

Universal Funding Proposal Model

Cash Flow and Balance Sheet Assumptions

(B)



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*“It takes as much energy to wish
as it does to plan”*

Eleanor Roosevelt

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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

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- 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 7 of 11

- 1 of 11: Instructions
- 2 of 11: Data Input Templates for P&L and Balance Sheet
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Objective of this Module

- 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

Tab 8 – Forecast Assumptions

Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast										
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assumptions										
Depreciation (% of Fixed Assets)	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%
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%
Accounts Receivable (Days)	30	27	20	14	11	30	50	63	90	90
Inventory (Days)	160	175	192	213	240	240	235	250	240	240
Accounts Payable (Days)	31	30	29	29	32	47	58	45	41	41
Corporation Tax Liability (addition only)	15,000									
Corporation Tax Payment										
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
Debt Issued (Repaid)		(2,500)	(2,500)							
Equity Issued (Repaid)										
Profit & Loss										
Revenue						29,598	26,207	19,906	37,650	37,650
Cost of Sales						9,280	8,217	6,242	11,805	11,805
Gross Margin	667,008					20,317	17,990	13,664	25,844	25,844
Gross Margin %	71.6%					68.6%	68.6%	68.6%	68.6%	68.6%
Salaries & Related Costs	80,265	1,000	1,000	1,000	1,000	1,665	1,670	1,675	3,359	3,359
Overheads	327,039	10,112	20,119	20,125	20,131	24,738	24,738	26,111	26,189	26,189
Depreciation & Amortisation	12,000	676	657	64	64	697	697	787	787	787
Interest	628	33	16							
Total Expenses	419,932	11,821	21,793	21,765	21,765	27,105	27,105	28,572	30,422	30,422

Enter Assumptions in Shaded Cells

Enter 3 Way Forecast Assumptions

Process Sample P&L Sample Balance Sheet Monthly P&L Closing Balance Sheet Baseline Forecast Baseline Balance Sheet Baseline 3 Way Forecast Funding Forecast Funding 3 Way Forecast Forecas ...

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Entering and Setting Up your Baseline 3 Way Forecast - Step 8

Baseline 3 Way Forecast

	<i>Depreciation assumptions</i>
25	Entering the annual depreciation % to apply to the total fixed assets balance, this will generate the depreciation charge and associated asset balance within the P&L over the next 5 years
	<i>Interest assumptions</i>
26	Entering the interest % assumptions on any current borrowing within the business will apply a monthly interest charge based on the opening balance
	<i>Inventory assumptions</i>
27	Amending the Inventory (days) assumption will impact the working capital requirements of the business
	<i>Corporation Tax Liability</i>
28	Enter the assumed Corporation Tax liability incurred (either monthly or at the end of the financial year)
	<i>Corporation Tax Payment</i>

25. Enter annual depreciation % to apply to fixed assets balance
26. Enter interest % assumptions on any current borrowing
27. Amend the inventory (days) assumptions
28. Enter the assumed Corporation Tax liability

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Baseline Balance Three Way Forecast - Step 8

25 Depreciation Assumptions: Enter your annual depreciation % to apply to fixed assets balance

Entering the annual depreciation percentage to apply to your total fixed assets balance will automatically calculate the depreciation charge and the associated asset balance to be applied to your Profit and Loss Account over the next 5 years.

26 Interest Assumptions: Enter interest % assumptions on any current borrowing

Entering the Interest Rate Percentage assumptions for any existing borrowing within the business will apply a monthly interest charge based on the opening balance for each of the next 5 years.

27 Inventory Assumptions: Amend your inventory (days) assumptions

Amending your inventory (Days), assumption will have an impact on your working capital requirements, a reduction will reduce the level of stock and working capital

required, an increase in inventory days will increase your working capital requirements.

28 Corporation Tax Liability: Enter your Corporation Tax liability

Enter Corporation Tax Liability, (either monthly or at the end of the financial year).

