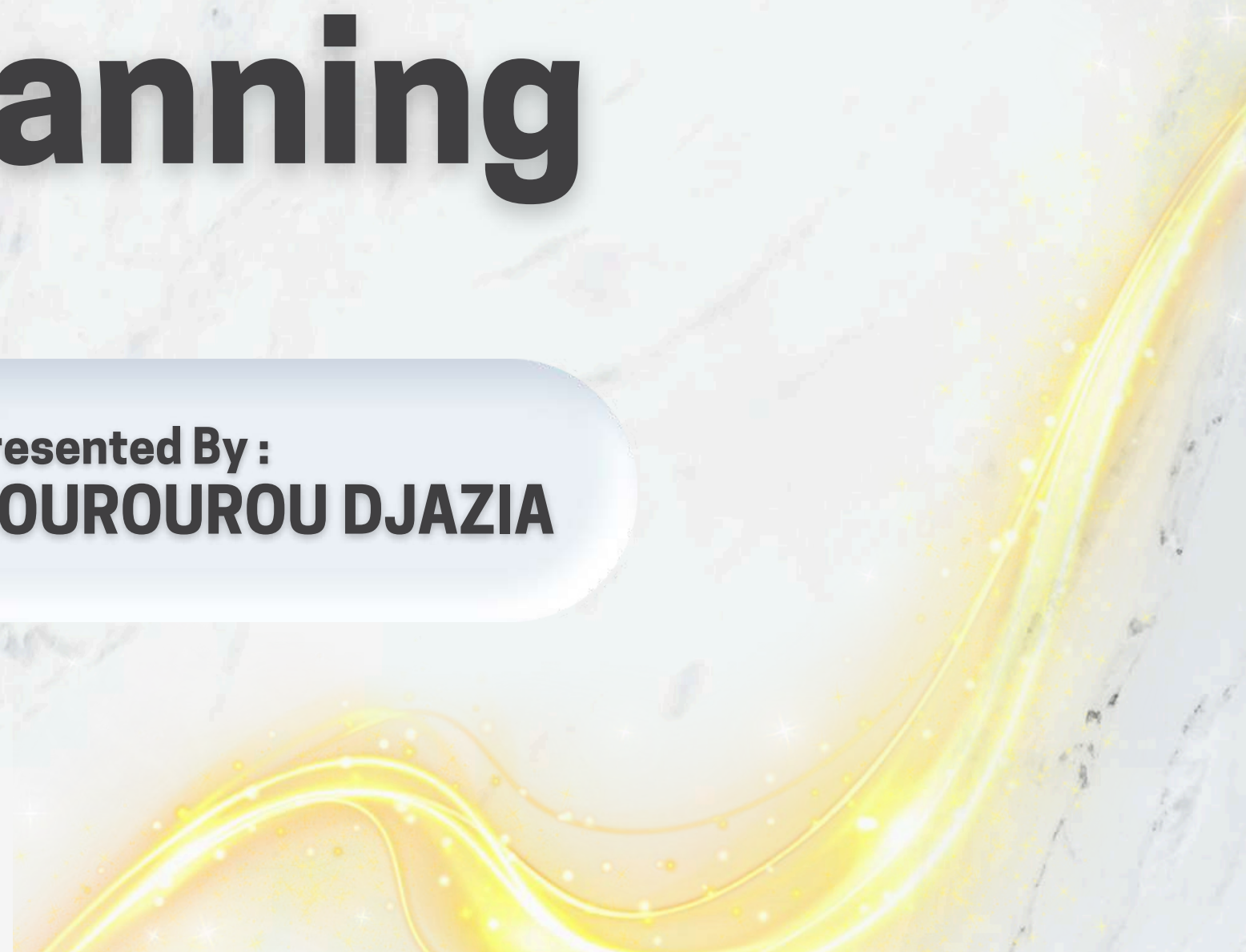


VI Financial Planning

Presented By :
BOUROUROU DJAZIA





VI/1/ personal financial statement

Your own personal financial health will be carefully examined by the lender.





