Business Planning: Financial Projections Template

Balance Sheet and Cash Flows

BALANCE SHEET	FYE Current	Year 1 Projection	Year 2 Projection	Year 3 Projection	Year 4 Projection	Year 5 Projection
LIQUIDITY METRICS						
Months of Cash	3.09	6.63	6.98	6.21	9.61	10.23
Current Ratio	1.19	2.35	2.93	3.03	5.47	7.39
ASSETS						
Cash	200,000	$ 429,082	$ 543,444	$ 546,493	$ 993,851	$ 1,321,523
Receivables	10,000	45,000	45,525	48,025	50,525	53,025
Equipment, Net	50,000	79,439	79,878	98,017	71,156	44,295
TOTAL ASSETS	$ 260,000	$ 553,521	$ 668,847	$ 692,535	$ 1,115,532	$ 1,418,843
LIABILITIES AND NET ASSETS						
Payables and Accrued Expenses	176,471	201,596	201,096	196,096	191,096	186,096
TOTAL LIABILITIES	176,471	201,596	201,096	196,096	191,096	186,096
Net Assets	83,529	351,925	467,751	496,439	924,436	1,232,747
TOTAL NET ASSETS	83,529	351,925	467,751	496,439	924,436	1,232,747
TOTAL LIABILITIES AND NET ASSETS	$ 260,000	$ 553,521	$ 668,847	$ 692,535	$ 1,115,532	$ 1,418,843

STATEMENT OF CASH FLOWS	Year 1 Projection	Year 2 Projection	Year 3 Projection	Year 4 Projection	Year 5 Projection
From Operating Activity					
Surplus/Deficit	268,396	115,826	28,688	427,997	308,312
Depreciation	15,561	19,561	26,861	26,861	26,861
Change in Receivables	(35,000)	(525)	(2,500)	(2,500)	(2,500)
Change in Payables	25,125	(500)	(5,000)	(5,000)	(5,000)
Net Cash Provided by Operating Activity	274,082	134,362	48,049	447,358	327,673
From Investing Activity					
Purchases of equipment	(45,000)	(20,000)	(45,000)	0	0
Net Cash Used in Investing Activities	(45,000)	(20,000)	(45,000)	0	0
Net Increase/Decrease in Cash	229,082	114,362	3,049	447,358	327,673
Cash Beginning of Period	200,000	429,082	543,444	546,493	993,851
Cash End of Period	429,082	543,444	546,493	993,851	1,321,523

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Depreciation Example

Straight Line Depreciation

	Equipment	Depreciation Expense	Net Value			
Existing	50,000	7,000	43,000	*Year 1 Net*		
	43,000	7,000	36,000	*Year 2 Net*		
	36,000	7,000	29,000	*Year 3 Net*		
	29,000	7,000	22,000	*Year 4 Net*		
	22,000	7,000	15,000	*Year 5 Net*		
Purchase Year 1	45,000	8,561	36,439	*Year 1 Net*	Purchase Price	45,000
	36,439	8,561	27,878	*Year 2 Net*	Salvage Value	2,195
	27,878	8,561	19,317	*Year 3 Net*	Useful life	5
	19,317	8,561	10,756	*Year 4 Net*	*Annual Depreciation*	8,561
	10,756	8,561	2,195	*Year 5 Net*		
Purchase Year 2	20,000	4,000	16,000	*Year 2 Net*	Purchase Price	20,000
	16,000	4,000	12,000	*Year 3 Net*	Salvage Value	0
	12,000	4,000	8,000	*Year 4 Net*	Useful life	5
	8,000	4,000	4,000	*Year 5 Net*	*Annual Depreciation*	4,000
Purchase Year 3	45,000	7,300	37,700	*Year 3 Net*	Purchase Price	45,000
	37,700	7,300	30,400	*Year 4 Net*	Salvage Value	1,200
	30,400	7,300	23,100	*Year 5 Net*	Useful life	6
					Annual Depreciation	7,300

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Balance Sheet and Cash Flows

Instructions

ote: balance sheet and cash flows presented here erve as a **simplified example** of how the three ancial statements—budget, cash flow statement, and alance sheet—interact; it also shows how balance eet projections can be built.

Enter current baseline balance sheet information.

On the ***Statement of Cash Flows*** enter any ojected changes in receivables into cells F29-J29 and y projected changes in payables into cells F30-J30. ote: to solve for changes in receivables/payables, you n link revenues/expenses in ***Multi-year Budget*** eet to cash receipts/disbursements from ***Cash rojections*** sheet).

On the ***Statement of Cash Flows*** enter projected uipment purchases or other capital expenditures in lls F33-J33.

Complete depreciation schedule (see example low) and link results to Depreciation expense under ***tatement of Cash Flows*** (cells F28-J28). Annual epreciation expense should also link to your annual pense projections.

Note changes in **LIQUIDITY METRICS** and use this formation to help inform your assessment of risk.

L OTHER VALUES ARE COMPUTED

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Balance Sheet and Cash Flows

Instructions

traight line depreciation (the simplest
nd most commonly used depreciation
ıethod) is calculated by taking the
urchase price of an asset (equipment
ı this example), subtracting the
alvage value, and then dividing by the
otal useful life of the asset. The
xample here shows net results of
epreciation over a five-year period.

Equipment, Net of Depreciation—Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Existing	43,000	36,000	29,000	22,000	15,000
Purchase Year 1	36,439	27,878	19,317	10,756	2,195
Purchase Year 2		16,000	12,000	8,000	4,000
Purchase Year 3			37,700	30,400	23,100
Purchase Year 4					
Purchase Year 5					
Total	79,439	79,878	98,017	71,156	44,295