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GUIDE TO WRITING A BUSINESS PLAN AND GETTING A LOAN

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Goddards Accountants Walton Ltd Company no.05626933
Registered in England & Wales

A list of directors is available for inspection at the registered office address.



INTRODUCTION

Every business needs to write an annual Business Plan. This enables the management to plan ahead rather than exist on a “hand to mouth” basis.

In addition it enables management to plan for loss of business, or changing direction, or gaining new business.

WHAT IS A BUSINESS PLAN

In simple terms -

- **WHO**
- **WHAT**
- **WHY**
- **WHERE**
- **WHEN**

The primary value of your business plan is the writing of an outline which evaluates all aspects of the “economic viability” of your business including a description and analysis of your business prospects.

Irrespective of the size of your business, it is an essential step for you to carry out this exercise every year.

When preparing your business plan you only need to look 2-3 years into the future.

BUSINESS PLAN FORMAT

This will comprise:-

“A vision statement” - which is a concise outline of your business purpose and goals.

“The people” - your team with a potted history of each key player.

“Your business profile” – define and describe your intended business and how you plan to go about it.

“Economic Assessment” – Give a complete assessment of the economic environment in which your business is a part. If appropriate, provide statistics from government department.

“Cash flow assessment” – Include a one year (monthly) cash flow that will incorporate your capital requirements. Include your assessment of what could go wrong and how you would deal with problems.

“Budget & Target Projections” - To create your Cash Flow projections, you will have needed to prepare a Budget. At the same time prepare a set of targets and see what impact they have on your cash flow.

“Marketing plan” – How will you market your products and to whom, and why. Show you understand your market.



KEY FACTORS

To include:

- A healthy growing and stable industry
- Capable management
- Able financial control
- A sound business concept (VITAL)
- An understanding of your market
- Consistent business focus
- Can your business be online (i.e. website etc)



STEPS TO A GREAT BUSINESS PLAN

- 1) Basic business concept
- 2) Feasibility and specific
- 3) Focus and refine your concept
- 4) Outline the specifics of your business
- 5) Review sample plans for ideas
- 6) Layout your plan in a compelling form

DO'S AND DON'TS

DO'S

- 1) Prepare a complete business plan for any business you are considering
- 2) Use the business plan templates available online
- 3) Complete sections of your business plan as you proceed
- 4) Research (use search engines) to find business plans that are available on the internet
- 5) Package your business plan in an attractive kit as a selling tool
- 6) Submit your business plan to experts in your intended business for their advice
- 7) Spell out your strategies on how you intend to handle adversities
- 8) Spell out the strengths and weaknesses of your management team
- 9) Include a monthly one-year cash flow projection
- 10) Freely and frequently modify your business plans to account for changing conditions



DON'TS

- 1) Don't be optimistic (on the high side) in estimating future sales
- 2) Don't be optimistic (on the low side) in estimating future costs
- 3) Don't disregard or discount weaknesses in your plan. Spell out.
- 4) Don't stress long-term projections. Better to focus on projections for your first year
- 5) Don't depend entirely on the uniqueness of your business or the success of an invention
- 6) Do not project yourself as someone you're not. Be brutally realistic
- 7) Do not be everything to everybody. Highly focused specialists usually do best.
- 8) Don't proceed without adequate financial and accounting know-how
- 9) Don't base your business plan on a wonderful concept. Test it first.
- 10) Never, never, never skip the step of preparing a business plan before starting



PROFIT AND LOSS FORECAST TEMPLATE - COMPANY NAME

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross profit	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross profit margin (%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Expenses/overheads													
Premises (rent, rates)	0	0	0	0	0	0	0	0	0	0	0	0	0
Power (light, heat, electricity, gas)	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
Postage and carriage	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest and bank charges payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Stationery	0	0	0	0	0	0	0	0	0	0	0	0	0
Drawings, wages or salaries	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment hire	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Accountancy fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal/professional fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
Other specific expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Other specific expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenses/overheads	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit margin	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