- **Life Insurance**
- **Stocks & Bonds**
- **Other Property**
- **Notes Payable**
- **Real Estate**
- **Unpaid taxes**



PERSONAL FINANCIAL STATEMENT

Date _____
 Your Name and Address _____
 Business Name and Address _____
 Social Security _____ Date of Birth: _____
 Phone: _____ Fax: _____ E-mail: _____

ASSETS & LIABILITIES

ASSETS (what you own)

Cash	\$	_____
Savings Accounts	\$	_____
Retirement Accounts	\$	_____
Accounts & Notes Receivable	\$	_____
Life Insurance, cash surrender value	\$	_____
Stocks & Bonds (market value)	\$	_____
Real Estate (market value)	\$	_____
Automobiles (market value)	\$	_____
Other Property	\$	_____
Other Assets	\$	_____
TOTAL ASSETS	\$	_____

LIABILITIES (what you owe)

Accounts Payable	\$	_____
Notes Payable	\$	_____
Residential Mortgage, balance	\$	_____
Investment Mortgage, balance	\$	_____
Installment Loan Balance, auto	\$	_____
Installment Loan Balance, other	\$	_____
Unpaid taxes	\$	_____
Other liabilities	\$	_____
TOTAL LIABILITIES	\$	_____

NET WORTH (assets less liabilities)	\$	_____
TOTAL LIABILITIES + NET WORTH	\$	_____

Life Insurance:
 In the **APPENDIX**, provide face amount and cash surrender value of policies, name of insurance companies and beneficiaries.

Other Property:
 Describe in the **APPENDIX**. If any is pledged as security/collateral, include name and address of lien holder, lien amount, and payment terms.

Notes Payable:
 In the **APPENDIX**, include the name and address of the noteholder, original loan balance, current balance, payment amount, and what collateral is used for security.

Stocks & Bonds:
 The total is included here. In the **APPENDIX**, include the number of shares, name of securities, cost, market value with date.

Real Estate:
 The total is included here. In the **APPENDIX**, include type of property, date purchased, original cost, and the present market value. Also include the mortgage account number, balance, and monthly payment.

Unpaid taxes:
 The total is included here. In the **APPENDIX**, specify the type of tax, who it's owed to, when it's due and whether there is a lien on any property

YOUR PERSONAL FINANCIAL STATEMENT

INCOME & EXPENSES

ANNUAL INCOME:

Salary, Bonuses, and Commissions	\$	_____
Dividends, Interest, Investment income	\$	_____
Real Estate Income	\$	_____
Other Income	\$	_____
TOTAL ANNUAL INCOME	\$	_____

Annual Expenses:
Multiply your monthly expenses by 12.

ANNUAL EXPENSES:

Mortgage/Rental payments	\$	_____
Loans and notes payable	\$	_____
Taxes: Federal, State, Local, Property	\$	_____
Insurance premiums	\$	_____
Alimony and child support	\$	_____
Tuition	\$	_____
Medical Exp./Insurance	\$	_____
Contingent liabilities	\$	_____
Other Debt or Liabilities	\$	_____
TOTAL ANNUAL EXPENSES	\$	_____

Contingent liabilities:
Are you an endorser, co-maker or guarantor of other loans? If so, are there any legal actions or contested taxes?

This statement is true and accurate.

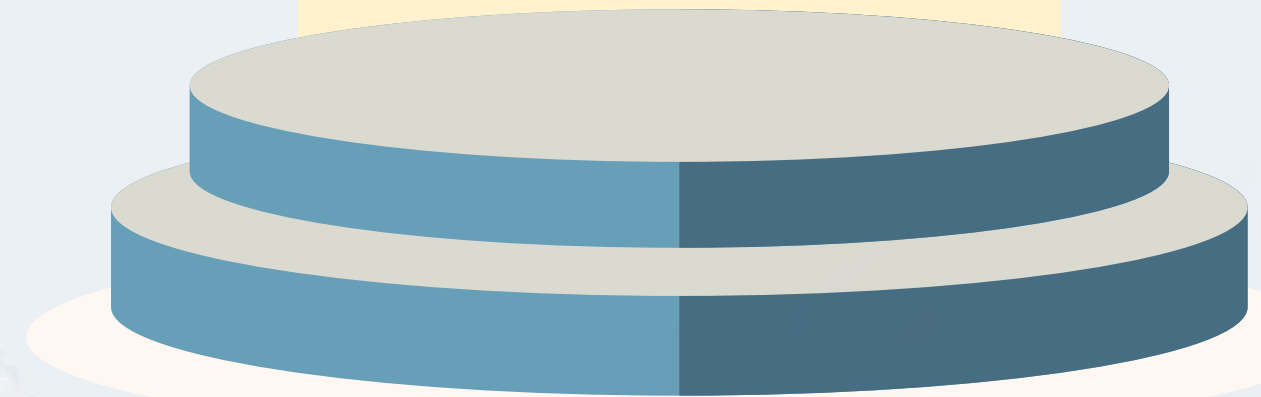
I authorize any inquiries necessary to verify its accuracy.

