

Writing a Business Plan - One Step at a Time

A step-by-step system for new entrepreneurs.

Booklet 6 - Financial Summary



The last two booklets discussed the income and the expenses of your business. Alone, this does not present an accurate picture of what is happening to the money in your business. This booklet will help you complete the picture.

Worksheets

- 6-1 Investment / Equity
- 6-2 Cash In From Other Sources
- 6-3 Inventory Increase or Decrease
- 6-4 Accounts Payable Increase or Decrease
- 6-5 Accounts Receivable
- 6-6 Fixed Assets Purchased or Sold
- 6-7 Other Cash Out
- 6-8 Minimum Cash Balance

6-1 Investment / Equity

Please list and provide details about existing loans for cash or any items that you have invested in your business. “**Security**” is usually the item purchased or whatever the lender will “take back” if the loan is not paid.

John’s Existing Loans

Lender & Address: *Trans Omni Credit, Saskatoon, SK (306) 555-9876*
 Purpose: *Purchase of Torque Wrenches*
 Security: *Torque Wrenches*
 Original Loan Amount \$ 800 Payments \$78 Amount Left Owing \$400

Total Loans or Debts on Existing Assets \$400

Monthly Increase or Decrease in Equity

“**Increase or Decrease in Equity**” is cash or items you plan to invest or withdraw from your business throughout the year.

John’s Based On: *John’s investment of the cash Tom Tiller owes him and will be repaying.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
<i>400</i>			<i>400</i>								

6-1 Investment / Equity

Please list and provide details about existing loans for cash or any items that you are investing in your business.

Your Existing Loans

Lender & Address:

Purpose: _____

Security: _____

Original Loan Amount _____ Payments _____ Amount Left Owing

Lender & Address:

Purpose: _____

Security: _____

Original Loan Amount _____ Payments _____ Amount Left Owing

Total Loans or Debts on Existing Assets

Monthly Increase or Decrease in Equity

“Increase or Decrease in Equity ” is cash or items you plan to invest or withdraw from your business throughout the year.

Based On:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-2 Cash in from Other Sources

This section should include other private loans or sources of income that have not been included elsewhere.

John's Opening Based On: Personal Loan from father, Jim Smith.

Source & Address: Jim Smith, Box 489, Langley, SK S0W 3K0 Phone 854-8776

Purpose: Family loan to start business

Security: None

Terms (Interest & Payments) : No interest, yearly payments of \$500 every April

Amount : \$6000

John's Monthly Based On: Not applicable, he will not be receiving any new money after he starts his business.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
-	-	-	-	-	-	-	-	-	-	-	-

6-3 Inventory Increase or Decrease

This section is used to record changes in inventory throughout the year. An increase in inventory will be created when you purchase extra inventory over and above restocking sold items. An inventory decrease should be shown with a minus sign if you have inventory that you will not be ordering again after you have sold it.

Example: A toy store may increase their inventory by \$15,000 in October for Christmas. October would show "+ \$15,000" and November and December would both show an inventory decrease "- \$7500" per month.

If you plan to keep your inventory at the same dollar value throughout the year, you will not need to use this line.

John's Inventory Increase or Decrease Based On :

Monthly increase of \$100 per month for the first five months for small stock items that will be needed once the business is opened.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	-	-	-	-	-	-	-

6-2 Cash in from Other Sources

This section should include other private loans, or sources of income that have not been included elsewhere.

Opening Based On:

Name & Address:

Purpose:

Security:

Terms (Interest & Payments):

Amount:

Monthly Based On:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-3 Inventory Increase or Decrease

This section is used to record changes in inventory throughout the year.

Inventory Increase or Decrease Based On :

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-4 Accounts Payable Increase or Decrease

“**Accounts Payable**” describes the amount of money financed by your suppliers. This can be a very dangerous way of arranging financing. Many suppliers provide financing for inventory for a period of time in order to convince you to carry their inventory. They will suggest that you have “three month’s to pay for your inventory and by that time you will have it all sold.” Before making this type of arrangement with a supplier, you need to consider what you will do if you have not sold the inventory and payment is due.

Example: The supplier for the toy store discussed above has stated that they will not have to pay for the additional \$15,000 in inventory until December. This column would show an increase in payables (+ \$15,000) in October and a decrease (-\$15,000) in December. What happens if the toy store only sells one-half of the extra inventory purchased and does not have the extra cash to pay for the total amount?

John’s Monthly Increase or Decrease Based On: *Not applicable.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
-	-	-	-	-	-	-	-	-	-	-	-

6-5 Accounts Receivable

“**Accounts Receivable**” is the amount of money that your customers owe you at any given time. This category should include unpaid customer accounts as well an allowance for materials tied up in work in progress. In many businesses, work may be partially completed and the materials or labor cannot be billed until the job is finished.

John expects that about 30% of his sales will be charged. He is allowing an extra 20% to cover unbilled work in progress (parts and labor).

