



Below is an outline for a business plan. Use this model only as a guide for developing the business plan for your business. After working through this Business Planning Guide, you should be able to:

- Understand the role of the business plan.
- List several reasons for developing a business plan.
- Identify sources where you can get help in developing a business plan
- Identify the type of information to include in the business plan.
- Prepare an outline for a business plan.

THE BUSINESS PLAN – What It Includes

What goes in a business plan? The body of the business plan can be divided into four distinct sections:

- The description of the business
- The marketing plan
- The financial management plan
- The management plan.

Addenda to the business plan should include the executive summary, supporting documents and financial projections.

DESCRIPTION OF THE BUSINESS

In this section, provide a detailed description of your business. An excellent question to ask yourself is: “What business am I in?”

In answering this question, include your products, market, and services as well as a thorough description of what makes your business unique. Remember, however, that as you develop your business plan, you may have to modify or revise your initial questions.

The business description section is divided into three primary sections: business description, the product or service you will be offering, and the location of your business + why this location is desirable (if you have a franchise, some franchisors assist in site selection).

When describing your business, generally you should explain:

- Legalities – business structure: sole trader, partnership, company.
- The licenses or permits you will need
- Business Type: wholesale/retail, manufacturing, or service
- What your product or service is
- Is it a new independent business, a buy-out, an expansion, a franchise?
- Why your business will be profitable. What are the growth opportunities? Will franchising impact growth opportunities?
- When will your business open (days, hours)? Check regulations.
- What have you learned about your kind of business from outside sources (trade suppliers, bankers, industry associations, other franchise owners, franchisor, publications)?

Business Plan

It includes the name, address, and telephone of the business and the names of all principals. In the description of your business, describe the unique aspects and how or why they will appeal to customers. Emphasize any special features that you feel will appeal to customers and explain how and why these features are appealing. The description of your business should clearly identify goals and objectives. It should clarify why you are, or why you want to be, in business.

PRODUCT/SERVICE

Try to describe the benefits of your goods and services from your customer's perspective. Successful business owners know or at least have an idea of what their customers want or expect from them. This type of anticipation can be helpful for beating the competition or retaining your competitiveness.

Describe:

- What you are selling?
- How does your product or service benefit the customer?
- Which products/ services are in demand; if there will be a steady cash flow.
- What is different about the product or service your business is offering?

THE LOCATION

The location of your business can play a decisive role in its success or failure. Your location should be built around your customers. If your business will depend on personal contact with your customers, it should be accessible and it should provide a level of security.

Consider these questions when addressing this section of your business plan:

- What are your location needs?
- What kind of space will you need?
- Why is the area desirable? The building desirable?
- Is it easily accessible? Is public transport available? Is street lighting adequate?
- Are market shifts or demographic shifts occurring?

It may be a good idea to make a checklist of questions you identify when developing your business plan. Categorise your questions and as you answer each question, remove it from the list.

THE MARKETING PLAN

Marketing plays a vital role in successful business ventures. How well you market your business, along with a few other considerations, will ultimately determine your degree of success or failure. The key element of a successful marketing plan is to know your

customers – their likes, dislikes, expectations. By identifying these factors, you can develop a marketing strategy that will allow you to arouse and fulfil their needs.

Identify your customers by their age, sex, income, educational level, and residence. At first, target only those customers who are more likely to purchase your product or service. As your customer base expands, you may need to consider modifying the marketing plan to include other customers.

Develop a marketing plan for your business by answering these questions (potential franchise owners will have to use the marketing strategy the franchisor has developed). Your marketing plan should be included in your business plan and contain answers to the questions outlined below:

- Who are your customers? Define your target market(s).
- Are your markets growing? Steady? Declining?
- Is your market share growing? Steady? Declining?
- If a franchise, how is your market segmented?
- Are your markets large enough to expand?
- How will you attract, hold, increase your market share? If a franchise, will the franchisor provide assistance in this area? Based on the franchisor's strategy? How will you promote your sales?
- What pricing strategy have you devised?