Depreciation Tool Tip

		Demo Company Ltd S			
		This Year Total	Apr	May	Jun
Assumptions					
Depreciation (% of Fixed Assets)	Depreciation (% of Fixed Assets):		32.4%	32.4%	32.4%
Interest (% of Debt Open Balance)			7.9%	7.9%	7.9%
Accounts Receivable (Days)	The % entered is applied to the total Fixed Assets balance to determine the depreciation charge in the month			20	
Inventory (Days)					21
Accounts Payable (Days)					29
Corporation Tax Liability (addition only)	Note:				
Corporation Tax Payment	Ensure Depreciation is set to zero on the Baseline Forecast Tab				
Dividend/Owner Payment / (Receipt)			1,500	1,500	1,500
Capital Expenditure					
Debt Issued (Repaid)			(2,500)	(2,500)	
Equity Issued (Repaid)					

Depreciation Tool Tip


Baseline 3 Way Forecast – Depreciation Percentage Assumptions

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

Depreciation and Amortisation

Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast											
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Total										
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	30	34	11	30	50	63	90	141	134
Inventory (Days)	160	175	175	175	240	240	235	250	240	220	240
Accounts Payable (Days)	31	30	30	30	32	47	58	46	42	43	38

Depreciation Assumptions



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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.

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 %.

Interest Tool Tip

		Demo Company Ltd St			
		This Year	Apr	May	Jun
		Total			
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		934,778			

**Interest Rate %
Tool Tip**

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Baseline 3 Way Forecast – Interest Assumptions (% of Debt Open Balance) Introduction and Tool Tip

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

Interest Rates

Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast											
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Total										
Assumptions											
Depreciation (% of Fixed Assets)	34.4%	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	2		
Accounts Payable (Days)	31		33	48	45	42					

Interest Rate % Assumptions



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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.

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.

Inventory Days Tool Tip

	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	1
Inventory (Days)	175	175	192	21
Accounts Payable (Days)	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): 175

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

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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).

Inventory Days

	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	33	30	34	31	30	60	63	60	144	124
Inventory (Days)	160	175	192	213	240	240	235	250	240	220	240
Accounts Payable (Days)	31	27	29	29	32	47	39	48	44	43	38
Corporation Tax Liability (addition only)	15,000										
Corporation Tax Payment											15,000
Dividend/Owner Payments / (Receipt)		1,500				1,500	1,500	1,500	1,500	1,500	1,500

Inventory Days Assumptions



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

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.

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.

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).

Corporation Tax Liability Tool Tip

	This Year Total	Apr	May	Jun
Corporation Tax Liability (addition only)				
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				
Gross Margin %				
Salaries & Related Costs		1,000	1,000	1,000
Overseas	527,059	10,112	20,119	20,112
Depreciation & Amortisation	12,000	521	510	493
Interest	628	33	16	

**Corporation
Tax Liability
Tool Tip**

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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.

Corporation Tax Liability											
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Total										
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
Debt issued (Repaid)											4,000

Corporation Tax Liability Assumptions

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Baseline 3 Way Forecast – Corporation Tax Liability Assumptions

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

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

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

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.

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.

Corporation Tax calculations can be complicated, we recommend seeking advice from your accountant.

Baseline 3 Way Forecast ctd.

Corporation Tax Payment	
29	Use this section to enter the assumed timing of Corporation Tax payments
Dividend/Owner Payment	
30	Use this section to enter any owner payments over the next 5 years, such as dividends or short term loans etc
Capital Expenditure	
31	Enter any planned capital expenditure over the next 5 years
Debt Issued (Repaid)	
32	Use this section to enter the assumed capital repayment of any existing debt as well as any planned borrowings over the next 5 years.
Equity Issued (Repaid)	
33	Any consideration for a planned issue or buy back of shares should be entered here
Accounts Receivable Assumptions	
Enter the amount of total receivables received in the month of year 1, the amount of receivables applied to new orders, the amount of receivables written off, and the amount of receivables written off.	

- 29. Enter the assumed timing of Corporation Tax payments
- 30. Enter any owner dividend payments
- 31. Enter any planned capital expenditure
- 32. Enter any assumed capital repayments for existing debt
- 33. Enter any issue or share buy back assumptions

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Baseline Three Way Forecast – Step 8 Ctd...

29 Corporation Tax Payment: Enter the assumed timing of your Corporation Tax payments

Use this row to enter the assumed timing and value of any Corporation Tax Payments you expect to make.

30 Dividend / Owner Payment (Receipt): Enter any owner dividend payments

Use this row to enter any planned dividend payments to you or your shareholders over the next 5 years, e.g. Dividend Payments or short term loans, (any receipts, e.g. Directors loans should also be entered here as a negative in brackets).

