



Business Plan Financials

Why do you need a set of financials?

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.

The various tabs 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 we at Get Started can help you. All Blackpool residents, wishing to start their own business are eligible to enrol in our Get started program which provides all the help and support needed to start a business, providing expert tuition on business plan completion as well as finance planning completion.

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

Get Started

IN BUSINESS : IN BLACKPOOL

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 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 new Enterprise Allowance. It provides an income of 3 months at £65 per week and 3 months at £33 per week, and then stops. You will still be eligible for Child benefits and housing benefits. However, if you receive a start up loan from the start up loans company, you will NOT receive JSA, nor housing benefits as a right, but as you will be deemed self employed and any benefit will be means tested.

As above these 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 is your chance to put everything you need to purchase to start your business. You will need these both for your own records, but perhaps more importantly finance sources. Obtain genuine quotes, and I urge you to obtain 3 quotes for everything you need before deciding on which one to choose.

ALWAYS spread costs. **NEVER** 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. **HAGGLE** for everything. Once you have typed in all your costs, the spreadsheet will add them up and transfer them to the next tab.

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Get Started

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Tab Three: Source of finance

- Decide how much you can introduce into your business, every little will make a difference to someone lending you money. Ask yourself, if you were lending someone money would you be happy to take all the risk?
- 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 of the spreadsheet you will notice that it states 1,2,3,4 etc. you can change these to April 2014 or whatever months you wish.

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

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.

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Get Started

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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. Etc.
- 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 PRE – START.**
- So 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. Remember you can claim for capital items up to £100,000 purchased for previous year when you start up and up to £100,000 every year thereafter.
- Column one capital item, 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.

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 will satisfy anyone.

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