COMPETITION

Nations compete for the consumer in the global marketplace, as do individual business owners. Advances in technology can send the profit margins of a successful business into a tailspin, causing them to plummet overnight or within a few hours. When considering these and other factors, we can conclude that business is a highly competitive, volatile arena. Because of this volatility and competitiveness, it is important to know your competitors.

Questions like these can help you:

- Who are your five nearest, direct competitors?
- Who are your indirect competitors?
- How are their businesses: steady? Increasing? Decreasing?
- What have you learned from their operations? From their advertising?
- What are their strengths and weaknesses?
- How do their products or services differ from yours?

Start a file on each of your competitors. Keep manila envelopes of their advertising and promotional materials and their pricing strategy techniques. Review these files periodically, determining when and how often they advertise, sponsor promotions, and offer sales. Study the copy used in the advertising and promotional materials and their sales strategy. For example, is their copy short? Descriptive? Catchy? Or how much do they reduce prices for sales? Using this technique can help you to understand your competitors better and how they operate their businesses.

Your pricing strategy is another marketing technique you can use to improve your overall competitiveness. Get a feel for the pricing strategy your competitors are using. That way, you can determine if your prices are in line with competitors in your market area and if they are in line with industry averages.

Some of the pricing strategies are:

- Competitive position
- Pricing below competition
- Pricing above competition
- Service costs and pricing (for service businesses only)
 - Service components
 - Material costs
 - Labour costs
 - Overhead costs

Where GST is applied, purchasing supplies from their source (or as close to the source as possible) will shorten the supply chain, reduce the number of times the GST is applied, and marginally reduce the cost of supply. This strategy may provide your business with a competitive edge.

The key to success is to have a well-planned strategy, to establish your policies, and to constantly monitor prices and operating costs to ensure profits. Even in a franchise where the franchisor provides operational procedures and materials, it is a good policy to keep abreast of the changes in the marketplace because these changes can affect your competitiveness and profit margins.

ADVERTISING AND PUBLIC RELATIONS

How you advertise and promote your goods and services may make or break your business. Having a good product or service and not advertising and promoting it is like not having a business at all. Many business owners operate under the mistaken concept that the business will promote itself and channel money that should be used for advertising and promotions to other areas of the business. Advertising and promotions, however, are the lifeline of a business and should be treated as such.

Devise a plan that uses advertising and networking as a means to promote your business. Develop short, descriptive copy (text material) that clearly identifies your goods and services, location, and price. Use catchy phrases to arouse the interest of your readers, listeners, or viewers. In the case of a franchise, the franchisor will provide advertising and promotional materials that you and your staff develop. Whether or not this is the case, as a courtesy, allow the franchisor the opportunity to review, comment on, and, if required, approve these materials before using them. Make sure the advertisements you create are consistent with the image the franchisor is trying to project. Remember the more care and attention you devote to your marketing program, the more successful your business will be.

THE FINANCIAL MANAGEMENT PLAN

Sound financial management is one of the best ways for your business to remain profitable and solvent. How well you manage the finances of your business is the cornerstone of every successful business venture. Each year thousands of potentially successful businesses fail because of poor financial management. As a business owner, you will need to identify and implement policies that will lead to and ensure that you will meet your financial obligations.

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open your business (start-up costs) and the amount needed to keep it open (operating costs). The first step to building a sound financial plan is to devise a start-up budget. Your start-up budget will usually include such one-time-only costs as major equipment, utility bonds, down payments, rental bonds, etc.

START-UP BUDGET

The start-up budget should allow for these expenses:

- Personnel (costs prior to opening)
- Legal/ professional fees
- Rental Bond
- Licenses/ permits
- Equipment
- Insurance
- Supplies
- Advertising/ promotions
- Salaries/ wages
- Accounting
- Income
- Utilities
- Payroll expenses

An operating budget is prepared when you are actually ready to open for business. The operating budget will reflect your priorities in terms of how you spend your money, the expenses you will incur, and how you will meet those expenses (income). Your operating budget also should include money to cover the first three to six months of operation. It should allow for the following expenses.