31 Capital Expenditure: Enter any planned capital expenditure over the next 5 years

32 Debt Issued (Repaid): Enter your assumed capital repayments for any

existing debt

Use this row to enter your assumed capital repayments for any existing debt and to add any planned borrowings over the next five years. (Note: Interest payments are dealt with elsewhere in the Universal Forecasting and Funding Proposal Model).

33 Equity Issued, (Repaid): Enter any issue or share buyback assumptions

If a share buyback is planned or there are likely to be any share issues, the total sums involved should be entered using this row.

Corporation Tax Payment Tool Tip

	This Year Total	Apr	May	Jun
Corporation Tax Liability (addition only)				
Corporation Tax Payment				
Dividend/Owner Payment / (Receipt)		1,500	1,500	1,500
Capital Expenditure			(2,500)	
Debt Issued (Repaid)				
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	20,112	20,112

**Corporation
Tax Payment
Tool Tip**

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Baseline 3 Way Forecast – Corporation Tax Payment Assumptions Introduction and Tool Tip

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

Corporation Tax Payments

	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Corporation Tax Liability (Addition only)	15,000											
Corporation Tax Payment		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Dividend/Owner Payments (Receipts)												
Capital Expenditure												
Debt Issued (Repaid)						4,000	4,000	4,000	4,000	4,000	4,000	4,000
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					9,288	9,417	6,242	11,805	18,429		11,719

Corporation Tax Liability Assumptions



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Baseline 3 Way Forecast – Corporation Tax Payment Assumptions

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

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

Additional Information

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

Dividend Payment Tool Tip

	This Year Total	Apr	May	Jun
Corporation Tax Payment				
Dividend/Owner Payment / (Receipt)	Dividend/Owner Payment / (Receipt):	1,500	1,500	
Capital Expenditure	All dividend or Owner payments should be accounted for here.			
Debt Issued (Repaid)	Note:			
Equity Issued (Repaid)	Enter all payments as positive numbers and repayments as negative numbers			
Profit & Loss				
Revenue		-	-	-
Cost of Sales		-	-	-
Gross Margin	687,000			
Gross Margin %	71.6%			

**Dividend
Tool Tip**

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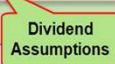
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Baseline 3 Way Forecast – Dividend Assumptions Introduction and Tool Tip

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


Dividend Payments

	This Year	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	1,500
Capital Expenditure		(2,500)					4,000	4,000	4,000	4,000	4,000	4,000
Debt Issued (Repaid)												
Equity Issued (Repaid)												



Dividend Assumptions

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Baseline 3 Way Forecast – Dividend Assumptions

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

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.

Capital Expenditure Tool Tip

	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	577,159	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	21,759

Capital Expenditure Tool Tip

Capital Expenditure:
 All planned Capital Expenditure should be recorded here. This value is then added to the opening Fixed Assets balance and the depreciation % assumed above will be applied.
Note:
 Positive numbers will increase the fixed assets balance and negative numbers will reduce the balance

Baseline 3 Way Forecast – Capital Expenditure Assumptions Introduction and Tool Tip

All your planned Capital Expenditure should be recorded here.

Capital Expenditure

	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
	Total											
Capital Expenditure						4,000	4,000	4,000	4,000	4,000	4,000	4,000
Lease issued (Repaid)		(2,500)										
Equity issued (Repaid)												
Capital Expenditure Assumptions												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,806	37,658	59,255	19,762	37,376
Cost												

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Baseline 3 Way Forecast – Capital Expenditure Assumptions

All your planned Capital Expenditure should be recorded here.

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.

Debt Issued (Repaid) Tool Tip

	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	16
Total Expenses		11,821	21,793	21,793
Profit before tax	247,676	(11,821)	(21,793)	(21,793)

Debt Issued & Repaid Tool Tip

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.


Baseline 3 Way Forecast – Debt Repayment (Existing Debt) Assumptions Introduction and Tool Tip

All Debt issued and capital repaid is captured here.

Existing Debt Repayment

	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Capital Expenditure							1,000	1,000	1,000	1,000	1,000	1,000
Debt issued (Repaid)		(2,500)	(2,500)									
Equity issued (Repaid)												
Profit & Loss												
Revenue	811,068					35,595	36,207	39,900	37,650	59,755	19,762	37,371

Debt Issued & Repaid Assumptions



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Baseline 3 Way Forecast – Debt Repayment (Existing Debt) Assumptions

All Debt issued and capital repaid is captured here.