(your signature and date) _____



VI/2/ BALANCE SHEET

The Balance Sheet is like a picture of your business, frozen for a second. The numbers change every day .





1/ ASSETS/ WHAT THE COMPANY OWNS

- Current Assets
- Accounts Receivable
- Inventory
- Total Current Assets
- Non-Current Assets
- Fixed Assets
- Less Depreciation
- Advances to Owners
- Total Non-Current Assets
- Total Assets



2/ LIABILITIES/ HOW MUCH THE COMPANY OWES

- Current Liabilities
- Current Portion of Long-Term Debt
- Note Payable
- Accounts Payable (A/P)
- Total Current Liabilities
- Long-Term Liabilities
- Loan Payable
- Total Long-Term Liabilities
- Total Liabilities

3/CAPITAL OR NET WORTH

The business' equity

- Owners Investment
- Retained Earnings
- Total Capital
- Total Liabilities & Capital



BALANCE SHEET

ASSETS

Current Assets:

Cash	10,000
Accounts Receivable	75,000
Inventory (ending)	<u>85,000</u>
Total Current Assets	170,000

Non-Current Assets

Fixed Assets	140,000
→ Less Accumulated Depreciation	<u>(25,000)</u>
Fixed Assets (net)	115,000
Advances to Owners	<u>6,000</u>
Total Non-Current Assets	<u>121,000</u>

Total Assets (170 + 121)

	<u><u>291,000</u></u>
--	-----------------------

LIABILITIES

Current Liabilities

Current Portion of Long-Term Debt	6,000
Note Payable	100,000
Accrued Taxes	3,000
Accounts Payable(A/P)	<u>41,000</u>
Total Current Liabilities	150,000

Long-Term Liabilities

Loan Payable	<u>54,000</u>
Total Long-Term Liabilities	<u>54,000</u>

Total Liabilities (150 + 54)

	204,000
--	---------

CAPITAL OR NET WORTH

→ Owners Investment	20,000
Retained Earnings	<u>67,000</u>
→ Total Capital	<u>87,000</u>

Total Liabilities & Capital (204 + 87)

	<u><u>291,000</u></u>
--	-----------------------

Your Company Name

BALANCE SHEET

Date of Statement _____

ASSETS

Current Assets

Cash \$ _____
Accounts Receivable \$ _____
Inventory (ending) \$ _____
Other Current Assets \$ _____
Total Current Assets \$ _____

Non-Current Assets

Fixed Assets \$ _____
Less Depreciation \$ _____
Fixed Assets (net) \$ _____
Advances to Owners \$ _____
Other Non-Current Assets \$ _____
Total Non-Current Assets \$ _____
Total Assets \$ _____

LIABILITIES

Current Liabilities

Current Portion of Long-Term Debt \$ _____
Note Payable \$ _____
Accrued Taxes \$ _____
Accounts Payable(A/P) \$ _____
Total Current Liabilities \$ _____

Long-Term Liabilities

Loan & Notes Payable \$ _____
Total Long-Term Liabilities \$ _____
Total Liabilities \$ _____

CAPITAL OR NET WORTH

Owners Investment \$ _____
Retained Earnings \$ _____
Total Capital \$ _____
Total Liabilities & Capital \$ _____