CASHFLOW FORECAST TEMPLATE - COMPANY NAME

CASH IN HAND AT BEGINNING OF PERIOD	1	2	3	4	5	6	7	8	9	10	11	12
CASH IN	0	0	0	0	0	0	0	0	0	0	0	0
Cash sales excluding VAT	0	0	0	0	0	0	0	0	0	0	0	0
VAT invoiced	0	0	0	0	0	0	0	0	0	0	0	0
Directors loans	0	0	0	0	0	0	0	0	0	0	0	0
Share capital investment	0	0	0	0	0	0	0	0	0	0	0	0
Other external finance/loans	0	0	0	0	0	0	0	0	0	0	0	0
Other specific cash inflow	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH RECEIPTS	0	0	0	0	0	0	0	0	0	0	0	0
CASH PAID OUT												
Premises (rent, rates)	0	0	0	0	0	0	0	0	0	0	0	0
Power (light, heat, electricity, gas)	0	0	0	0	0	0	0	0	0	0	0	0
Telephone	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0
Postage and carriage	0	0	0	0	0	0	0	0	0	0	0	0
Interest and bank charges payable	0	0	0	0	0	0	0	0	0	0	0	0
Stationery	0	0	0	0	0	0	0	0	0	0	0	0
Drawings, wages or salaries	0	0	0	0	0	0	0	0	0	0	0	0
Equipment hire	0	0	0	0	0	0	0	0	0	0	0	0
Motor expenses	0	0	0	0	0	0	0	0	0	0	0	0
Accountancy fees	0	0	0	0	0	0	0	0	0	0	0	0
Legal/professional fees	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Other specific expenses	0	0	0	0	0	0	0	0	0	0	0	0
Other specific expenses	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING EXPENSES SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0
Bad-debt provision	0	0	0	0	0	0	0	0	0	0	0	0
Plant and other capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Loan and financing repayments	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of directors loans	0	0	0	0	0	0	0	0	0	0	0	0
VAT payment due to HM Revenue & Customs	0	0	0	0	0	0	0	0	0	0	0	0
Other specific financing payments	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH PAID OUT	0	0	0	0	0	0	0	0	0	0	0	0
NET CASHFLOW FOR PERIOD	0	0	0	0	0	0	0	0	0	0	0	0
CASH BALANCE	0	0	0	0	0	0	0	0	0	0	0	0

SALES FORECAST TEMPLATE - COMPANY NAME

Summary

Estimated close date	Weighted forecast
by end month 1	£0
by end month 2	£0
by end month 3	£0
by end month 4	£0
by end month 5	£0
by end month 6	£0
by end month 7	£0
by end month 8	£0
by end month 9	£0
by end month 10	£0
by end month 11	£0
by end month 12	£0
TOTAL	£0

Monthly analysis

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 1	ABC Ltd	In progress	£0	0		30.04.10	£0
	DEF Ltd	In progress	£0	0		30.04.10	£0
	GHI plc	In progress	£0	0		30.04.10	£0
	JLK Partners	Early stages	£0	0		30.04.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 2	ABC Ltd	In progress	£0	0		31.05.10	£0
	DEF Ltd	In progress	£0	0		31.05.10	£0
	GHI plc	In progress	£0	0		31.05.10	£0
	JLK Partners	Early stages	£0	0		31.05.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 3	ABC Ltd	In progress	£0	0		30.06.10	£0
	DEF Ltd	In progress	£0	0		30.06.10	£0
	GHI plc	In progress	£0	0		30.06.10	£0
	JLK Partners	Early stages	£0	0		30.06.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 4	ABC Ltd	In progress	£0	0		31.07.10	£0
	DEF Ltd	In progress	£0	0		31.07.10	£0
	GHI plc	In progress	£0	0		31.07.10	£0
	JLK Partners	Early stages	£0	0		31.07.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 5	ABC Ltd	In progress	£0	0		31.08.10	£0
	DEF Ltd	In progress	£0	0		31.08.10	£0
	GHI plc	In progress	£0	0		31.08.10	£0
	JLK Partners	Early stages	£0	0		31.08.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 6	ABC Ltd	In progress	£0	0		31.09.10	£0
	DEF Ltd	In progress	£0	0		31.09.10	£0
	GHI plc	In progress	£0	0		31.09.10	£0
	JLK Partners	Early stages	£0	0		31.09.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 7	ABC Ltd	In progress	£0	0		31.10.10	£0
	DEF Ltd	In progress	£0	0		31.10.10	£0
	GHI plc	In progress	£0	0		31.10.10	£0
	JLK Partners	Early stages	£0	0		31.10.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 8	ABC Ltd	In progress	£0	0		30.11.10	£0
	DEF Ltd	In progress	£0	0		30.11.10	£0
	GHI plc	In progress	£0	0		30.11.10	£0
	JLK Partners	Early stages	£0	0		30.11.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 9	ABC Ltd	In progress	£0	0		31.12.10	£0
	DEF Ltd	In progress	£0	0		31.12.10	£0
	GHI plc	In progress	£0	0		31.12.10	£0
	JLK Partners	Early stages	£0	0		31.12.10	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 10	ABC Ltd	In progress	£0	0		31.01.11	£0
	DEF Ltd	In progress	£0	0		31.01.11	£0
	GHI plc	In progress	£0	0		31.01.11	£0
	JLK Partners	Early stages	£0	0		31.01.11	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 11	ABC Ltd	In progress	£0	0		28.02.11	£0
	DEF Ltd	In progress	£0	0		28.02.11	£0
	GHI plc	In progress	£0	0		28.02.11	£0
	JLK Partners	Early stages	£0	0		28.02.11	£0
Forecast total for period			£0				£0