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.

Additional Information

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

Equity Issued (Repaid) Tool Tip

	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
Tool Tip**

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.

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.

Share Issue or Buy Back Assumptions												
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Debt Issued (Repaid)												
Equity Issued (Repaid)												
Profit & Loss												
Revenue	931,068					29,598	26,207	19,906	37,650	59,255	19,762	37,377
Cost of Sales	264,090					8,380	217	6,442	11,895	18,538	6,195	11,717

Equity Assumptions

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Baseline 3 Way Forecast – Share Issue or Buy-Back Assumptions

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

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.

Salaries and Dividends Tool Tip

	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		
Total Expenses				
Profit before tax				
Corporation Tax (assumed)		0	0	0
Profit after tax		(11,821)	(21,793)	(21,765)
Balance Sheet				
Assets				
Cash	34,312	23,388	622	(11,821)
Receivables	16,452	16,452	16,452	16,452

Salaries & Related Costs:
Any Salary related expenditure within the Baseline Forecast is consolidated here.

Note:
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)

Salary and Dividends Tool Tip

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Baseline 3 Way Forecast – Salary and Dividends Introduction and Tool Tip

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

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.

Depreciation / Amortisation Tool Tip

	This Year	Apr	May	Jun
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				11,765
Corporation Tax (assumed)				
Profit after tax				7,765
Balance Sheet				
Assets				
Cash		23,388	622	(11,807)
Accounts Receivable		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:

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.

Depreciation and Amortisation Tool Tip

Equity plus Historic Retained Earnings Tool Tip

	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)	(33,614)	(55,378)	(77,145)
Dividend Payment	(1,500)	(3,000)	(4,500)	(6,000)
Shareholder's Equity	189,285	165,992	142,728	119,461
Total Liabilities & Shareholder's Equity	373,000	373,000	373,000	373,000
Cash Flow Statement				
Operating Cash Flow				
Net Earnings	65,000	65,000	65,000	65,000
Plus: Depreciation & Amortization	140,000	140,000	140,000	140,000
Less: Changes in Working Capital	(4,222)	(2,368)	(10,197)	(18,340)
Cash from Operations	(6,924)	(18,767)	(10,928)	(2,740)
Investing Cash Flow				
Investments in Property & Equipment	-	-	-	-
Cash from Investing	-	-	-	-

Equity and Retained Earnings Tool Tip

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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'.

Accounts Receivable & Accounts Payable

Accounts Receivable Assumptions	
34	Enter the proportion of total receivables received in the month (the % entered will be applied to the opening receivables plus receivables generated in month) The closing receivables will then be carried over to the following month
Accounts Payable Assumptions	
35	Enter the proportion of total payables paid in the month (the % entered will be applied to the opening payables plus purchases (Cost of Sales & Overheads) in month) The closing payables will then be carried over to the following month

34. Enter proportion of receivables expected each month

35. Enter proportion of payables expected each month

Baseline Three Way Forecast – Step 8 Ctd...

34 Enter the proportion of receivables you expect to collect each month

Enter the proportion of the total outstanding debt you expect to collect in the month, the percentage you enter will be applied to your opening balance for debtors / receivables, plus any receivables generated in the month with your closing debtors outstanding / receivables being carried over to the month following.

35 Enter the proportion of accounts payable you expect to pay each month

Enter the proportion of your total creditor payments outstanding that you expect to pay in the month, the percentage you enter will be applied to your opening balance for creditors / payables, plus any additional credit generated in the month with the closing creditors / payables outstanding being carried over to the month following.

VAT Period Tool Tip

	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%
Opening Receivables			37	37
Revenue (less bad debts)			30	30
VAT on Revenue			37	37
Total Receivables			55	55
Amount of Total Balance Received			38	38
Closing Receivables			18	18
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

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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.