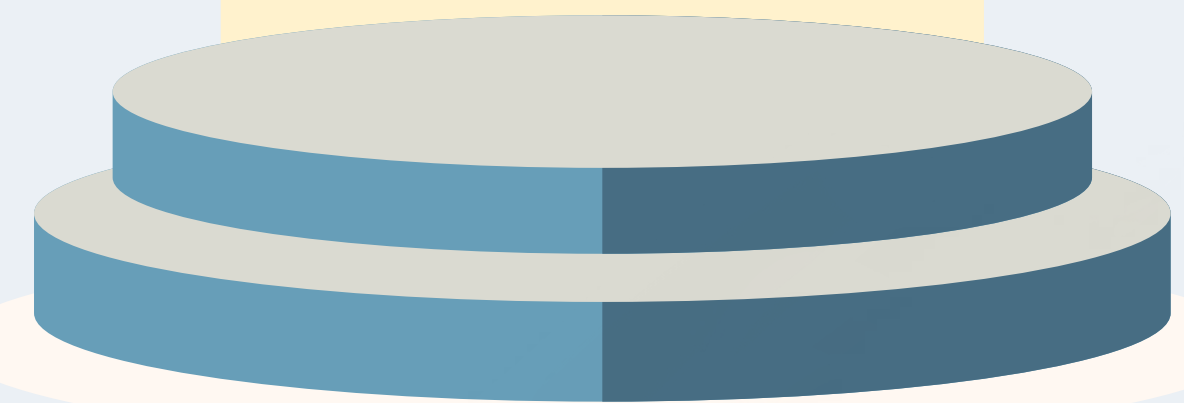
These numbers should be the same.



VI/3/ INCOME STATEMENT

The Income Statement is your company's report card. Expenses are subtracted from income, which gives you the business' financial performance or net profit (or loss).

Other names for the Income Statement are Operating Statement, Earnings Statement, or Profit and Loss Statement



SaleS

Emergency fund, travel, small purchases.



exPenSeS

- Selling Expenses
- General and Administrative
- ☒perating Income
- Interest Expense