OPERATING BUDGET

- Personnel
- Insurance
- Rent
- Depreciation
- Loan payments
- Advertising/promotions
- Legal/accounting
- Miscellaneous expenses
- Supplies
- Payroll expenses
- Salaries/wages
- Utilities
- Dues/subscriptions/fees
- Taxes (GST, PAYG, FBT, etc)

- Superannuation
- Repairs/maintenance

The financial section of your business plan should include any loan applications you have filed, a capital equipment and supply list, balance sheet, breakeven analysis, pro-forma income projections (profit and loss statement), and pro-forma cash flow. The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years.

The accounting system and the stock control system that you will be using are generally addressed in this section of the business plan also. If a franchise, the franchisor may stipulate in the franchise contract the type of accounting and stock systems you may use. If this is the case, he or she should have a system already in place, and you will be required to adopt this system. Whether you buy an “off-the-shelf” package, develop the accounting and stock systems yourself, have an outside financial adviser develop the systems, or the franchisor provides these systems, you will need to acquire a thorough understanding of each segment and how it operates. Your financial adviser can assist you in developing this section of your business plan.

The following questions should help you determine the amount of start-up capital you will need to purchase and open a franchise:

- How much money do you have?
- How much money will you need to purchase the franchise?
- How much money will you need for start-up?
- How much money will you need to stay in business?

Other questions that you will need to consider are:

- What type of accounting system will you use?
- What will your sales goals and profit goals for the coming year be? If a franchise, will the franchisor set your sales and profit goals? Or will he or she expect you to reach and retain a certain sales level and profit margin?
- What financial projections will you need to include in your business plan?
- What kind of stock control system will you use?

Your plan should include an explanation of all projections. Unless you are thoroughly familiar with financial statements, get help in preparing cash flow and income statements and your balance sheet. Your aim is not to become a financial wizard, but to

understand the financial tools well enough to gain their benefits. Your accountant or financial adviser can help you accomplish this goal.

THE MANAGEMENT PLAN

Managing a business requires more than just the desire to be your own boss. It demands dedication, persistence, and an ability to make decisions and manage both employees and finances. Your management plan, along with your marketing and financial management plans, sets the foundation for and facilitates the success of your business.

Like plant and equipment, people are resources – they are the most valuable assets a business has. You will soon discover that employees and staff will play an important role in the total operation of your business. Consequently, it's imperative that you know what skills you possess and those you lack, since you will have to hire personnel to supply the skills that you lack. Additionally, it is imperative that you know how to manage and treat your employees. Make them a part of the team. Keep them informed of, and get their feedback regarding, changes. Employees often have excellent ideas that can lead to new market areas, innovations to existing products or services, or new product lines or services that can improve your overall competitiveness.

Your management plan should answer questions such as:

- How does your background/ business experience help you in this business?
- What are your weaknesses and how can you compensate for them?
- Who will be on the management team?
- What are their strengths/ weaknesses?
- What are their duties?
- Are these duties clearly defined?
- If a franchise, what type of assistance can you expect from the franchisor?
- Will this assistance be ongoing?
- What are your current personnel needs?
- What are your plans for hiring and training personnel?
- What salaries, benefits, and holidays will you offer? If a franchise, are these issues covered in the management package the franchisor will provide? Check online the Award governing the industry of the business for Award conditions.
- What benefits (if any) can you afford at this point?

If a franchise, the operating procedures, manuals, and materials devised by the franchisor should be included in this section of the business plan. Study these documents carefully when writing your business plan, and be sure to incorporate this material. The franchisor should assist you with managing your franchise. Take advantage of their expertise and develop a management plan that will ensure the success for your franchise and satisfy the needs and expectations of employees, as well as the franchisor.