VAT Period Cycle

	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	9,652	(4,024)	(8,049)	(11,875)	(870)	(2,220)	(4,709)	(69)	2,815	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)	3,883	(2,556)	(1,641)
VAT Payment / (Repayment)	Jan, Apr, Jul, Oct	-	9,652	-	-	(11,875)	-	-	(4,709)	-	-	256
VAT Closing Balance	11,654	9,652	(4,024)	(870)	(11,875)	(870)	(2,220)	(4,709)	(69)	2,815	256	(1,641)
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	113,560	110,456
Receivables (Receivables)		64,984	(12,000)			28,598	26,302	18,872				3,744

VAT Payment Assumptions



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Baseline 3 Way Forecast – VAT Cycle and Payment Assumptions

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.

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.

Receivables Recovered Tool Tip

	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	52,003	52,003	48,109	45,185

Receivables Recovered Tool Tip

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%

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.

Receivables												
	This Year Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Receivables Recovered	15%	15%	15%	15%	15%	15%	15%	20%	20%	25%	25%	30%
Opening Receivables	76,452	49,057	49,057	28,081	18,789	46,143	65,953	71,874	95,642	123,560	110,432	110,432
Revenue (less bad debts)	-	-	(10,000)	(5,000)	29,598	26,207	19,906	37,650	59,255	19,762	37,375	37,375
VAT on Revenue	-	-	-	-	5,920	5,241	3,981	7,530	11,851	3,952	7,475	7,475
Total Receivables	76,452	76,452	76,452	76,452	76,452	76,452	76,452	76,452	76,452	76,452	76,452	76,452
Amount of Total Balance Received	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)	(11,458)

Receivables Recovered Assumptions

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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.

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.

Additional Information

Instant cash payment businesses who generate very little revenue through invoicing

would operate close to (if not at) 100%.

Payables Paid Tool Tip

	This Year Total	Apr	May	Jun
Payables Paid	25%	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		65	65	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	29.1

Payables Paid
Tool Tip

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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.

Collectibles

	This Year	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	37,202	32,003	45,129	46,614	65,513	78,795	88,809	44,847	32,543	35,009	48,030	45,902
Purchases (Excl. Salaries & Bad Debts)	10,112	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119
VAT on Purchases	2,022	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024
Total Payables	69,337	64,145	67,272	68,757	87,656	100,857	110,942	66,990	52,686	57,152	70,173	68,045
Amount of Total Balance Paid	(17,334)	(16,036)	(16,036)	(16,036)	(21,838)	(26,265)	(58,809)	(52,201)	(53,009)	(46,030)	(45,902)	(45,902)
Closing Payables	52,002	52,003	48,109	46,614	65,513	78,795	58,809	52,201	32,009	46,030	45,902	45,902

Payables Paid Assumptions



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Baseline 3 Way Forecast – Creditor / Payable Assumptions

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

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.

Additional Information

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

All Done!

Demo Company Ltd Summary P&L, Balance Sheet & Cashflow Forecast										
	This Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Total									
Assumptions										
Depreciation (% of Fixed Assets)	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%	32.4%
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%
Accounts Receivable (Days)	30	27	20	14	11	30	50	63	90	
Inventory (Days)	160	175	192	213	240	240	235	250	240	
Accounts Payable (Days)	31	30	29	29	32	47	58	45	41	
Corporation Tax Liability (addition only)	15,000									
Corporation Tax Payment										
Dividend/Owner Payment / (Receipt)		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	
Debt Issued (Repaid)		(2,500)	(2,500)							
Equity Issued (Repaid)										
Profit & Loss										
Revenue		-	-	-	-	29,598	26,207	19,906	37,650	
Cost of Sales		-	-	-	-	9,280	8,217	6,242	11,805	
Gross Margin	667,008	-	-	-	-	20,317	17,990	13,664	25,844	
Gross Margin %	71.6%					68.6%	68.6%	68.6%	68.6%	
Salaries & Related Costs	80,265	1,000	1,000	1,000	1,000	1,665	1,670	1,675	3,359	
Overheads	327,039	10,112	20,119	20,125	20,131	20,137	24,738	26,111	26,189	
Depreciation & Amortisation	12,000	676	657	64	64	64	697	787	873	
Interest	628	33	16							
Total Expenses	419,932	11,821	21,793	21,769	21,765	22,476	27,105	28,572	30,422	

Enter Assumptions in Shaded Cells

Enter 3 Way Forecast Assumptions

Module 7 of 11

- 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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Status and Next Step

- With the Cash Flow and Balance Sheet Assumptions entered
- The process can move to the next stage: Adjust P&L Forecast to Reflect the Impact of Funding

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