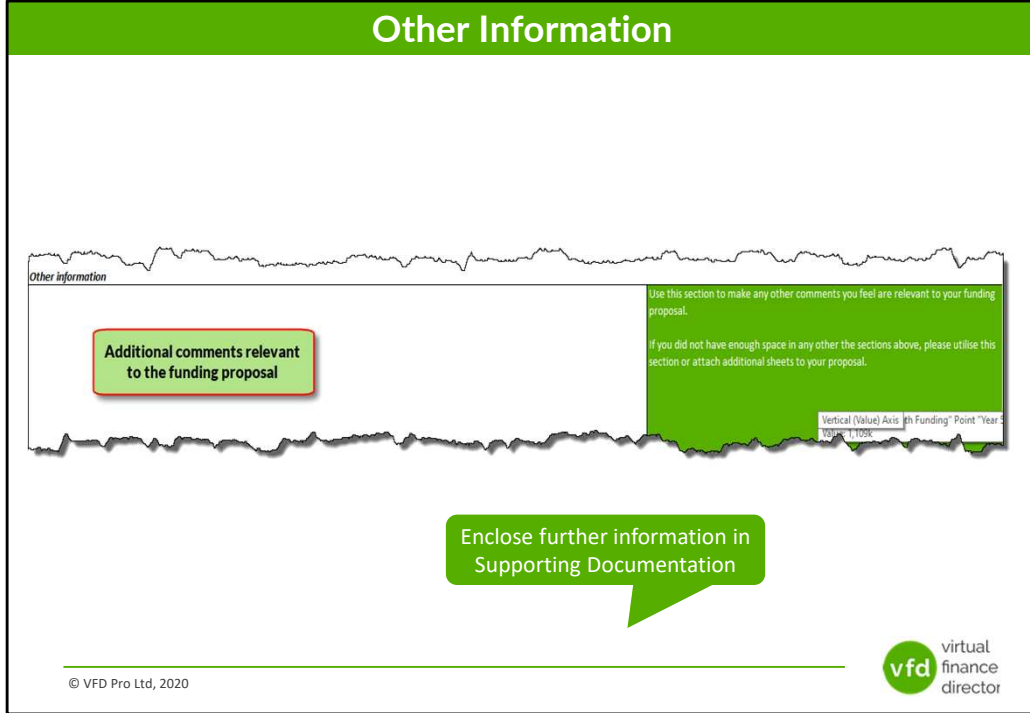
If there are differences between the assumptions used in your Baseline and your Scenario forecast, they should be explained here, (i.e. 'our baseline assumption for revenue is a 5% growth in each of the next 5 years, with funding and investment in our sales team we believe we could generate 15% growth in each year').



Profit and Loss Forecast

In addition to the descriptive text, the Model automatically pre-populates the historic trading performance and presents the following graphically:

- Revenue Forecast
- Profit Forecast
- Cash Balance Forecast
- Net Worth Forecast
- Monthly Revenue Forecast
- Monthly Profit Forecast



Other Information:

This section is used to enter any other comments you feel are relevant to your funding proposal.

If you did not have enough space in any of the above sections, you can utilise this section to write more, and/or attach additional documents to support your final funding proposal / application.

Appendix 1 – 5 Year Forecast

Appendix 1 - 5 Year Forecast

	This Year	Next Year	Year 2	Year 3	Year 4	Year 5
Profit & Loss						
Revenue	931.1k	996.4k	996.4k	996.4k	996.4k	996.4k
Cost of Sales	270.0k	319.5k	319.5k	319.5k	319.5k	319.5k
Gross Margin	661.1k	677.0k	677.0k	677.0k	677.0k	677.0k
Gross Margin %	71.0%	67.9%	67.9%	67.9%	67.9%	67.9%
Salaries & Dividends	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Overheads	419.9k	419.9k	419.9k	419.9k	419.9k	419.9k
Depreciation & Amortisation	0.0k	5.6k	4.3k	3.4k	2.6k	2.0k
Interest	0.0k	33.3k	50.0k	50.0k	50.0k	50.0k
Total Expenses	419.9k	458.8k	474.3k	473.3k	472.5k	472.0k
Profit before tax	241.1k	218.1k	202.7k	203.7k	204.4k	205.0k
Corporation Tax (assumed)	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Profit after tax	241.1k	218.1k	202.7k	203.7k	204.4k	205.0k
Balance Sheet						
Assets						
Cash	0.0k	1,223.1k	1,432.7k	1,621.1k	1,808.4k	1,994.5k
Accounts Receivable	0.0k	75.9k	75.9k	152.2k	233.1k	318.9k
Stock / W.I.P	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Other Current Assets	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k
Goodwill / Intangible Assets	50.0k	50.0k	50.0k	50.0k	50.0k	50.0k
Fixed Assets	25.0k	19.4k	15.1k	11.7k	9.1k	7.1k
Total Assets	75.0k	1,368.5k	1,573.7k	1,835.1k	2,100.6k	2,370.4k