MARKET ANALYSIS

Target Market – Who are the Customers?

We will be selling primarily to (check all that apply):

Total Percent of Business

Private Sector

Wholesalers

Retailers

Government

Other

Product line/ services

We will target a specific Geographic area?

Which areas?

Sales?

We will target sales of Industry?

Other

How much will our selected market spend on our type of product or service this coming year? \$

Who are our competitors?

NAME :

ADDRESS :

Years in Business :

Market Share :

Price/ Strategy :

Product / Service :

Features :

NAME :
ADDRESS :
Years in Business :
Market Share :
Price/ Strategy :
Product / Service :
Features :

How competitive is the market?

High _____ Medium _____ Low _____

List below your strengths and weaknesses compared to your competition (consider such areas as location, size of resources, reputation, services, personnel, etc.):

Strengths 1 2 3 4

Weaknesses 1 2 3 4

ENVIRONMENT

The following are some important economic factors that will affect our product or service (such as trade area growth, industry health, economic trends, taxes, rising energy prices, etc.):

The following are some important legal factors that will affect our market:

The following are some important government factors:

The following are other environmental factors that will affect our market, but over which we have no control:

PRODUCT OR SERVICE ANALYSIS

Description Describe here what the product/ service is and what it does:

Comparison What advantage does our product/ service have over those of the competition (consider such things as unique features, patents, expertise, special training, etc.)?

What disadvantages does it have?

Some considerations

Where will you get your materials and supplies?

List other considerations

MARKETING STRATEGIES – MARKET MIX

Image First, what kind of image do we want to have (such as cheap but good, or exclusiveness, or customer-oriented or highest quality, or convenience, or speed, or ...)?

Features List the features we will emphasise:

Pricing We will be using the following pricing strategy:

1. Mark-up on cost _____ What is the % markup? _____
2. Competitive _____
3. Below Competition _____
4. Premium Price _____

Are our prices in line with our image?

YES _____ NO _____

Do our prices cover costs and leave a margin of profit? YES _____

NO _____

Customer services

List the customer service we provide

1. _____
2. _____
3. _____

These are our sales/ credit terms:

1. _____
2. _____
3. _____

Competition offers the following services:

1. _____
2. _____
3. _____

Advertising/ Promotion

These are the things we wish to say about the business:

We will use the following advertising/ promotion sources:

1. Television _____
2. Radio _____
3. Internet (website) _____
4. Direct Mail _____
5. Personal Contacts _____
6. Trade Association _____
7. Newspaper _____
8. Magazines _____
9. Yellow Pages _____
10. Billboard _____
11. Other _____

The following are the reasons why we consider the media we have chosen to be the most effective:

Business Plan PRICE/QUALITY MATRIX

Quality High Medium Low HIGH “Rolls Royce” Strategy “We try harder” Strategy
“Best buy” Strategy Price MEDIUM “Out performs” Strategy “Piece of the rock” Strategy
“Smart shopper” Strategy LOW “Feature Packed” Strategy “Keeps on ticking” Strategy
“Bargain hunter” Strategy

Business Plan MARKETING TIPS, TRICKS & TRAPS

1. Marketing Steps

- Classifying Your Customer’s Needs
- Targeting Your Customer(s)
- Examining Your “Niche”
- Identifying Your Competitors
- Assessing and Managing Your Available Resources
 - Financial
 - Human
 - Material
 - Production

2. Marketing Positioning

- Follower versus leader
- Quality versus price
- Innovator versus adaptor
- Customer versus product
- International versus domestic
- Private sector versus government

3. Sales Strategy

Use Customer-Oriented Selling Approach – by Constructing Agreement

- Phase One: Establish Rapport with Customer – by agreeing to discuss what the customer wants to achieve.
- Phase Two: Determine Customer Objective and Situational Factors – by agreeing on what the customer wants to achieve and those factors in the environment that will influence these results.
- Phase Three: Recommend a Customer Action Plan – by agreeing that using your product/ service will indeed achieve what customer wants.
- Phase Four: Obtaining Customer Commitment – by agreeing that the customer will acquire your product/ service.

