



Financials

Why do you need a set of financials?



businessdevelopment@breckland.gov.uk
BRECKLAND DISTRICT COUNCIL

Business Plan Financials

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Whether you seek finance to set up your business, or simply need to reassure yourself that your idea has a reasonable expectation to succeed, completing these spreadsheets will enable you and others to make the right decisions on investing in your business. Please review this guidance alongside the Business Plan Financials Worksheet (Excel Document).

The various tabs on the Financial spreadsheet, enable you to concentrate on each aspect of the various stages you must take when setting up a business. Starting at the bottom left tab, Personal Finance, and progressing through each of the tabs in sequence will ensure that you end up with a profit and loss statement, acceptable to most finance providers.

Without a sound financial rationale, it is unlikely that someone would wish to invest in your business. Would you invest in you, is the key question! Do not worry if financial planning is daunting, as there is always someone that can help you.

To get some advice or training for any aspect of your business please visit our Business Support pages on the Breckland Council website – <https://www.breckland.gov.uk/business-growth/business-skills>

Overleaf you will find a simple explanation on what to do with each of the tabs that build up your financial planning documents.

See picture at the end of this document as a quick explanation as to what each part of an Excel Spreadsheet is and does.

Tab One: Personal expenditure

Before we can tackle our financial planning for the business, we need to establish our own finances. Remember your business needs to provide an income not only for growth but also your personal “survival”. By examining your monthly expenditure, you can establish what the business must generate to make up any shortfall from lack of employed income, benefits, or other forms of current finances you may have at your disposal. At the very least your business must meet this requirement.

It is important that you complete this sheet as accurately and honestly as you can. It is relevant to your cash flow situation. Once this has been completed it will transfer to the cash flow tab automatically for you. Before you proceed ask yourself “have you done all you can to reduce these personal outgoings”. An example would be subscriptions you can survive without for a period or perhaps energy and other contractual outgoings. Have you used a switch service to enquire if you could save money? Every pound saved on personal outgoings is a pound you do not need to earn to achieve a breakeven with your business. Once you have put your monthly expenditure on this spreadsheet it will automatically add the total up and provide an annualised projection for

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outgoings. ONLY COMPLETE MONTHLY COLUMNS.

Next complete your income expectations for the month. Be honest, it is your projections. Do not rely on benefits you currently receive, unless you have been given an assurance that they will continue. An example would be where you are given the [Enterprise Allowance](#). You will need to check with Anglia Revenues Partnership whether any benefits you are currently receiving can still be claimed during your initial start-up phase. To review these please check the [ARP website](#).

As mentioned previously these figures will be annualised for you, and a balance positive or negative produced. This data will be transferred into the cash flow tab.

Tab Two: Start-up costs

This section is for you to provide everything you will need to purchase to start your business. Obtain genuine quotes, we would suggest obtaining 3 quotes for everything you need before deciding on which one to choose. This will ensure you are paying a fair amount for what you need but will also show that you have thought about this in the long term.

Spread costs where possible. Do not pay up front if you can spread costs over a year.

Cash is the oxygen a business needs to stay afloat. Better in your bank than someone else's! If you have no money you cannot trade. Ensure you are getting a fair price for everything, do not be afraid of asking for a discount! Once you have typed in all your costs, the spreadsheet will add them up and transfer them to the next tab.

Tab Three: Source of finance

What amount of money, yourself, can you put into your business? Every penny will make a difference to someone lending you money. If it were you lending money, would you be happy loaning it if it meant you had all the risk as they had nothing to put towards it?

Input the amount you are investing and likewise loan required from a bank or other source. The spreadsheet will calculate whether you have sufficient funds to start trading, and carry this forward to the cash flow tab.

Tab four: Sales Forecast

Before you start this tab, please consider two very important things.

Firstly, it is highly unlikely that you will gain many sales in the first few months. Be realistic with your forecast. Take it slow to begin with and build numbers as you develop the business.

Secondly, think seasonality. Business seldom achieves a constant performance, and it is better to think which months are your busiest and which are your quietest. Christmas and New Year often need amending up or down. You need to plan for holidays, so adjust those months accordingly.

At the top you will see it runs from April to March, you can change these months to whatever best suits you. This is set as it is the start of the financial year.

We have provided four products or services for you to input data. It is possible to add more if you need to.

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Filling this in could not be easier.

Simply go to Product 1 and type in the value of the product or service. E.g. If you are a Nail Technician it might be Acrylic Nails and you may charge £25. Carry this across the sheet. The next line you simply input your projection of how many for each month in the financial year. The spreadsheet will calculate income for the months and total them up on the next line.

Below this you will see unit variable cost. As above simply input the cost of the item (not fixed costs, purely costs attributable to the listed product). **DO NOT ACCOUNT FOR YOUR TIME.** An example of variable costs for the Nail Technician above would be to input the actual costs to purchase the acrylics which might be circa £5.

The spreadsheet will calculate the total for you.

Repeat this process for the products services you wish to calculate for. **REMEMBER** 4 items will probably be 99% of your sales by product pricing group.

Tab Five: Cash flow

Everything you have done so far will build to produce your cash flow statement.

Putting it bluntly, without cash you have no business! Being in the red is not a sin, so do not despair! However, being in the red with no overdraft or means of paying your running costs or debts is. Your vehicle cannot get you from A to B without fuel, and garages are not charitable institutions.

Suppliers will not deliver goods unless you can meet payments.

If you are showing a negative figure anywhere within your closing balance, you **MUST** have a means of paying for this credit. Remember being credit worthy goes hand in hand with your good name. The first thing that you will notice is that some of this is already populated from the inputting you have done above. You do not need to touch income section, nor Material / stocks.

Survival budget section is next, and this should be populated for you.

You will need to manually input months 1 to 12 for the fixed costs section. **Do not touch the column named Pre-Start.**

If Rent is £500 per month, simply input this figure for the 12 months. In all the sheets **do not touch totals**, the Spreadsheet does this for you.

Tab 6: Depreciation

Any capital items can be listed separately on this sheet. You can read more about [Capital Allowances](#) on the Gov.UK site

Column one capital item (Asset), column 2 its purchase date, column 3 how much it cost, column 4 life expectancy in years, and finally if it has a resale value at the end of its expected life, what could you get for it. The spreadsheet will calculate the rest for you.

Repeat this process for the products services you wish to calculate for. **REMEMBER** 4 items will probably be 99% of your sales by product pricing group. If you do not have capital items to complete

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the whole table, please just insert '0' in the remaining cells to ensure the total calculation works.

Tab 7: Profit and Loss

The good news. Most is done for you already. Couple of things to do though.

Remember to do a stock take or estimate year end stock you will carry forward, and input this where stated.

Put in the salary/drawings you expect to take.

And there you are, a full set of financials that should satisfy anyone.

Before starting your document and reading the advice below, here are a few explanations for an Excel Spreadsheet for those who have not used one before.

The image shows a screenshot of the Microsoft Excel interface. The ribbon is set to the 'Insert' tab. The formula bar at the top displays '=SUM(F8:F9)'. The spreadsheet grid shows a yellow highlighted column (B) and a blue highlighted row (3). A cell in column E, row 6 contains the number '0'. A tab labeled 'TAB' is visible at the bottom of the window.

This is a formula – DO NOT DELETE this will enable calculations to be made and put in the correct 'cell'

This is a 'Tab' and will have a name in it i.e. Cashflow

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