

CULTIVATE LIFE COACHING

Business Planning for Creative Spirits

FINANCIAL WORKSHEETS

Are you ready to begin collecting figures? Yes you are! Use the worksheets that follow to compile the numbers. You will probably be revising the numbers many times before you complete the process as you become more aware and move deeper into researching your business. No worries, just keep your workbook handy to jot down changes and ideas as they come through.

- You can re-create these forms in any spreadsheet program and I have also provided an extra set of financial worksheets in Chapter 8 that you can use to make copies.

Start-up Costs (Example)

Deposits, Prepayments, Licenses

Security deposit on business location _____
 Telephone & utility deposits _____
 Business Licenses (state, city/town, health & fire) _____
 Insurance Premiums (liability, worker's comp.) _____
 Legal, accounting, education _____

Leasehold Improvements

Remodeling & redecorating (price out down to the cost of the nails) _____
 Fixtures, office furniture, displays _____
 Installation Labor (make sure contractors are licensed & insured) _____
 Signs (outside & inside) _____

Advertising

Radio, TV, newspaper, flyers, Yellow Pages _____

Inventory

Office Supplies (even pens & staples) _____
 Office Equipment (computer, copier, phones, fax) _____
 Opening Merchandise or raw material _____

Other

Vehicles _____
 Manufacturing equipment _____
 Hand tools _____

Sub Total

Living Expenses (This section needs to be completed only if you will be leaving your present job to open the business.)

Living expenses from last paycheck to opening day

Mortgage/Rent _____
 Utilities _____
 Credit cards and other loans _____
 Food/personal supplies _____
 Health Insurance _____
 Child costs (daycare, school activities, clothes, braces, doctors) _____
 Alimony and/or child support _____
 Gas for car(s) _____
 Medicine _____

Living expenses for first three months after opening day

Mortgage/Rent _____
 Utilities _____
 Credit cards and other loans _____
 Food/personal supplies _____
 Health Insurance _____
 Child costs (daycare, school activities, clothes, braces, doctors) _____
 Alimony and/or child support _____
 Gas for car(s) _____
 Medicine _____

Moving Expenses if necessary

Sub Total

Business Operating expenses for three months (fixed costs)

Reserve to carry customer's accounts (if necessary)

Cash for petty cash and change

Sub Total

Total Start-up Costs

Break Even Analysis (Example)

The purpose of this calculation is to determine the minimum sales that are necessary to stay in business. When the business breaks-even, you are not making any profit but you can pay all of your bills, including yourself. There is a blank form on the next page to enter your numbers.

Fixed Costs

These costs do not vary significantly regardless of the sales volume. Use monthly figures for these costs.

Wages (Include yourself)	\$2,000.00
Taxes (About 15% of wages and sales taxes on materials purchased)	\$300.00
Indirect Expenses (Rent, utilities, phones, insurance, business taxes and licenses)	\$1,200.00
Advertising (If you don't budget your advertising monthly, include this in Indirect Expenses)	\$100.00
Debt Service(Principal and interest on all loans used to start the business)	<u>\$600.00</u>

Total Fixed Costs \$4,200.00 Per month

Gross Margin

Gross Margin is the difference between the sales collected for that product/service and the price that the business pays to produce the product/service.

Product Example -

You buy or manufacture a widget that costs \$18 to produce (materials & labor).
You sell the widget for \$40.

Selling price	\$40.00
Cost per widget	<u>\$18.00</u>
Gross Margin	\$22.00

Now you need to turn the \$22.00 into a percentage figure.
Divide the Gross Margin by the Selling Price. $22/40 = .55$ or 55%

Service Example -

You write, produce art or clean houses. You need to buy paper, art supplies, or cleaning supplies. You determine the price per hour you charge and add it to your supply costs. In this case it costs \$50 per hour. You charge \$75 per hour.

Selling price	\$75.00
Cost per hour	<u>\$50.00</u>
Gross Margin	\$25.00

Turn the \$25.00 into a percentage figure.
Divide the Gross Margin by the Selling Price. $25/75 = .33$ or 33%

Break-Even Formula

Using the product example: **Fixed Costs** divided by **Gross Margin** = **Sales needed to break-even**

$$\$4,200.00/0.55 = \$7,636.36 \text{ in monthly sales to break-even}$$

If you can adjust some of the fixed costs (increase or decrease wages), or the gross margin (raise or lower prices), the amount of Sales needed to break-even will vary.

Business Balance Sheet (Example)

	Year One	Year Two	Year Five
Current Assets			
Cash (Includes checking & savings accounts)	_____	_____	_____
Accounts Receivable (Money owed to the business)	_____	_____	_____
Inventory (Products or materials to be sold)	_____	_____	_____
Fixed Assets			
Real Estate (Do you own the business building or land?)	_____	_____	_____
Fixtures & Equipment (Computers, Office Furniture, Manufacturing Machines)	_____	_____	_____
Vehicles (Company cars and trucks)	_____	_____	_____
Other Assets			
License (trademarks, patents)	_____	_____	_____
Goodwill (Reputation)	_____	_____	_____
Total Assets	\$ _____	_____	_____
Current Liabilities			
Notes Payable (Due within one year)	_____	_____	_____
Accounts Payable (Money owed for materials, indirect costs, labor)	_____	_____	_____
Accrued Expenses (Money owed from previous months or years)	_____	_____	_____
Taxes Owed (Personal Property, Payroll, Corporate)	_____	_____	_____
Long-Term Liabilities			
Notes Payable (Due after one year)	_____	_____	_____
Other	_____	_____	_____
Total Liabilities	\$ _____	_____	_____
Net Worth	\$ _____	_____	_____
(Assets minus liabilities)			