	Customer	Status	Forecast	%	Comments	Close date	Weighted estimate
by end month 12	ABC Ltd	In progress	£0	0		31.03.11	£0
	DEF Ltd	In progress	£0	0		31.03.11	£0
	GHI plc	In progress	£0	0		31.03.11	£0
	JLK Partners	Early stages	£0	0		31.03.11	£0
Forecast total for period			£0				£0

GETTING A LOAN

Getting finance should be quick and easy, so you can get back to doing what you do best – running your business. That’s why we’ve cut out the complexity and hassle of borrowing, creating a range of highly flexible loans that you can apply for. Whether it’s for cashflow, asset purchase, expansion plans, commercial property or a wide range of other reasons, we can help with a loan of £5k - £1million.

If you’re an established business in the UK with a good track record, follow these simple steps in this guide to have the funds you need in a matter of days.

We help businesses that are:

- Established, limited companies: with 2+ years’ filed accounts with Companies House (or 5 years for a property or 5 year loan).
- Creditworthy: a healthy credit history.
- Turnover: minimum £100K.
- UK Directors: majority that are UK resident.
- CCJs: no county court judgements over £250.

In this guide, learn all about:

1. Which loans suit you best.
2. Applying for your loan: a quick and easy process.
3. The live loan auction: getting the funds for your loan.
4. The cost of your loan.
5. Accepting your loan.
6. Repaying your loan with easy monthly repayments.

Did you know that the Government is lending £20million to businesses through Funding Circle?

If you take out certain loans, up to 20% will be funded by the Government. It's part of the Business Finance Partnership programme and together with the thousands of people already lending through our marketplace, it means we can help even more businesses with a loan.

* These loans are funded by the Department for Business, Innovation and Skills (BIS) and the funding will be provided to each eligible business as a loan on equal terms with the participating private sector investors. A total of £20 million has been allocated to Funding Circle through this programme. Neither BIS or any Government agency is involved with the operation or management of the loan.



1. WHICH LOAN SUITS YOUR BUSINESS?

Choose from the range of flexible business loans:

<p>£5,000 - £10,000</p> <p>In some cases, we can offer unsecured loans up to £150,000</p>	<p>Unsecured loans</p> <p>These are highly flexible loans that can be used for a wide range of purposes, including working capital, expansion capital, asset purchase and more.</p> <p>In most cases, lenders require a personal guarantee (PG) as security.</p>
<p>£100,000 - £1million</p>	<p>Secured loans</p> <p>These loans can also be used for a wide range of purposes, including working capital, expansion capital, asset purchase and more.</p> <p>Lenders take a charge over assets in the business as security. A PG may also be required.</p>
<p>£30,000 - £1million</p>	<p>Asset finance</p> <p>These loans can be used to purchase a new asset or re-finance an existing one. The title to the asset is held as security by Funding Circle (or alternatively, lenders can take a charge over it) until the loan is repaid.</p>
<p>£100,000 - £1million</p>	<p>Property finance</p> <p>These loans can also be used for a range of purposes and are secured with a first or second charge on a portfolio of properties within the business.</p>

2. APPLYING FOR YOUR LOAN

Completing your application form

Once you've registered, your business borrower account will be set up so you can start your application:

Part 1: Complete these sections

- Business and loan details.
- Details of other loans and credit the business already has.
- A brief description on what the business does, why you're safe to lend to and what the loan is for.
- ID checks, including your driving licence or sort code details so we can validate your identity.



3. APPLYING FOR YOUR LOAN

Part 2: Send your latest filed accounts and up to date management accounts.

To assess your application, we'll also need the following:

- Latest full filed accounts (unabbreviated, including profit & loss statement).
- Up-to-date management accounts.
- For secured loans, asset finance and property finance, some additional documents are required – you can download these documents when you apply.

Checklist: completing your application

Have you completed the following?

- Completed the online application and clicked 'authenticate & submit'?
- Emailed your latest full filed accounts and up-to-date management accounts?

That's it! You'll have an answer from our credit assessment team within a few days.

Passed the assessment process?

It's time to get your funding, which happens via a loan auction. Read on to learn more about this stage.

4. THE LIVE LOAN AUCTION: INVESTORS FUND YOUR LOAN

With over 30,000 investors, including individuals, local councils, universities and the government, an auction process allows everyone to participate in your loan, ensuring you get the best rate possible.

How it works

The process is simple: all investors can offer to lend you money. Those investors offering money at the most competitive rates automatically become part of your loan. Typically, your loan will be funded by several hundred individuals, the government and possibly universities or your local council as well.

The auction runs for a few days up to a maximum of 14 days. If you need funds sooner, you can end the auction and accept your loan as soon as it's 100% funded. Please note that all required documents must be received before funds are released – read more about this in section 5.