PROFIT

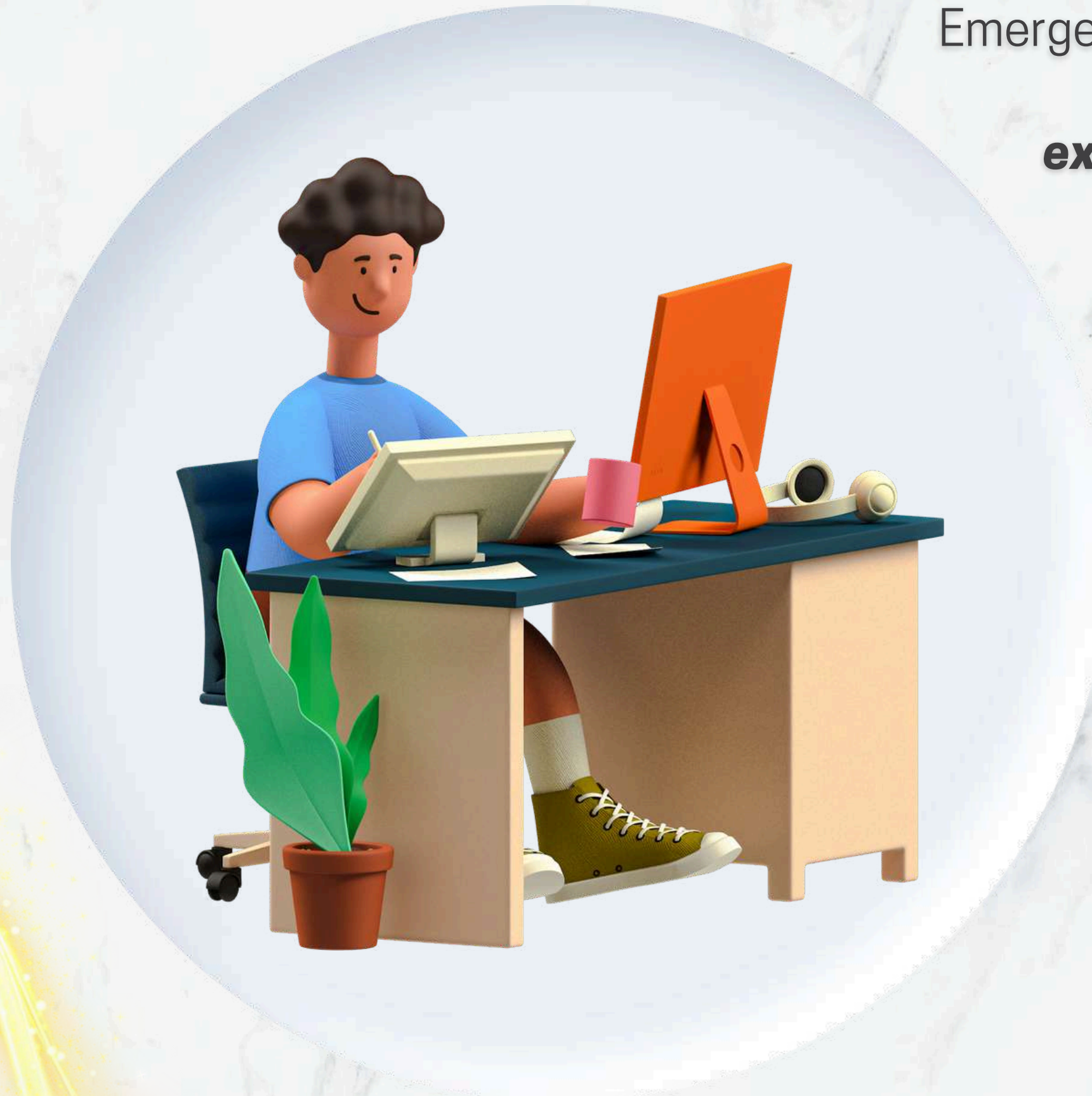
Net ProFt before taxes

- Less: Income Taxes

Tax rates depend on your business' legal status.

- Net Profit

Profit left after all expenses (including taxes) have been paid



Max Computer Company
INCOME STATEMENT

SALES

Net Sales	900,000
Less Cost of Goods Sold:	
Beginning Inventory	75,000
Purchases	360,000
Labor	200,000
Total	625,000
Less: Ending Inventory	(85,000)
Cost of Goods Sold (625 less 85)	<u>540,000</u>
GROSS PROFIT (900 less 540)	360,000

EXPENSES

Operating Expenses:	
Selling Expenses	90,000
General & Administrative	<u>170,000</u>
Total Expenses	<u>260,000</u>
Operating Income (360 less 260)	100,000
Interest Expense	<u>20,000</u>

PROFIT

Net Profit before taxes (100 less 20)	80,000
Less: All Income Taxes	<u>27,000</u>
Net Profit (80 less 27)	<u><u>53,000</u></u>

Net vs. Gross Sales

Gross sales is the amount before adjustments like returns and allowances. After these adjustments you have Net Sales.

Operating Income:

Gross Profit less Selling Expenses and General/ Administrative Expenses.

In the **APPENDIX**, include three years' fiscal year end statements plus an interim statement (not more than three months old).

Start-up companies: Project month by month for the first year, quarterly for the second year and one whole year for the third year.

\$75,000 was the ending inventory for the previous year and became the beginning inventory for the next year.

This number is pulled from the Balance Sheet on page 22.

Important Note: Compare numbers in the current year's Income Statement with the previous year. You should know whether income/profits and expenses are going up or down.

Your Company Name
INCOME STATEMENT

Date of Statement _____

SALES

Net Sales		\$ _____
Less Cost of Goods Sold:		
Beginning Inventory	\$ _____	
Purchases	\$ _____	
Labor	\$ _____	
Total	\$ _____	
Less: Ending Inventory	- \$ _____	
Cost of Goods Sold		\$ _____
GROSS PROFIT (sales less cost of goods sold)		\$ _____