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Appendix 1: 5 Year Forecast:

This is automatically populated using the history and assumptions entered in the Universal Forecast and Funding Proposal Model and is presented in three sections detailing your trading figures for the last year and the subsequent 5 years:

- Profit and Loss
- Balance Sheet
- Cash Flow Statement

Appendix 2 – 5 Year Forecast (Supporting Schedule)

Appendix 2 - 5 Year Forecast (supporting schedule)						
	This Year	Next Year	Year 2	Year 3	Year 4	Year 5
Working Capital Schedule						
Accounts Receivable		76k	76k	152k	233k	319k
Inventory		0k	0k	0k	0k	0k
Accounts Payable		74k	74k	132k	193k	258k
Corporation Tax		0k	0k	0k	0k	0k
VAT		1k	4k	4k	4k	4k
Net Working Capital (NWC)		1k	(2k)	17k	36k	57k
Change in NWC		1k	(3k)	19k	20k	21k
Depreciation Schedule						
Fixed Assets Opening Value		25k	19k	15k	12k	9k
Plus Capex		0k	0k	0k	0k	0k
Less Depreciation		6k	4k	3k	3k	2k
Assets Closing		19k	15k	12k	9k	7k
Debt & Interest Schedule						
Debt Opening		0k	1,000k	1,000k	1,000k	1,000k
Issuance (repayment)		1,000k	0k	0k	0k	0k
Debt Closing		1,000k	1,000k	1,000k	1,000k	1,000k
Interest Expense		33k	50k	50k	50k	50k
VAT Schedule						
VAT Opening Balance		0k	1k	4k	4k	4k
VAT Payable on Revenue		199k	199k	199k	199k	199k
VAT Recoverable on Expenditure		(148k)	(148k)	(148k)	(148k)	(148k)

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Appendix 2: 5 Year Forecast (Supporting Schedule):

The supporting schedule provides additional information for the lender detailing the assumptions and forecast for the following: trading figures for the last year and the subsequent 5 years:

- Working Capital Schedule
- Depreciation Schedule
- Debt and Interest Schedule
- VAT Schedule
- Receivables Schedule
- Payables Schedule

Print!

The screenshot shows a 'Print' dialog box with the following sections:

- Print:** A 'Print' button and a 'Copies: 1' dropdown menu.
- Printer:** A dropdown menu showing 'dhcpcp5 (HP OfficeJet 7510...)' with the status 'Offline: 1 document waiting' and a link to 'Printer Properties'.
- Settings:** A series of dropdown menus for:
 - Print Active Sheets (Only print the active sheets)
 - Pages (1 to 6)
 - Print One Sided (Only print on one side of the...)
 - Collated (1,2,3 1,2,3 1,2,3)
 - Portrait Orientation
 - A4 (21 cm x 29.7 cm)
 - Custom Margins
 - Custom Scaling

The preview area on the right shows a document titled 'Funding Proposal for Demo Company Limited' with sections for Executive Summary, Company profile, and a bar chart. A green callout bubble points to the preview with the text: 'Print to PDF or Printer 6 page document'. The page indicator at the bottom shows '1 of 6'.

Status and Next Step

- Everything is now complete
- Print and use the Funding Proposal to obtain finance, and use the Business Plan...

**MEASURE PROGRESS AGAINST PLAN AND
CONTINUALLY REVIEW AND REFINE**

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