John’s Monthly Based On:

- 50% (half) of his sales will not be paid for at the time they are done

- 50% of these sales will be paid for within the first 30 days

- 40% of these sales will be paid between 30-60 days

- the last 10% will be paid between 60-90 days.

6-4 Accounts Payable Increase or Decrease

“**Accounts Payable**” describes the amount of money financed by your suppliers.

Monthly Increase or Decrease Based On:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-5 Accounts Receivable

“**Accounts Receivable**” is the amount of money that your customers owe you at any given time. This category should include unpaid customer accounts as well an allowance for materials tied up in work in progress. In many businesses, work may be partially completed and the materials or labor cannot be billed until the job is finished.

Monthly Based On:

_____ % of sales will be charged.

_____ % to cover unbilled work in progress (parts and labor).

_____ %of sales will not be paid for at the time they are done.

_____ %of these sales will be paid for within the first 30 days.

_____ %of these sales will be paid between 30-60 days.

The last _____ % will be paid between 60-90 days.

6-6 Fixed Assets Purchased or Sold

Monthly figures are based on any "Land & Buildings, Building or Leasehold Improvements, Equipment & Furniture, Vehicles or Other Assets" you plan to sell or purchase during your first year of business.

John's Monthly Based On: Not applicable.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
-	-	-	-	-	-	-	-	-	-	-	-

6-7 Other Cash Out

This line can be used to describe cash that will be taken from your business and has not been included in any other category.

John's Monthly Based On: Not applicable.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>
-	-	-	-	-	-	-	-	-	-	-	-

6-8 Minimum Cash Balance

This is usually an opening figure that includes cash floats that you need to operate your business as well as a minimum amount you wish to keep in your bank account.

John's Opening Minimum Cash Float Based On:
\$100 for cash float and \$900 in bank just in case of emergencies.

6-6 Fixed Assets Purchased or Sold

Monthly figures are based on any "Land & Buildings, Building or Leasehold Improvements, Equipment & Furniture, Vehicles or Other Assets" you plan to sell or purchase during your first year of business.

Monthly Based On:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-7 Other Cash Out

This line can be used to describe cash that will be taken from your business and has not been included in any other category.

Monthly Cash Out Based On:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

6-8 Minimum Cash Balance

This is usually an opening figure that includes cash floats that needed to operate your business as well as a minimum amount you wish to keep in your bank account.

Opening Minimum Cash Float Based On:

6-9 New Financing Requested

Complete as much of the following page as possible. Your business development officer can assist you in areas where you need assistance.

LINE OF CREDIT

- A “**line-of-credit**” is an arrangement made between you and your banker that allows you to overdraw your account in exchange for interest paid on the amount overdrawn. If you are considering a line of credit, please list the bank or Credit Union you plan to approach.

John’s Banker and Line-of-Credit

Name & Address: Timmins Mybanks Inc. Timmins 555-9876

Purpose: Operating

Security: Mortgage on shop and lot

Terms: 14% interest, payable monthly

Amount Requested: \$6000

List any lenders you are considering, and the details of each proposed loan.

LOAN #1 **Lender & Address:** Community Loan Fund
C/O Timmins Town Office, Timmins
(306) 555-6588

Purpose: To purchase equipment list attached
Security: Equipment to be purchased for \$6,000
Terms: 5 years, monthly payments of \$99, Interest 7%
Estimate of Loan Amount to be Requested: \$5000

LOAN #2 **Lender & Address:** Timmins Mybanks Inc. Timmins 555-9876
Purpose: To purchase assets / provide operating capital
Security: All assets of business except those already
used for existing loan, loan #1 and line of credit.
Terms: 5 years, monthly payments of \$296, Interest 13%
Estimate of Loan Amount to be Requested: \$13000

Total Financing Requested \$30370

6-9 New Financing Requested

Complete as much of the following page as possible. Your business development officer can assist you in areas where you need assistance.

LINE OF CREDIT

- A “**line-of-credit**” is an arrangement made between you and a banker that allows you to overdraw your account in exchange for interest paid on the amount overdrawn. If you are considering a line of credit, please list the bank or Credit Union you plan to approach.

Banker and Line-of-Credit

Name & Address:

Purpose:

Security:

Terms:

Amount Requested:

List any lenders you are considering, and the details of each proposed loan.

LOAN #1 Lender & Address:

Purpose:

Security:

Terms:

Estimate of Loan Amount to be Requested:

LOAN #2 Lender & Address:

Purpose:

Security:

Terms:

Estimate of Loan Amount to be Requested:

Total Financing Requested

Glossary

accounts payable - bills you owe

accounts receivable - money owed to you

balance - amount in account

cash floats - cash on hand for operation of business

equity - the difference between the value of what you own and what you owe

fixed assets - items owned and held to be used in the business

minimum - smallest possible

restocking - to replace items sold or used

security - something given or promised to guarantee payment of a loan