Emphasise Customer Advantage

- Must be real: When a competitive advantage cannot be demonstrated, it will not translate into a benefit.
- Must be Important to the Customer: When the perception of competitive advantage varies between supplier and customer, the customer wins.
- Must be Specific: When a competitive advantage is specified, it should be able to be translated into a gain for the customer.
- Must be Appealing: When a competitive advantage is proven, it is essential that it is promoted to your customers.

4. Benefits Versus Features The six “O’s” of organising Customer Buying Behaviour

ORIGINS of purchase:

Who buys it? OBJECTIVES of purchase:

What do they need/ buy? OCCASIONS of purchase:

When do they buy it? OUTLETS of purchase:

Where do they buy it? OBJECTIVES of purchase:

Why do they buy it? OPERATIONS of purchase:

How do they buy it?

Convert features to benefits using the “...Which Means...” Transition

Sales Maxim: “Unless the proposition appeals to their INTEREST, unless it satisfies their DESIRES, and unless it shows them a GAIN – then they will not buy!”

Quality Customer Leads:

Level of need

Ability to buy Authority to pay

Accessibility Sympathetic attitude

Business History One-source buyer

Reputation (price or quality buyer)

Convert Features into Benefits

FEATURES “WHICH MEANS” BENEFITS

Performance

Time Saved Reputation

Reduced Cost Components

Prestige Colours

Bigger Savings Sizes

Greater Profits Exclusive

Greater Convenience Uses

Uniform Production Applications

Uniform Accuracy Ruggedness

Continuous Output Delivery

Leadership Service

Increased Sales Price

Economy of Use Design
Ease of Use Availability
Reduced Inventory Installation
Low Operating Cost Promotion
Simplicity
Lab Tests
Reduced Upkeep Terms
Reduced Waste Workmanship
Long Life
Buying motives

RATIONAL EMOTIONAL

Economy of Purchase
Pride of Appearance Economy of Use
Pride of Ownership Efficient Profits
Desire of Prestige Increased Profits
Desire for Recognition Durability
Desire to Imitate Accurate Performance
Desire for Variety Labour-Saving
Safety Time-Saving
Fear Simple Construction
Desire to Create Simple Operation
Desire for Security Ease of Repair
Convenience Ease of Installation
Desire to be Unique Space-Saving
Curiosity Increased Production Availability
Complete Servicing Good Workmanship Low Maintenance Thorough Research Desire
to be Unique Curiosity

Business Plan INCOME PROJECTION STATEMENT TEMPLATE

Industry (%)

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Total I (%)

Total Net Sales (Revenues)

Cost of Sales

Gross Profit

Gross Profit Margin

Variable Expenses

Salaries/Wages

Payroll Expenses

Legal/Accounting

Advertising

Motor Vehicles

Supplies

Subscriptions

Repairs/Maintenance Outside Service

Miscellaneous

Total Variable Expenses

INSTRUCTIONS FOR INCOME PROJECTIONS STATEMENT

The income projections (profit and loss) statement is valuable as both a planning tool and a key management tool to help control business operations. It enables the owner/manager to develop a preview of the amount of income generated each month and for the business year, based on reasonable predictions of monthly levels of sales, costs, and expenses.

As monthly projections are developed and entered into the income projections statement, they can serve as definite goals for controlling the business operation. As actual operating results become known each month, they should be recorded for comparison with the monthly projections. A completed income statement allows the owner/manager to compare actual figures with monthly projections and to take steps to correct any problems.