Personal Financial Statement (Example)

Assets

Cash	(Includes checking accounts)	_____
Savings Accounts		_____
Stocks, Bonds	(Include savings bonds and other securities)	_____
Accounts Receivable	(Money owed to you)	_____
Notes Receivable	(Loans you made)	_____
Life Insurance	(Cash value)	_____
Rebates/Refunds	(Overpaid taxes)	_____
Automobiles	(And other vehicles)	_____
Real Estate	(Your house, property or other buildings)	_____
Vested Pension Plan	(Retirement accounts, Social Security)	_____
Other Assets	(Jewelry, musical instruments, art work, antiques, furniture)	_____

Total Assets \$ _____

Liabilities

Notes Payable	(Due within one year)	_____
Accounts Payable	(Credit cards, doctors, dentists)	_____
Taxes Payable	(Income taxes, real estate taxes, property taxes)	_____
Real Estate Loans	(Your house, any property or other buildings)	_____
Other Liabilities		_____

Long-Term Liabilities

Notes Payable	(Due after one year)	_____
Other		_____

Total Liabilities \$ _____

Net Worth \$ _____

(Assets minus liabilities)

Cash Flow Forecast – Year Two

Month	Pre-Start	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Receipts														
Cash sales														
Collections from credit sales														
New equity inflow														
Loans received														
Other														
Total Receipts														
Payments														
Cash purchases														
Payments to creditors														
Salaries and wages														
Employee benefits														
Payroll taxes														
Rent														
Utilities														
Repairs and maintenance														
Insurance														
Travel														
Telephone														
Postage														
Office supplies														
Marketing and advertising														
Professional fees														
Training and development														
Bank charges														
Miscellaneous														
Owner's draw														
Loan repayments														
Tax payments														
Capital purchases														
Other – database and Web site														
Total Payments														
Cash flow Surplus/Deficit (-)														
Opening Cash Balance														
Closing Cash Balance														

Projected Profit & Loss Statement

	Year 1	Year 2	Year 5	Totals
Sales				
Sales				
Other				
Total Sales				
Less Cost of Goods Sold				
Materials				
Labor				
Overhead				
Other				
Total Cost of Goods Sold				
Gross Profit				
Operating Expenses				
Salaries and wages				
Employee benefits				
Payroll taxes				
Rent				
Utilities				
Repairs and maintenance				
Insurance				
Travel				
Telephone				
Postage				
Office supplies				
Marketing and advertising				
Professional fees				
Training and development				
Bank charges				
Depreciation				
Miscellaneous				
Other				
Total Operating Expenses				
Operating Income				
Interest income (expense)				
Other income (expense)				
Total Non Operating Income (Expense)				
Income (Loss) Before Taxes				
Income Taxes				
Net Income (Loss)				
Cumulative Net Income (Loss)				

Summary of Key Ratios - Years 1 to 5 (Example)

Year 1 Year 2 Year 3 Year 4 Year 5

DATA COLLECTION

Balance Sheet

(1) Cash	_____	_____	_____	_____	_____
(2) Marketable securities	_____	_____	_____	_____	_____
(3) Accounts receivable, net	_____	_____	_____	_____	_____
(4) Total current assets	_____	_____	_____	_____	_____
(5) Total long-term assets	_____	_____	_____	_____	_____
(6) Total current liabilities	_____	_____	_____	_____	_____
(7) Total long-term liabilities	_____	_____	_____	_____	_____
(8) Total shareholders' equity	_____	_____	_____	_____	_____

Income Statement

(9) Total sales	_____	_____	_____	_____	_____
(10) Gross profit	_____	_____	_____	_____	_____
(11) Total operating expenses	_____	_____	_____	_____	_____
(12) Income (loss) before taxes	_____	_____	_____	_____	_____
(13) Net income (loss)	_____	_____	_____	_____	_____

KEY RATIOS

Profitability Ratios

Return on equity – Line 13/Line 8	0%	0%	0%	0%	0%
Return on assets – Line 13/(Lines 5 + 6)	0%	0%	0%	0%	0%
Return on sales – Line 13/Line 9	0%	0%	0%	0%	0%
Gross profit margin – Line 10/Line 9	0%	0%	0%	0%	0%
Asset turnover ratio – Line 9/(Lines 5 + 6)	0%	0%	0%	0%	0%

Leverage and Liquidity Ratios

Current ratio – Line 4/Line 6	0	0	0	0	0
Quick or acid test ratio – (Lines 1 + 2 + 3)/Line 6	0%	0%	0%	0%	0%
Leverage ratio - (Lines 4 + 5)/Line 8	0%	0%	0%	0%	0%
Long-term debt ratio – Line 7/(Lines 7 + 8)	0	0	0	0	0
Debt to equity ratio – (Lines 6 + 7)/Line 8	0	0	0	0	0