

## **ADDITIONAL REFERENCES AND FINANCIAL MODELS:**

For more information about financial statements and terms refer to e-book, "How to Read Financial Statements". Advanced financial models providing 5 year projections with yearly investment, interest and depreciation options are also available for purchase.

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## **OVERVIEW: Financial Model is for One Year Simplified Financial Statements including Income Statement, Balance Sheet and Cash Flow**

**Model is used to calculate Financial Statements on a Quarterly Basis for a One-Year period. Model provides the ability to:**

- (1) Customize the Income Statement including: Revenue, Cost of Goods (Sales) and General, Selling & Administration
- (2) Include a one-time Start-Up Capital Investment
- (3) Input a Loan Interest Rate and see result on Income Statement and Cash Flow
- (4) Determine amount of Start-up Capital needed based on Cash Flow results
- (5) Finance company Start-up Capital through a one-time Stock Offering

**To maintain simplicity the model utilizes the following assumptions:**

- (1) Depreciation and Amortization is excluded
- (2) Inventory (if applicable) is purchased and sold within the same three-month time frame
- (3) Interest income is excluded from Income Statement.
- (4) Loan is calculated as a One Year Simple Interest Loan

## **INSTRUCTIONS:**

### **Overview:**

- (1) Input only on tabs: Income Statement and Start-Up Financing
- (2) Input only in cells that are yellow
- (3) Numbers can be input individually or with a formula
- (4) Clear existing sample data and formula prior to inputting

### **Income Statement Tab:**

- (1) Input Revenue Values
- (2) Input Cost of Goods Values
- (3) Input General, Selling and Administration values
- (4) Input number of days that you will collect Accounts Receivables
- (5) Input number of days you will pay Accounts Payable

### **Start-Up Financing Tab:**

- (1) If applicable, insert value for Start-Up Cost (can include any and all cost to start the company)
- (2) If Cash Flow Negative, determine whether to finance through Loan, Stock or any combination therein.
- (3) If desire to finance through a loan, insert Loan Amount and Interest Rate
- (4) If desire to finance by selling stock, input value for Stock Offering

INCOME STATEMENT	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Total Y1	%
Revenues	8,800	9,680	10,648	11,713	40,841	100%
Cost of Goods (Sales)	4,500	4,950	5,445	5,990	20,885	51%
Gross Profit	4,300	4,730	5,203	5,723	19,956	49%
General, Selling & Administrative	2,200	2,420	2,662	2,928	10,210	25%
Loan Interest	24	24	24	24		
Net Income/(Loss)	2,076	2,286	2,517	2,771	9,746	24%

Assumptions	30	Terms Accounts Receivables
	30	Terms Accounts Payable

Note: For simplification interest income, depreciation and taxes are not included in this financial model.



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BALANCE SHEET		Jan-Mar	Apr-June	July-Sept	Oct-Dec
<b>Total Assets</b>		8,684	10,569	12,706	15,123
	Cash	751	2,342	4,157	6,219
	Accounts Receivable	2,933	3,227	3,549	3,904
	Other Assets	5,000	5,000	5,000	5,000
<b>Total Liabilities</b>		4,108	3,707	3,327	2,973
	Accounts Payable	2,233	2,457	2,702	2,973
	Loans	1,875	1,250	625	0
<b>Shareholders Equity</b>		4,576	6,862	9,379	12,150
	Retained Earnings	2,076	4,362	6,879	9,650
	Stock	2,500	2,500	2,500	2,500

Note: For simplification inventory and depreciation are not included in this financial model.



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CASH FLOW	Jan-Mar	Apr-June	July-Sept	Oct-Dec
Operating Activities	1,376	2,216	2,440	2,686
Net Income/Loss	2,076	2,286	2,517	2,771
Changes Working Capital	(700)	(70)	(77)	(85)
Accounts Receivable	(2,933)	(293)	(323)	(355)
Accounts Payable	2,233	223	246	270
Investing Activities: (Start-Up Cost)	(5,000)			
Financing Activities	4,375	(625)	(625)	(625)
Loan	2,500			
Loan Repayments	(625)	(625)	(625)	(625)
Stock Offering	2,500			
Net Cash (Increase/Decrease)	751	1,591	1,815	2,061
Cash Balance	751	2,342	4,157	6,219

Note: For simplification purposes inventory and depreciation are not included in this financial model.



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Start-Up Cost	5,000	<i>Initial cost to start business (other assets)</i>		
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Loan Calculator (simple interest)	Amount	Term	Int Rate	Monthly Payment
	2,500	12	7%	216.32
				Quarterly Payment
Loan Repayment	2,595.80	Int Pd.	95.80	648.95

Stock	2,500	<i>See cash flow statement for amount</i>		
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This tab allows you to do three things:

- (1) Start-Up Cost: Include Start Up Cost for purchases of Equipment, Research and Development
- (2) Loan Calculator: Borrow money with a One-Year Simple Interest Loan
- (3) Stock: Access Capital through a Stock Offering

Note: For simplification purposes this model assumes a one year loan with simple interest only.



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