Industry Percentage In the industry percentage column, enter the percentages total sales (revenues) that are standard for your industry, which are derived by dividing $\frac{\text{Costs/expenses items}}{\text{Total net sales}} \times 100\%$

These percentages can be obtained from various sources, such as trade associations, accountants, or banks.

Industry figures serve as a useful benchmark against which to compare cost and expense estimates that you develop for your firm. Compare the figures in the industry percentage column to those in the annual percentage column.

Total Net Sales (Revenues) Determine the total number of units of products or services you realistically expect to sell each month in each department at the prices you expect to get. Use this step to create the projections to review your pricing practices.

What returns, allowances, and markdowns can be expected? Exclude any revenue that is not strictly related to the business.

Cost of Sales The key to calculating your costs of sales is that you do not overlook any costs that you have incurred. Calculate cost of sales of all products and services used to determine total net sales. Where stock is involved, do not overlook freight costs. Also include any direct labour.

Gross Profit Subtract the total cost of sales from the total net sales to obtain gross profit.

Gross Profit Margin The gross profit is expressed as a percentage of total sales (revenues). It is calculated by dividing $\frac{\text{Gross profits}}{\text{Total net sales}}$.

Variable Expenses Salary/Wages Base pay plus overtime Payroll Expenses Include paid holidays, sick leave, Superannuation Legal/Accounting Outside professional services. Advertising Include desired sales volume and classified directory advertising expenses. Motor Vehicles Include charges if a personal car is used in business, including parking, tools, buying trips, etc.

Supplies Services and items purchased for use in the business. **Repairs & maintenance** Regular maintenance and repair, including periodic large expenditures such as painting. **Outside service** Include costs of subcontracts, overflow work and special or one-time services.

Fixed Expenses Rent List only real estate used in business. Depreciation Amortisation of capital assets. Utilities Water, Electricity and Gas Insurance Fire or liability on property or products. Include worker's compensation. Licence/Permits Any licenses or permit fees required to establish or run the business. Loan repayments Interest on outstanding loans. Miscellaneous Unspecified: small expenditures without separate accounts. **Net Profit (loss) (before taxes)** Subtract total expenses from gross profit.

TAXES **Net Profit (loss) (after taxes)** Subtract taxes from net profit (before taxes)
Annual Total For each of the sales and expense items in your income projection statement, add all the monthly figures across the table and put the result in the annual total column. **Annual Percentage** Calculate the annual percentage by dividing $\frac{\text{Annual total} \times 100\%}{\text{Total net sales}}$. Compare this figure to the industry percentage in the first column.

Business Plan BALANCE SHEET TEMPLATE

COMPANY NAME

As of _____, 20_____

Assets

Current Assets

Cash \$

Petty Cash \$

Accounts Receivable \$

Stock \$

Short-term investment \$

Prepaid expenses \$

Long-term investment \$

Fixed Assets

Land Buildings \$

Improvements \$

Equipment \$

Furniture \$

Motor / Vehicles \$

Other Assets

1. \$

2. \$

3. \$

4 \$

Total Assets \$

Liabilities

Current Liabilities

Accounts Payable \$ _____

Notes Payable \$ _____

Interest Payable \$ _____

Taxes Payable Income Tax \$ _____

Sales Tax \$ _____

Payroll accrual \$ _____

Long-term liabilities Notes payable \$ _____

Total liabilities \$ _____

Net worth (owner equity) \$ _____

Sole Trader or Partnership (name's) equity \$ _____

(name's) equity \$ _____

or

Company \$ _____

Capital stock \$ _____

Surplus paid in \$ _____

Retained earnings \$ _____

Total net worth \$ _____

TOTAL LIABILITIES

AND TOTAL NET WORTH \$ _____

(Note: Total assets will always equal total liabilities and total net worth) INSTRUCTIONS

FOR BALANCE SHEET

Figures used to compile the balance sheet are taken from the previous and current balance sheet as well as the current income statement. The income statement is usually attached to the balance sheet. The following text covers the essential elements of the balance sheet.

