

FORECASTING BASICS

LETIZIA PALMER CHARTERED ACCOUNTANTS



Session outline

- Financial statements
- Three way forecasts
- Forecasting for your business

LETIZIA PALMER CHARTERED ACCOUNTANTS



Financial Statements

- Historical record of business results
 - Profit and Loss
(or Statement of Income and Expenditure)
 - Balance Sheet
(or Statement of Financial Position)
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LETIZIA PALMER CHARTERED ACCOUNTANTS



Profit and Loss

Income earned for the period
Less: Expenses incurred for the period
Equals Net Profit (or Loss)

LETIZIA PALMER CHARTERED ACCOUNTANTS



KIDS R NOISY CHILDCARE
A.B.N. 11 111 111 111

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$
INCOME		
Fees Received		<u>750,000</u>
EXPENSES		
Advertising		2,000
Bank Charges		1,800
Computer Expenses		3,500
Depreciation		8,000
Electricity		5,000
Employees' Amenities		1,000
Food & Supplies		35,000
Gas		800
Insurance		20,000
Interest Paid		46,000
Motor Vehicle Expenses		7,000
Postage		300
Printing & Stationery		2,500
Professional Fees - Accounting		3,000
Rates & Taxes		10,000
Repairs & Maintenance		10,000
Superannuation Contributions		22,800
Telephone		3,000
Wages		<u>480,000</u>
		<u>661,700</u>
Profit before income tax		<u>88,300</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation
report of LETIZIA PALMER.

Balance Sheet

Assets (things you own)
Less: Liabilities (things you owe)
Equals: Equity in the business

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BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 \$
SHARE CAPITAL AND RESERVES		
10 Fully Paid Ordinary Shares of \$1	2	10
Retained earnings		57,710
TOTAL SHARE CAPITAL AND RESERVES		57,720
Represented by:		
CURRENT ASSETS		
Cash on Hand		10
Cash at Bank		50,000
Trade Debtors		12,000
TOTAL CURRENT ASSETS		62,010
NON CURRENT ASSETS		
Fixed Assets		
Land & Buildings		1,000,000
Plant & Equipment		50,000
Less: Accumulated Depreciation		(10,000)
		40,000
Motor Vehicles		63,000
Less: Accumulated Depreciation		(13,000)
		50,000
Total Fixed Assets		1,090,000
TOTAL NON CURRENT ASSETS		1,090,000
TOTAL ASSETS		1,152,010
CURRENT LIABILITIES		
Trade Creditors		2,000
PAYG Withholding Payable		12,000
Superannuation Payable		3,800
Provision for Income Tax		26,490
TOTAL CURRENT LIABILITIES		44,290

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KIDS R NOISY CHILDCARE
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BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 \$
NON CURRENT LIABILITIES		
Loans - Directors		200,000
Motor Vehicle Finance		50,000
Bankwest Loan		800,000
TOTAL NON CURRENT LIABILITIES		1,050,000
TOTAL LIABILITIES		1,094,290
NET ASSETS		57,720

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Three Way Forecasts

- Projected Profit and Loss
- Projected Balance Sheet
- Projected Cash Flow

LETIZIA PALMER CHARTERED ACCOUNTANTS



Why Forecast?

- Reduces financial stress
- Identifies surpluses and shortages
- Helps planning for business growth
- Ensures you can meet your financial commitments

How to Forecast

- Use accountants figures to give you a template
- Start with income
- Then add in expenses, noting the timing
- Then add in other payments
eg- loans, drawings, ATO

**KIDS R NOISY CHILDCARE
PROJECTED CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2017**

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Cash Inflows													
Fees Received	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	750,000
Total Cash Inflows	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	750,000
Cash Outflows													
Expenses													
Advertising	-	-	1,000	-	-	-	-	-	1,000	-	-	-	2,000
Bank Charges	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Computer Expenses	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Electricity	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	6,000
Employees' Amenities	-	-	-	-	-	1,000	-	-	-	-	-	-	1,000
Food & Supplies	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Gas	300	-	-	300	-	-	300	-	-	300	-	-	1,200
Insurance	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Motor Vehicle Expenses	500	500	500	500	500	500	1,500	500	500	500	1,000	500	7,500
Printing & Stationery	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Professional Fees - Accounting	-	-	-	-	3,000	-	-	-	-	-	-	-	3,000
Rates & Taxes	-	1,000	4,000	1,000	-	1,000	-	1,000	-	1,000	-	1,000	10,000
Repairs & Maintenance	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	6,000
Superannuation Contributions	3,515	3,515	5,273	3,515	3,515	3,515	3,515	3,515	5,273	3,515	3,515	3,515	45,695
Telephone	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Wages	37,000	37,000	55,500	37,000	37,000	37,000	37,000	37,000	55,500	37,000	37,000	37,000	481,000
Loan Payments													
Motor Vehicle	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Bankwest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
ATO Payments													
Income Tax	-	-	-	7,000	-	-	-	7,000	-	7,000	26,490	-	47,490
BAS	- 3,000	-	-	- 3,000	-	-	-	- 3,000	-	-	- 3,000	-	- 12,000
Other													
Directors Drawings	4,000	4,000	6,000	4,000	4,000	4,000	4,000	4,000	6,000	4,000	4,000	4,000	52,000
Directors Superannuation	-	-	-	-	-	-	-	-	-	-	-	30,000	30,000
Equipment Purchases	-	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Total Cash Outflows	52,265	55,965	102,223	65,265	57,965	56,965	56,265	59,965	78,223	63,265	78,955	85,965	813,285
NET CASH MOVEMENT	10,235	6,535	- 39,723	- 2,765	4,535	5,535	6,235	2,535	- 15,723	- 765	- 16,455	- 23,465	- 63,285
Opening Bank Balance	50,000	60,235	66,770	27,048	24,283	28,818	34,353	40,588	43,123	27,400	26,635	10,180	50,000
CLOSING BANK BALANCE	60,235	66,770	27,048	24,283	28,818	34,353	40,588	43,123	27,400	26,635	10,180	- 13,285	- 13,285

How to Forecast

- You know your business better than anyone
- Customise as you see fit!!
- Review it to actual during the year
- Tweak it during the year if no longer right

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Questions?

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