

A well-put-together financial plan can help you achieve greater confidence in your business while generating a better understanding of how to allocate resources. It shows your business is committed to spending wisely and its ability to meet financial obligations. A financial plan helps you determine if choices will impact revenue and which occasions call for dipping into reserve funds.

It's also an important tool when asking investors to consider your business. Your financial plan shows how your organization manages expenses and generates revenue. It shows where your business stands and how much it needs from sales and investors to meet important financial benchmarks.

Whether you're modifying your plan or starting from scratch, a financial plan should include:

- **Income statement:** This shows how your business experienced profit or loss over a specific period. Also known as a profit-and-loss statement (P&L) or pro forma income statement, it lists the following:
 - Cost of sale or cost of goods (how much does it costs to produce your goods or services?);
 - Operating expenses like rent and utilities;
 - Revenue streams, usually in the form of sales;
 - Amount of total net profit or loss, also known as a gross margin.
- **Balance sheet:** Rather than looking backward or peering into the future, the balance sheet helps you see where you stand right now. What do you own, and what do you owe? To figure it out, you'll need to consider the following:
 - Assets: How much cash, goods, and resources do you have available?
 - Liabilities: What do you owe to suppliers, personnel, landlords, creditors, etc.?
 - Owner's equity (the amount of money generated by your business).

It can provide insight into your business and show important measures like how much cash you have, what your obligations are, and what kind of profit you're making all at a glance.

- **A cash flow statement** is perhaps one of the most critical aspects of your financial plan. Your business runs on cash. Understanding how much cash is coming in and when to expect it shows the difference between your profit and cash position. It should display how much cash you have now, where it's going, where it will come from, and a schedule for each activity.

Our template contains all these components of a financial business plan.

CASH FLOW TAB

The first input value that will affect further calculations is “Cash at beginning of Year”, which must be entered in the corresponding field at the top of the table. It can be any value, even \$0.

Below you will see a small table caG **BALANCE** table automatically calculates and displays the cash balance at the beginning of each month. Nothing in this table needs to be changed. If the number of expenses exceeded income and a negative cash flow formed, you would see this value in red.

The generated table looks like this:

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
BEGINNING BALANCE	\$15,700	\$15,100	\$8,840	-\$2,760	\$540	\$1,520	-\$1,260

Below you will see 2 tables:

1. Income table with a list of monthly income items. You can delete and add lines, customizing the list of income sources for your specifics.
2. Table of expenses with a list of items of costs monthly. You can delete and add lines, customizing the list of expense items to suit your specifics.

CASH RECEIPTS
<i>Cash sales</i>
<i>Returns and allowances</i>
<i>Collections on accounts receivable</i>
<i>Interest, other income</i>

CASH PAYMENTS
<i>Advertising</i>
<i>Commissions and fees</i>
<i>Contract labor</i>
<i>Employee benefit programs</i>

You need to fill in these columns with actual income and expenses every month to see cash flow and trends.

These tables have summary rows that sum up the amount of income/ expenses monthly. The tables also have summary columns that summarize the amount of income/ expenses for each specific item.

An example of a completed table:

CASH RECEIPTS				
<i>Cash sales</i>	\$200		\$1,000	\$3,000
<i>Returns and allowances</i>				
<i>Collections on accounts receivable</i>				\$5,500
<i>Interest, other income</i>		\$1,200	\$300	
<i>Loan proceeds</i>	\$500			\$2,500
<i>Owner contributions</i>				
TOTAL CASH RECEIPTS	\$700	\$1,200	\$1,300	\$11,000

Below these tables is the field "NET CASH CHANGE". The value is automatically calculated as the difference between total income and total expenses during one calendar month and shows the cash flow dynamics.

NET CASH CHANGE	-\$600	-\$8,260	-\$11,600	\$3,300
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Below is the field "NET CASH FLOW", which displays the net cash flow and is calculated as the difference between "BEGINNING BALANCE" and "NET CASH CHANGE".