Answering questions from investors

A key part of the auction process is the question & answer section, where investors may ask you questions to help inform their lending. When this happens, you'll receive an email alert and it's important to answer these questions quickly and with as much detail as you can.

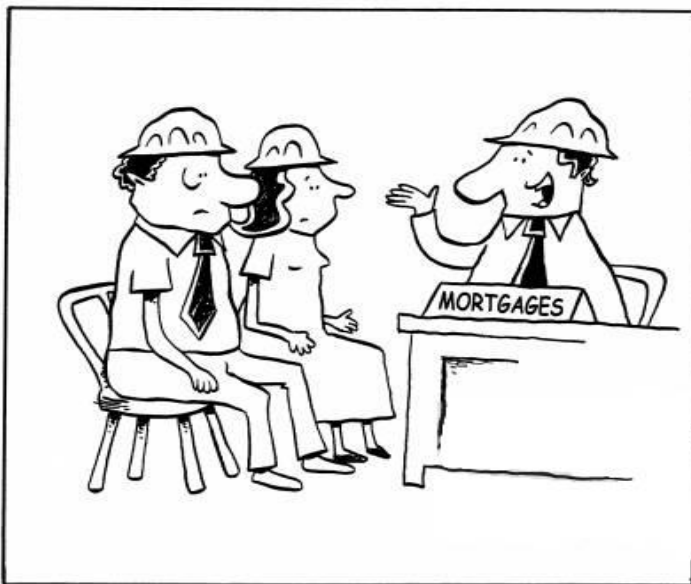
This leads to more investor participation in your loan, which results in a more competitive rate for you. You can see these questions and answer them in the summary page of your account.



The Q&A section

A valuable part of the process

Mark Thompson is Director of Funky Junk Ltd and comments on the value of the Q&A section: “When our loan was at auction, a lot of the questions asked were very intelligent, a few of which made me stop and think, ‘well, that’s a very good point’. In a way, it felt as though we had a relationship with a whole bunch of people out there who were urging us on.”



"The hard hats? In case of falling interest rates."

5. WHAT IS THE COST OF MY LOAN?

Loans are repaid in equal monthly instalments and the cost is determined by two factors:

- Your interest rate: this is the weighted average of all individual rates of those investors who have funded your loan.
- Your fee: you only pay one fee, and only if you decide to accept the loan. There's no cost if you decide not to progress with it.

Loan type	Term	Fee
Unsecured or secured loan	6 months or 1 year	2%
	2 or 3 years	3%
	4 or 5 years	4%
Asset finance	2 to 5 years	5%
Property finance	3 years	3%
	5 years	4%

For example, Cable & Cotton borrowed £50,000 in 2012 to fund growth of their business. The cost of the loan was £7,491.19.

Based on a £50,000 loan over 3 years, repaid in 36 equal monthly payments:		
	Cost (rate)	Cost (amount)
Interest (annual rate)	7.75%	£5,991.19
Fee	3%	£1,500
Total cost – interest + fee		£7,491.19
Monthly repayments		£1,597.98

NB: If a loan is repaid early the interest charges will be lower.

6. READY TO ACCEPT YOUR LOAN? HERE'S HOW

1. Accept your loan online

As soon as your loan is 100% funded, you can close the auction and accept it, or you can leave the auction open until it ends. You have up to 5 working days after the auction ends to accept. Complete this process in a few short steps:

a. Agree to the loan contract:

Your loan contract will be sent for you to review. You will also be sent the contract at this point for your records.

b. Set up repayments:

All loans are repaid via direct debit. You'll be asked to agree to this method of payment and to return the direct debit mandate to us.

2. Send any required documents back to us

All loans require a signed direct debit mandate and also require a personal guarantee or other security agreement. Our credit team will email the documents we require for your loan with details of who needs to sign them. We need these signed original documents returned to us by post before we can release your loan.

We pay your loan the same day we receive everything from you.

As long as you've completed the online acceptance process and we've received your signed documents by 3pm on any business day, we pay the loan into your designated business bank account the same day. (NB funds can take up to 3 days to reach your account).

7. REPAYING YOUR LOAN

One simple monthly repayment

Loans are repaid in equal monthly instalments, via direct debit, over the term you choose for your loan and your first repayment falls one calendar month after your auction ends.

Important note: Your monthly repayment to investors will fall on the same day of the month that your loan auction ended. Typically, the direct debit is taken 5 working days before this date, to ensure funds are received from you in advance of the payment to investors.

Repaying your loan early? No problem

You can repay the full amount early at any time with no penalties. Simply make the final payment for the balance owing on your loan, including interest owing for that month.

Need a second loan?

You can also take out a second loan before you've finished repaying your first. Typically, 6 months' repayments are required on your first loan before applying for your next one. (NB. excluding asset finance loans, where second loans can be applied for immediately after the first).

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