

# Universal Funding Proposal Model

## Baseline Balance Sheet Treatment

(B)



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

**Unknown**

# 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
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# Objective of this Module

- With historic Baseline Forecast Profit and Loss assumptions entered
- The process can move to the next stage:  
Enter the Baseline Balance Sheet treatment

## Baseline Balance Sheet

Baseline Balance Sheet Tab	
<i>This tab is used to ensure the correct treatment is applied to the closing Balance Sheet nominals</i>	
24	<p>To ensure the correct treatment is applied to all Balance Sheet nominals, use the drop-down box next to the nominal</p> <p>Cash - Account line will roll up into the closing cash total</p> <p>Corporation Tax - Account line will roll up into the Corporation Tax liability on the Balance Sheet</p> <p>Debt - Account line will roll up into the closing debt total and therefore the debt and interest calculation in subsequent years</p> <p>Other - Account line will roll up into either the Other Assets or Other Liabilities total on the Balance Sheet and will remain the same throughout the period of the forecast</p> <p>Payable - Account line will roll up into the closing Accounts Payable total</p> <p>Receivable - Account line will roll up into the closing Accounts Receivable total</p> <p>Stock / W.I.P - Account line will roll up into the closing Stock total</p> <p>VAT - Account line will roll up into the closing VAT Payable total and therefore the VAT payment calculation</p>
Baseline 3 Way Forecast Tab	

### 24. Ensure correct treatment of Balance Sheet nominals:

- Cash
- Debt
- Payable
- Stock / WIP
- Corporation Tax
- Other
- Receivable
- VAT

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## Baseline Balance Sheet – Step 7

### 24 Ensure correct treatment of Balance Sheet nominals:

To ensure the correct treatment is applied to all Balance Sheet Nominals, i.e. each fixed asset, current asset, current liability, long term liability and shareholders' funds, each must be categorised using the drop down as one of: Cash, Debt, Payable, Stock / W.I.P., Corporation Tax, Other, Receivable or VAT.

## Step 7 – Treatment of Balance Sheet Baseline

Demo Company Ltd Balance Sheet Assumptions						
	Balance	Treatment		Balance	Treatment	
Current Assets	Stock	115,696	Stock / W.I.P	Accounts Payable	45,894	Payable
	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
						Long Term Liabilities
						IP Court Case
						Balance
						25,000
						Other

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virtual finance director

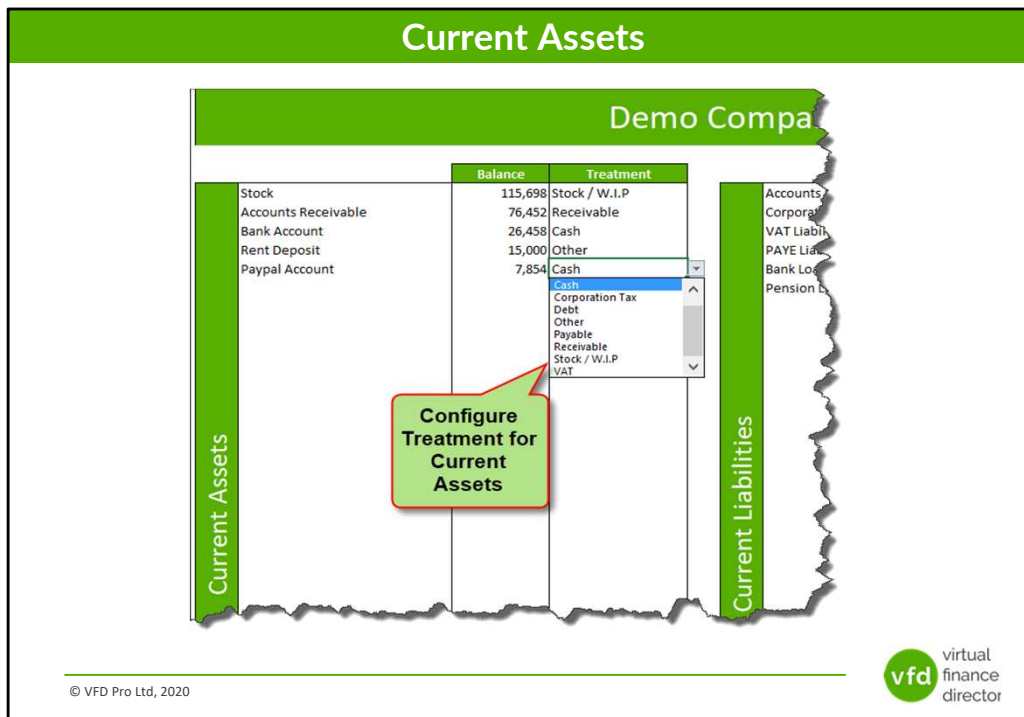
### Entering and Setting Up the Baseline Balance Sheet – (Step 7)

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





### 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.

## Current Liabilities

### Demo Company Ltd Balance Sheet Assumptions

Treatment		Balance	Treatment	
W.I.P	Accounts Payable	45,894	Payable	IP Court O
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	

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

Configure Treatment for Current Liabilities

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### 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).

## Long Term Liabilities

### Any Limited Balance Sheet Assumptions

	Balance	Treatment		Balance	Treatment
Accounts Payable	45,894	Payable	Liabilities	IP Court Case	25,000
Corporation Tax Liability	15,000	Corporation Tax			Please Select
VAT Liability	11,654	VAT			Please Select
Corporation Tax Liability	8,654	Corporation Tax			Cash
Bank Loan	5,000	Please Select			Corporation Tax
Pension Liability	2,654	Please Select			Debt
				Other	
				Payable	
				Receivable	
				Stock / W.I.P	

Setup Long Term Liabilities

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### 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.

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.

# All Done!

Demo Company Ltd Balance Sheet Assumptions						
	Balance	Treatment		Balance	Treatment	
<b>Current Assets</b>	Stock	115,690	Stock / W.I.P	Accounts Payable	45,894	Payable
	Accounts Receivable	76,452	Receivable	Corporation Tax Liability	15,000	Corporation Tax
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				Pension Liability	2,654	Payable
						<b>Long Term Liabilities</b>
						IP Court Case
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Baseline Balance Sheet

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# Status and Next Step

- With the Treatment of Baseline Forecast Balance Sheet data entered
- The process can move to the next stage: Enter Cash Flow and Balance Sheet Assumptions

## NEED FURTHER SUPPORT?

Join The Forecast & Funding Proposal Workshop

Email us at [support@vfd-pro.com](mailto:support@vfd-pro.com)

or call us on **0203 475 3313**

Visit: [www.vfd-pro.com](http://www.vfd-pro.com)