EXPENSES

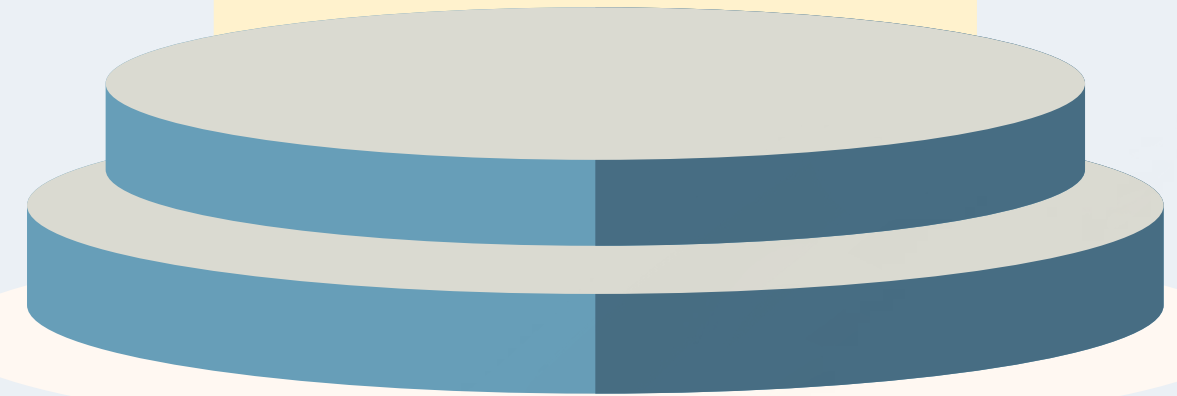
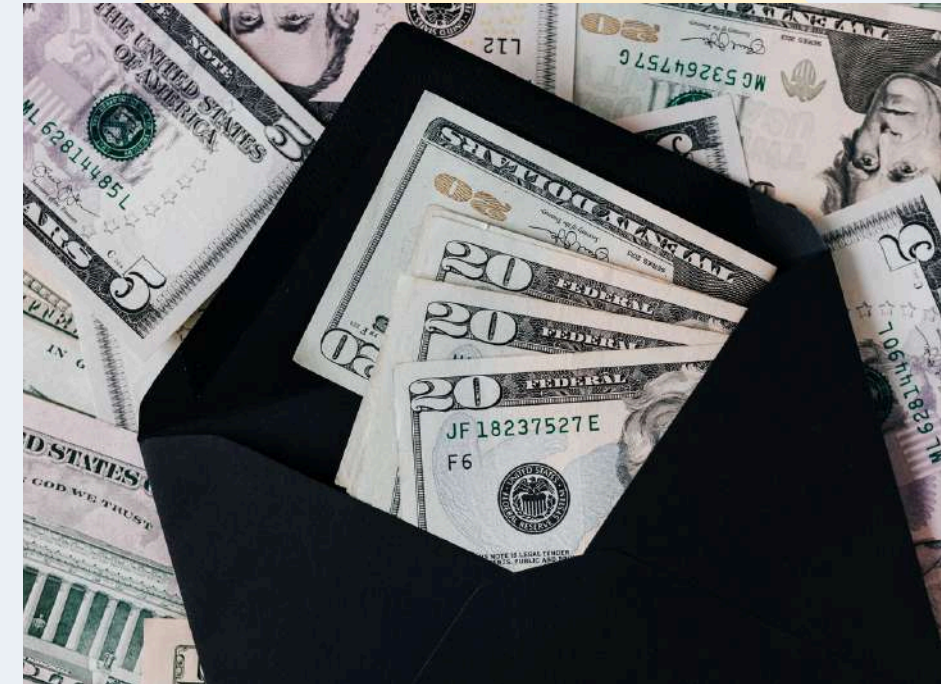
Operating Expenses:		
Selling Expenses	\$ _____	
General and Administrative	\$ _____	
Total Expenses		\$ _____
Operating Income		\$ _____
Interest Expense		\$ _____

PROFIT

Net Profit before taxes		\$ _____
Less: All Income Taxes		\$ _____
Net Profit		\$ _____