At the top of the page fill in the legal name of the business. Total assets include all net values. These are the amounts derived when you subtract depreciation and amortisation from the original costs of acquiring the assets.

ASSETS

List anything of value that is owned or legally due the business. Total assets include all net values. These are the amounts derived when you subtract depreciation and amortisation from the original costs of acquiring the assets.

Current Assets

- Cash – List cash and resources that can be converted into cash within 12 months of the date of the balance sheet (or during one established cycle of operation). Include cash on hand and demand deposits in the bank, e.g., cheque accounts and regular savings accounts.
- Petty cash – If your business has a fund for small miscellaneous expenditures, include the total here.
- Accounts receivable – The amounts due from customers in payment for goods or services.
- Stock – Includes raw materials on hand, work in progress and all finished goods, either manufactured or purchased for resale.
- Short-term investments – Also called temporary investments or marketable securities, these include interest – or dividend-yielding holdings expected to be converted into cash within a year. List stocks and bonds, certificates of deposit and term-deposit savings accounts at either their cost or market-value, whichever is less.
- Prepaid expenses – Goods, benefits or services a business buys or rents in advance. Examples are office supplies, insurance protection and floor space.

Long-term Investments

Also called long-term assets, these are holdings the business intends to keep for at least a year that typically yield interest or dividends. Included are stocks, bonds, and savings accounts earmarked for special purpose.

Fixed Assets

Also called plant and equipment. Includes all resources a business owns or acquires for use in operations and not intended for resale. Fixed assets may be leased. Depending on the leasing arrangements, both the value and the liability of the leased property may need to be listed on the balance sheet.

- Land – List the original purchase price without allowances for market value.
- Buildings
- Improvements
- Equipment
- Furniture
- Motor vehicles

LIABILITIES

Current Liabilities

List all debts, monetary obligations and claims payable within 12 months or within one cycle or operation. Typically they include the following:

- Accounts payable – Amounts owed to suppliers for goods and services purchased in connection with business operations.
- Notes payable – The balance of principal due to pay off short-term debt for borrowed funds. Also includes the current amount due of total balance on notes whose terms exceed 12 months.
- Interest payable – Any accrued fees due for use of both short and long-term borrowed capital and credit extended to the business.
- Taxes payable – GST obligations and entitlements, PAYG and FBT as calculated by completing your Business Activity Statement (BAS).
- Payroll accrual – Salaries and wages currently owed.

Long-term Liabilities

Notes payable – List notes, contract payments or mortgage payments due over a period exceeding 12 months or one cycle of operation. They are listed by outstanding balance less the current position due.

NET WORTH

Also called owner’s equity, net worth is the claim of the owner(s) on the assets of the business. In a proprietorship or partnership, equity is each owner’s original investment plus earnings after withdrawals.

TOTAL LIABILITIES AND NET WORTH

The sum of these two amounts must always match that for total assets.

Business Plan

MONTHLY CASH FLOW PROJECTION TEMPLATE

Name of Business _____ Owner _____
Type of Business _____
Prepared by _____ Date _____
Pre-start-up position _____

Year/Month
Cash on Hand (Start of Period)
Total Cash Receipts
Total Cash Available
Total Cash Paid Out
Cash Position (End of Period)

Estimate Actual

1. Cash on Hand (start of period)

2. Cash Receipts

- a. cash sales
- b. collections from credit accounts
- c. loan and other cash injections (specify)

3. Total Cash Receipts ($2a+2b+2c=3$)

4. Total cash available (before cash out) (1+3)

5. Cash paid out

- a. purchases (stock)
- b. gross wages (excludes withdrawals)
- c. payroll expenses (taxes, etc.)
- d. outside services e. supplies (office and operating)
- f. repairs and maintenance
- g. advertising
- h. car, delivery and travel
- i. Accounting and legal
- j. Rent k. Telephone
- l. Utilities
- m. Insurance
- n. Taxes
- o. Interest
- p. Other expenses (specify each)
- q. Miscellaneous (unspecified)
- r. Subtotal
- s. Loan principal payment
- t. Capital purchases (specify)
- u. Other start-up costs
- v. Reserve
- w. Owner's Drawings