NET CASH FLOW	\$15,100	\$8,840	-\$2,760	\$540
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PROFIT AND LOSS STATEMENT

The template is conventionally divided into three tables: a block of income, expenses, and final calculations.

In the "INCOME" block, the possible types of income are listed, and fields for your types are provided.

INCOME	JANUARY	FEBRUARY	MARCH
<i>Cash sales</i>	\$2,200	\$2,000	\$1,000
<i>Returns and allowances</i>	\$1,000	\$3,500	\$1,000
<i>Collections on accounts receivable</i>	\$500	\$1,500	\$500
<i>Interest, other income</i>	\$350	\$2,200	\$1,300
<i>Loan proceeds</i>	\$500	\$500	\$600
<i>Owner contributions</i>	\$450	\$300	\$1,500
Total income	\$5,000	\$10,000	\$5,900
<i>Cost of Goods Sold</i>	\$100	\$400	\$300
Gross Profit	\$4,900	\$9,600	\$5,600

Enter the corresponding revenue values at the intersection of the lines with the types of income and the names of the months.

- The values in the "Total income" row are calculated automatically as the sum for the month column.
- In the "Cost of Goods Sold" row, enter values of the costs of creating or preparing your goods (cost price).
- The values in the "Gross Profit" rows are calculated automatically as the difference between the income received and the cost price.

Below there is a table of expenses. The rows list the possible items of expenses. If some of the actual cost items for you are not considered in the template - enter these names in the "Other Expenses (specify)" cells.

Taxes and licenses	\$500	\$660	
Travel			\$600
Utilities	\$600	\$500	
Wages (less emp. credits)			\$700
Other expenses	\$800		
Other expenses		\$150	
Other expenses			
Miscellaneous			\$1,100
Total Expenses	\$3,200	\$5,610	\$5,700

- At the intersection of rows with expenses items and month names, enter the values of the related costs.

- At the bottom of the block of expenses, there is a row of totals. It is calculated automatically as a sum for the month column.

Below there is a table of final calculations. The values in the rows filled with yellow are calculated automatically (no need to change anything).

Total Expenses	\$3,200	\$5,610	\$5,700
Income From Operations	\$1,700	\$3,990	-\$100
Interest Income (Expense)	\$300	\$400	\$50
Income Before Income Taxes	\$2,000	\$4,390	-\$50
Income Tax Expense	\$780	\$908	\$5
NET PROFIT (Net Income)	\$1,220	\$3,482	-\$55

- The values in the "Income From Operations" line are calculated automatically as the difference between Gross Profit and Total Expenses.

- In the line "Interest Income (Expense)," enter the income value when investing, other deposits.

- The values in the "Income Before Income Taxes" line are calculated automatically as the sum of the "Income From Operations" and "Interest Income (Expense)" values.

- In the line "Income Tax Expense," enter the values of taxes on income that you need to pay.

- The values in the "NET PROFIT (Net Income)" line are calculated automatically as "Income Before Income Taxes" after taxes.

Enter the data for all other periods in the same way. There is a column on the right side of the sheet for annual totals. It is calculated automatically for each line for the entire year.

YEAR TOTALS	
	\$3,200
	\$3,000
	\$4,590

BALANCE SHEET TAB

There is a table that makes up the balance sheet of the organization: **Assets and Liabilities and Owner's equity**, which in turn are divided into subcategories and balance sheet items.

The block "Assets" looks like this.

You need to fill in all the fields given for the year. Total rows are calculated automatically. The completed "Assets" block might look like this.

ASSETS	
Current Assets	
Cash	
Accounts Receivable	
Inventory	
Prepaid Expenses	
Short-Term Investments	
Total Current Assets	\$0.00
Fixed (Long-Term) Assets	
Long-Term Investments	
Property, Plant, and Equipment (Less Accumulated Depreciation)	
Intangible Assets	
Total Fixed (Long-Term) Assets	\$0.00
Other Assets	
Deferred Income Tax	
Other	
Total Other Assets	\$0.00

Fill in the "Liabilities and Owner's equity" block in the same way.