VI/4/CASH FLOW STATEMENT





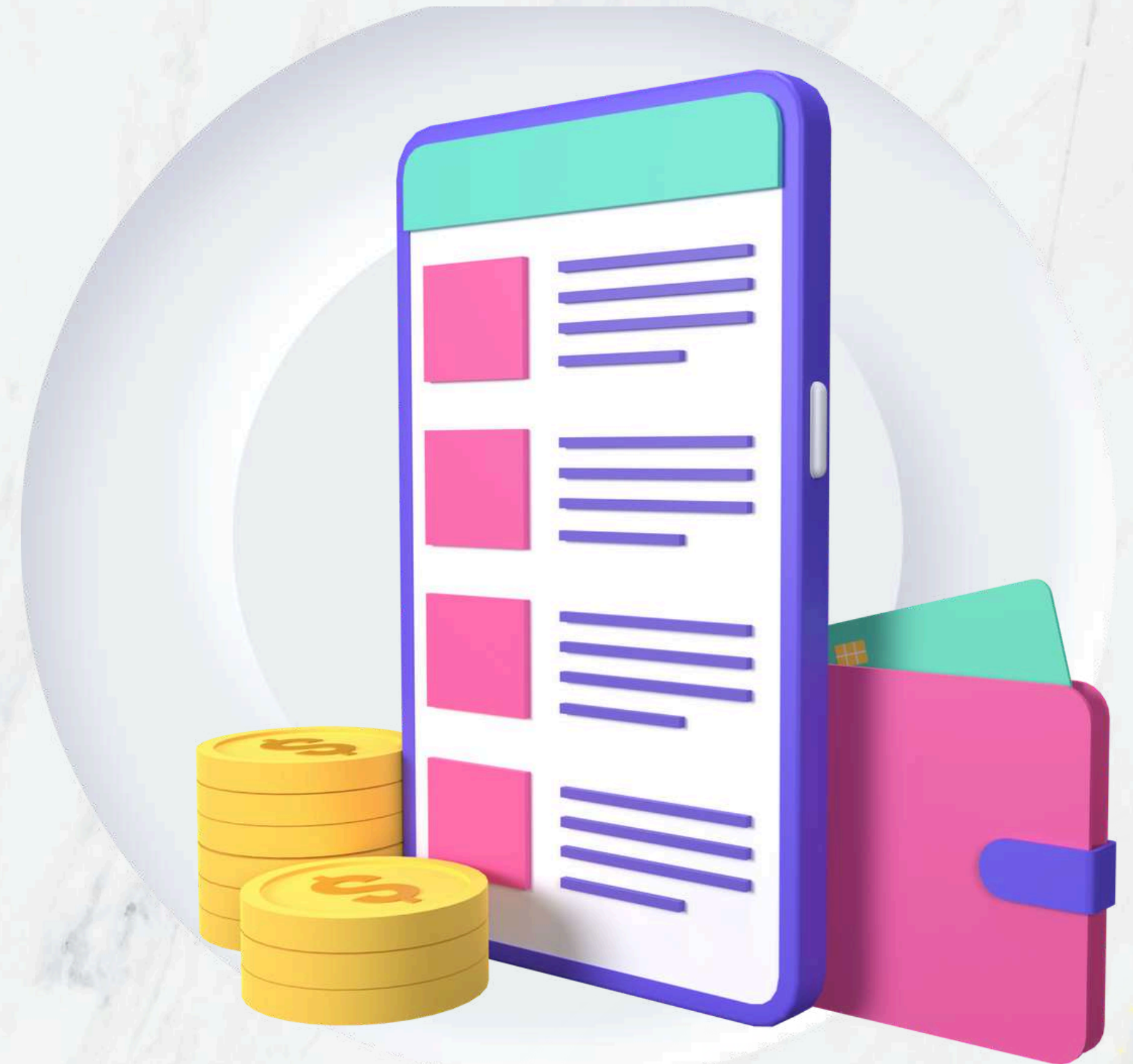
What'S The BIG IDea?

The Cash Flow Statement is your cash “register.” It shows money that comes into the business and what goes out.

Profits do not guarantee positive cash flow. You need to know or estimate income and expenses based on the direct and variable costs of your products or services.

Cash must be available to pay bills on time and for day-to-day activities.