6. Total cash paid out (5a through 5w)

7. Cash position (end of period) (4 minus 6)

Essential operating data (non-cash flow information)

- A. Sales Volume (dollars)
- B. Accounts receivable (end of month)
- C. Bad debt (end of month)
- D. Stock on hand (end of month)
- E. Accounts payable (end of month)

INSTRUCTIONS FOR MONTHLY CASH FLOW PROJECTION

1. Cash on hand (beginning of period) - Cash on hand same a (7), Cash Position, previous period

2. Cash receipts

- a. Cash sales – All cash sales. Omit credit sales unless cash is actually received
- b. Gross wages (including withdrawals) – Amount to be expected from all accounts
- c. Loan or other cash injection – Indicate here all cash injections not shown in 2(a) or 2(b) above.

3. Total cash receipts ($2a+2b+2c=3$)

4. Total cash available (before cash out (1+3)).

5. Cash paid out

- a. Purchases (stock) – Stock for resale or for use in product (paid for in current month).
- b. Gross wages (including withdrawals) – Base pay plus overtime (if any).
- c. Payroll expenses (taxes, etc.) – Include paid holidays & paid sick leave.
- d. Outside services – This could outside labour and/or material for specialised or overflow work, including subcontracting.
- e. Supplies (office and operating) – Items purchased for use in the business (not for resale).
- f. Repairs and maintenance – Include periodic large expenditures such as painting and decorating.
- g. Advertising – This amount should be adequate to maintain sales volume.
- h. Car, delivery and travel – If personal car is used, charge in this column, include parking.
- i. Accounting and legal – Outside services including, for example, bookkeeping.

- j. Rent
- k. Telephone
- l. Utilities – Water, Electricity, Gas
- m. Insurance – Coverage on business property and products (fire, liability); also worker's compensation.
- n. Taxes
- o. Interest – Remember to add interest on loan as it is injected (see 2c above).
- p. Other expenses (specify each) – Unexpected expenditures may be included here as a safety factor. Equipment expenses during the month should be included here (non-capital equipment). When equipment is rented or leases, record payments here.
- q. Miscellaneous (unspecified) – Small expenditures for which separate accounts would be practical.
- r. Subtotal – This subtotal indicates cash out for operating costs.
- s. Loan principal payment – Include payment on all loans, including vehicle and equipment purchases on hire purchase.
- t. Capital purchases (specify) – Non-expensed (depreciable) expenditures such as equipment, building purchases on hire purchase.
- u. Other start-up costs – Expenses incurred prior to first month projection and paid for after start-up.
- v. Reserve – Example: insurance, tax or equipment agreement to reduce impact of large periodic payments.
- w. Owner's withdrawal – Should include payment for such things as owner's income tax, health insurance, executive life insurance premiums, etc.

6. Total cash paid out (5a through 5w).

7. Cash position [end of period (4 minus 6)] – Enter this amount in (1) Cash on hand following month Essential operating data (non-cash flow information) – This is basic information necessary for proper planning and for proper cash flow projection. Also with this data, the cash flow can be evolved and shown in the above form.

A. Sales volume (dollars) – This is a very important figure and should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received).

B. Accounts receivable (end of month) – Previous unpaid credit sales plus current month's credit sales, less amounts received current month (deduct C below).

C. Bad debt (end of month) – Bad debts should be subtracted from (B) in the month anticipated.

D. Stock on hand (end of month) – Last month's stock plus goods received and/or manufactured current month minus amount sold current month.

E. Accounts payable (end of month) – Previous month's payable plus current month's payable minus amount paid during month.

F. Depreciation – Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by the Australian Taxation Office.