This statement will also show an Important figure, the breakeven point, when cash income equals the Cash outflow





Name of Business	Start-Up Costs	Month 1 FIRST MONTH'S REVENUE	Month 2	Month 3
A. CASH ON HAND (Beginning of month)				
B. CASH RECEIPTS				
1. Cash Sales				
2. Collections from Credit Accounts				
3. Loan or Other Cash Injection (Specify)				
C. TOTAL CASH RECEIPTS (B1+B2+B3)				
D. TOTAL CASH AVAILABLE (A + C, before cash paid out)				
E. CASH PAID OUT:				
1. Purchases (Merchandise)				
2. Gross Wages				
3. Payroll Expenses (Taxes, vacations, etc.)				
4. Outside Services (Outside labor)				
5. Supplies (Office & operating, not for re-sale)				
6. Repairs and maintenance				
7. Advertising				
8. Car, Delivery and Travel				
9. Professional Services (Accounting, legal, etc.)				
10. Rent (real estate only)				
11. Telephone				
12. Utilities (Water, heat, electricity, etc.)				
13. Insurance (on business property & products)				
14. Taxes (Real estate, sales, inventory, etc.)				
15. Interest (on loans)				
16. Other Expenses (Specify each)				
17. Miscellaneous (small expenses)				
18. Subtotal				
F. OTHER OPERATING COSTS:				



F. OTHER OPERATING COSTS:					
1. Loan Principal Payment (include equipment)					
2. Capital Purchases (Specify)					
3. Other Start-up Costs					
4. Reserve and/or Escrow (Insurance, tax, etc.)					
5. Owner's Withdrawal (income tax, etc.)					
G. TOTAL CASH PAID OUT (E18 + F1 through F5)					
H. CASH POSITION (End of month, D minus G. Becomes cash on hand for next month)					
ESSENTIAL OPERATING DATA (Items explained on page 27)					
1. Accounts Receivable (End of month)					
2. Bad Debt (End of month)					
3. Inventory on Hand (End of month)					
4. Accounts Payable (End of month)					
5. Monthly Depreciation					



VII/BREAKEVEN POINT

When a company has neither a profit nor a loss, it is the breakeven point.

It is important to determine your breakeven point so you know the sales needed for your business to be profitable.

The numbers for this formula come from your Income Statement



1	Determine your Net Sales	\$900,000 NET SALES	100%
2	Total your Variable Expenses and divide them by the Net Sales to calculate the percentages they represent	$\begin{array}{r} \$540,000 \text{ COST OF GOODS SOLD} \\ + \$90,000 \text{ SELLING EXPENSES} \\ \hline \$630,000 \text{ TOTAL VARIABLE EXPENSE} \end{array}$	$\begin{array}{r} 60\% (540K/900K) \\ + 10\% (90K/900K) \\ \hline 70\% (630K/900K) \end{array}$
3	Subtract your Total Variable Expenses from your Net Sales to calculate the Margin .	$\begin{array}{r} \$900,000 \text{ NET SALES} \\ - \$630,000 \text{ TOTAL VARIABLE EXPENSE} \\ \hline \$270,000 \text{ MARGIN} \end{array}$	$\begin{array}{r} 100\% \\ - 70\% \\ \hline 30\% \text{ or } .30 \end{array}$
4	Divide your Fixed Expenses by the Margin and the answer is your Breakeven Point	$\begin{array}{r} \$170,000 \text{ FIXED EXPENSES (this number comes from page 24 General \& Administrative)} \\ \div .30 \text{ MARGIN} \\ \hline \$566,667 \text{ BREAKEVEN AMOUNT} \end{array}$	



This company needs sales of \$566,667 to break even. One dollar more and the business is profitable. One dollar less and the business shows a loss.



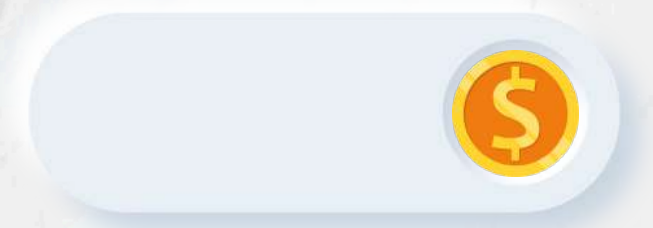
VIII/appendix Items Checklist

The aPPenDix comes at the end of your business plan. It includes all the details and documents that support your business plan.

In general, your Appendix should include:

- a) estimates for anything being purchased
- b) estimates on any work to be done
- c) copies of documents related to loans, mortgages, and accounts payable to be refinanced





Thank You

